

CRYPTOLOGIC LTD
Form 6-K
March 31, 2008
FORM 6-K

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

For the month of **March 2008**

Commission File Number **000-30224**

CRYPTOLOGIC LIMITED
Alexandra House

The Sweepstakes

Ballsbridge

Dublin 4

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ___

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ___

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

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Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- _____

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CRYPTOLOGIC LIMITED

/s/ Stephen Taylor

Stephen Taylor

Chief Financial Officer

Date: March 31, 2008

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CryptoLogic Limited

RENEWAL ANNUAL INFORMATION FORM

For the year ended December 31, 2007

Dated March 27, 2008

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Item 1: INTRODUCTION

All dollar amounts in this Annual Information Form are in United States dollars, except where indicated otherwise. Effective January 1, 1998, CryptoLogic Inc.'s reporting currency is in United States dollars. Some figures and percentages may not total exactly due to rounding.

Certain general information contained in this Annual Information Form concerning the industry in which CryptoLogic Limited and its Subsidiaries (the consolidated operations of which will be referred to collectively as "we", "our", the "Company" or "CryptoLogic," unless otherwise specifically noted) operates has been obtained from publicly available information from third party sources. The Company has not verified the accuracy or completeness of any information contained in such publicly available information. In addition, the Company has not determined if there has been any omission by any such third party to disclose any facts, information or events which may have occurred prior to or subsequent to the date as of which any such information contained in such publicly available information has been furnished or which may affect the significance or accuracy of any information contained in any such information and summarized herein.

Certain statements contained in this Annual Information Form constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact including, without limitation, statements regarding the growth of the online gaming industry and future governmental, legislative and legal developments. When used in this document, the words "may," "would," "could," "should," "will," "intend," "plan," "anticipate," "believe," "estimate," "expect" and similar expressions, as they relate to the Company or our management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements that may be expressed or implied by such forward-looking statements to vary from those described herein. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. The Company does not intend, and does not assume any obligation, to update these forward-looking statements.

Item 2: CORPORATE STRUCTURE

Name, Address and Incorporation

CryptoLogic Inc. was formed by articles of amalgamation (the "Amalgamation") under the *Business Corporations Act* (Ontario) effective March 7, 1996 pursuant to an amalgamation agreement dated January 19, 1996 between Inter.tain.net Inc., a private corporation, and Biroco Kirkland Mines Limited. Immediately prior to the Amalgamation, Biroco Kirkland Mines Limited did not carry on active operations.

On June 28, 1996, the Company changed its name from “Inter.tain.net Inc.” to “CryptoLogic Inc.”

Pursuant to a business reorganization implemented by way of an Ontario Superior Court of Justice court approved plan of arrangement (the “Arrangement”) and approved by the shareholders on May 24, 2007, CryptoLogic Limited acquired control over all of the issued and outstanding common shares of CryptoLogic Inc., an Ontario company, which through the Arrangement became an indirect subsidiary of CryptoLogic Limited. As part of the Arrangement, the Company issued either an equivalent amount of CryptoLogic Limited common shares or, in the case of taxable Canadian residents, exchangeable shares (“Exchangeable Shares”) of CryptoLogic Exchange Corporation (“CEC”), an indirect subsidiary of CryptoLogic Limited. The CEC shares are, as nearly as practicable, the economic equivalent of CryptoLogic Limited shares. The holders of CEC shares participate equally in voting and dividends with the shareholders of CryptoLogic Limited. No additional shares of CEC have been or will be issued. CryptoLogic’s common shares trade on the Toronto Stock Exchange (symbol: CRY), NASDAQ Global Select Market (symbol: CRYP) and the London Stock Exchange’s Main Market (symbol: CRP). CEC shares trade on the Toronto Stock Exchange (symbol: CXY). Particulars of the Arrangement are found in the Information Circular dated April 23, 2007, which can be viewed on the SEDAR website www.sedar.com.

CryptoLogic Limited is incorporated under the laws of Guernsey but with its corporate headquarters in Dublin, Ireland where it operates and is resident for tax purposes. The Company’s registered office is located at 1 Le Marchant Street, St. Peter Port, Guernsey, Channel Islands, GY1 4HP. The Company’s head office is located at Alexandra House, The Sweepstakes, Ballsbridge, Dublin 4, Ireland.

Intercorporate Relationships

The organizational structure of the Company as of December 31, 2007 is set forth below. CryptoLogic Limited, a company incorporated under the laws of Guernsey with its corporate headquarters in Dublin, Ireland, provides executive functions to the corporate group. CryptoLogic Inc., the software group located in Canada, provides software development, upgrades and technical support for WagerLogic Limited (“WagerLogic”). Located in Cyprus, Malta and the United Kingdom (“UK”), the WagerLogic group of companies provides software hosting and licensing for our Internet gaming software, e-cash systems and support, customer support, marketing support and other services to third-party gaming operators or licensees around the world. Our ECash Direct subsidiary provides e-cash systems and support that enables licensees’ players to deposit and withdraw funds through a wide range of payment options for use with the licensee. Our 24/7 customer call centre support helps our licensees’ players with technical questions or assistance with the gaming software and e-cash accounts. Our AdsDotCom subsidiary offers marketing services to licensees. Our CryptoLogic Asia subsidiary is responsible for advancing the Company’s strategy and business development in Asia.

Note: CryptoLogic Exchange Corporation and CryptoLogic Callco ULC exist solely to facilitate the exchange of shares in connection with the Arrangement described on page 2.

Item 3: GENERAL DEVELOPMENT OF THE BUSINESS

Founded in 1995, CryptoLogic Inc., now succeeded by CryptoLogic Limited, is a pioneer and a global leading software developer and services provider to the Internet gaming market around the world (excluding the United States). Today, we are one of the industry's longest-established publicly traded online gaming software companies, with our software development operations in Toronto, Canada. Our subsidiary, WagerLogic, through its offices in Cyprus, Malta and the UK, provides software hosting and licensing, e-cash systems and support, customer support and marketing support services for our Internet gaming software to third-party gaming operators.

CryptoLogic's software offers a complete online gaming solution to licensees, which is comprised of:

1. A broad, turn-key Internet-based game suite featuring:
 - more than 280 download and non-download casino table and slot games
 - player-to-player poker
 - multi-languages (English, Spanish, Greek, Japanese, Chinese, French, German, Italian)

- multi-currencies (US dollars, British pounds and Euros)
 - multi-platforms (download, non-download (Java and Flash), wireless)
 - multi-player bingo;
2. E-cash systems and support for player deposits and withdrawals;
 3. Business intelligence and data analysis tools to assist licensees in their marketing efforts;
 4. Licensee support through WagerLogic's 24/7 multi-language customer support; and
 5. Marketing support services, to assist licensees in developing and executing strategies for marketing their online gaming businesses.

WagerLogic licenses our software products and services to a select international client base ("licensees" or "customers"), while retaining ownership and control of the software. As at December 31, 2007, we had 12 licensees located around the world, including well-known UK and global land-based gaming organizations.

Our licensees operate under government authority where their Internet business subsidiaries are domiciled. In August 2007, the Company moved its licensees' primary Internet gaming jurisdiction to Malta. Certain technical requirements set out by the licensing authority in Malta need to be fulfilled in order to maintain the license in good standing. We expect to satisfy these requirements by mid 2008. The license in Malta facilitates access to the European and UK markets by the Company's licensees from within the EU, which are major markets for the licensees and consequently for CryptoLogic. We added three new licensees in 2007: Holland Casino, a private company in Malta operating Parbet.com and World Poker Tour. During 2007, we launched sites for PlayboyGaming, Parbet.com, Betsafe and World Poker Tour. The new sites to be run by Holland Casino under license from the Dutch government and operated in the Netherlands, are ready to be launched and currently awaiting final government license, which is expected in 2008.

We also operate a gaming portal business under two brands: casino.co.uk and WinnerOnLine. These portals earn advertising revenue from gaming operators, and direct traffic to operator sites as well as those owned by the Company's licensees – providing an excellent, known-name marketing channel and an attractive player acquisition tool for licensees.

Substantially all of our revenue is of a recurring nature. Licensees pay an ongoing fee over the contract term for the licensing of our software and services, calculated as a percentage of each licensee's level of activity. In 2007, 6.4% (2006: 10.5%) of our revenue came from other sources, including software customization, and advertising and marketing services derived from our portal business.

Historically, our revenue has been seasonal with slower sales in the summer months (our second and third quarters), when players tend to spend less time indoors and at their computers. Typically, our first and fourth quarters (during the winter and fall seasons) are our strongest revenue periods.

Three-Year History

The global online gaming industry including the United States ("US") grew from \$5.7 billion in 2003 to \$10.7 billion in revenue in 2005 (source: Global Betting and Gaming Consultants, February 2007 ("GBGC")). However, on October 13, 2006, the United States passed the Unlawful Internet Gambling Enforcement Act (UIGEA), which effectively banned online gaming by making it illegal to process related financial transactions. The enactment of UIGEA has negatively impacted our business by significantly reducing our revenue and earnings in 2007.

At the time the UIGEA was passed, the entire US market was estimated to represent approximately 50% of the global online gaming market (source: GBGC). However, the Internet casino and Internet poker markets outside the US, the core areas of our business, are expected to continue to grow. By the end of 2006, after the US ban, the non-US online casino market was estimated to be worth \$2.4 billion, and this market is expected to grow to approximately \$3.9 billion by 2012 (source: GBGC). The non-US online poker market was estimated to be worth \$1.6 billion at the end of 2006, and is expected to double to \$3.2 billion by 2012 (source: GBGC).

Prior to the enactment of UIGEA, approximately 70% of our licensees' revenue was derived from non-US sources due to the Company's global diversification strategy. Since 2002, we have focused on licensees that primarily target non-US markets, most notably the UK and Continental Europe. In 2001, only 30% of licensees' revenue came from players outside the US. After the UIGEA enactment, 100% of licensees' revenue came from outside the United States.

We anticipate that the industry-wide impact of UIGEA will continue to have a significant short-term impact on our financial results and increase competition in our core European markets. However, as our licensees have significant exposure to the international market compared to those of our major competitors, we believe that we remain in a strong competitive position. As evidence of this strength, the Company has signed six new licensees in the past two years (PlayboyGaming, Betsafe, DTD Poker, a private company in Malta that operates Parbet.com, Holland Casino and World Poker Tour) and renewed an agreement for three years with one of its largest customers, the UK-betting company William Hill, subsequent to the passage of the UIGEA.

International markets such as the UK and Continental Europe have become a core focus for CryptoLogic over the past three years. Our international strategy focuses on investing in and capitalizing on our relationships with leading, international brand name licensees in international markets that are embracing Internet gaming and represent attractive growth potential.

In enabling the regulation of Internet gaming for the first time in the UK through the Gambling Act 2005, the door is open to a large, credible and stable industry in a regulated and licensed environment.

Elsewhere in Europe the legislative environment continues to evolve, with some countries showing signs of following the UK's lead while others are moving to protect state gambling monopolies. The EU Commission has commenced infringement proceedings against some member states that are taking a protectionist approach— a development that the Company believes is favourable to the industry in Europe. CryptoLogic has long advocated a regulatory approach to foster a transparent, credible and growing online gaming industry. We have sought and achieved certification of our software in strictly regulated jurisdictions. It is through this process that we maintain our reputation as the pioneer in online gaming and a trusted provider for licensees and their customers. Our regulatory leadership contributed to the Company signing a milestone exclusive three-year agreement with Holland Casino, our first government-owned casino operator licensee, in 2007.

CryptoLogic is also extending its international reach into Asia, which is expected to be the next major geographic market area for online gaming. In 2007, we acquired minority interests in two Asian game developers as our initial entry into this region. Industry experts expect Asia to be the fastest growing and ultimately the largest online gaming market in the world. China alone has over 135 million Internet users, making it the world's second largest user group after the United States. In addition, China has the world's largest mobile phone market with more than 400 million subscribers, many of whom are expected to switch to the high-speed 3G networks over the next few years, providing a platform for substantial growth for game and content developers.

The online gaming market is already dominated by several major operators. Competition for players and market position is intensifying. The industry is undergoing consolidation as operators increase market share through acquisition. We continue to operate in a challenging business environment faced with regulatory uncertainty including ongoing efforts aimed at banning or restricting online gaming.

As the industry becomes increasingly competitive and sophisticated, we must offer a strong value proposition to our customers to help them respond to players, who are demanding more choice and entertainment value. Accordingly, CryptoLogic continues to emphasize product innovation in our core Internet casino and Internet poker software, which are proven, major growth markets in online gaming. We continue to offer an expanding array of new and innovative products and services that enhance the game experience and create opportunities for licensees to improve their marketing and help them attract, retain and re-activate players, and to ensure CryptoLogic remains an industry leader. In order to accomplish this, considerable time and financial resources have been invested in strategic areas of our product development and system platform capabilities over the past three years, aimed at significantly upgrading our casino and poker game offering, system infrastructure, back-office systems and customer support. Most notably, this new gaming platform will enable faster and more efficient implementation of new casino and poker games by licensees, including alternate languages and currencies. We will continue to enhance our gaming solution to support

our core casino and poker gaming software, and as we evaluate new game types and localized offerings for key technology platforms.

The following summarizes key accomplishments over the past three years that have been important to maintaining our stature as a leading publicly traded software company in the online gaming industry:

Software Development

Although CryptoLogic was instrumental in pioneering the Internet gaming software industry, there has been increasing competition over the past three years. In order to remain an industry leader, we have invested and continue to invest significantly in product research and development and service enhancements. In the last few years, we have continued to expand and enhance our core casino and poker software. Since 2005, we have introduced more than 80 popular new slot and casino table games. Some highlights include unique, first-to-market offerings such as:

- The Internet's first and only multi-currency jackpot video slot games featuring popular Marvel action characters such as *The Incredible Hulk*, *Daredevil*, *X-Men*, *Thor*, *Elektra*, *Ghost Rider*, and more recently, *Spider-Man* and *The Fantastic Four*, which brands have been exclusively licensed for CryptoLogic-developed games;
- The world's first and only play-for-real slot versions of highly popular online casual games, such as *Cubis™*, an award-winning, three-dimensional puzzle game, and *Bejeweled*, a gem-matching game—both among the most played games on AOL, MSN and other major portals—and most recently *Jewel Quest®*, a popular puzzle-match game;
- Our own designed and patented games including the progressive jackpot slot, *Millionaires Club™* which awarded the two largest online jackpots in history in 2007 of more than \$8.0 million and \$4.0 million respectively; and a new patent-pending game, *Multi-Hand Video Blackjack*, which brings together blackjack and video poker;
- Our own *Texas Hold'em Bonus Poker*, which is the first-ever online version of the widely popular land-based casino game and combines the huge popularity of poker with the excitement of a casino card game; and
- The Internet's first "Fruit Machines", a tradition in UK pubs.

Over the past three years, we have also continued to expand the game offering and functionality of our poker software including:

- A major upgrade to our poker platform that significantly increased the capacity for simultaneous online playing, allowing for near-perfect network uptime, and enables “live” seamless updates of new features and games;
- An appealing poker software redesign that includes enhancements to the main lobby, game tables and tournament lobby, making it easier than ever for players to navigate, select their game and stake level, and access key statistics on games, tournaments and their play;
- Introduced *Thunder Tournaments*TM for high-speed tournament action; *Headhunter Challenge*, an industry first and new type of multi-table poker tournament that allows players to earn cash for every player (‘head’) they eliminate; *Bounty Tournaments*, which adds a cash bounty to the ‘heads’ of big-name entrants such as celebrities and professional players; and new features including broader access to land-based tournaments, a tournament leader board to give licensees opportunities to create exciting new events, and a Tournament Key Hands Review tool that allow players to review key hands and identify the turning point in a big match; and
- Launched *My Poker Points*, a loyalty rewards system.

To help our licensees understand, respond to and market to their players in a personalized fashion, we also enhanced our back-office, decision-management and contact centre tools. We have continued to expand our payment solutions including new e-check/debit methods (e.g. *Click2Pay*, *EverywhereMoney*, *PaySafe*TM), added a new European processor and expanded fraud controls (e.g., third-party address/credit card verifications, negative databases, poker fraud tool).

International Expansion

CryptoLogic’s global strategy has resulted in a geographically-diversified business to mitigate the risks of ongoing legislative uncertainty in various countries, increase exposure to gaming-friendly jurisdictions like the UK, and benefit from near-term growth opportunities in overseas markets. When the UIGEA was enacted in October 2006, licensees’ revenue from international sources was approximately 70% of total revenue, a steady increase from over 65% in 2005, and only 30% in 2001 when the Company initiated its global diversification strategy. As a result of the UIGEA, 100% of licensees’ revenue now comes from outside the United States.

We are well positioned to continue to build on our strong international presence. Today, we work with some of the best international names in online and land-based gaming, as well as major entertainment brands, including William Hill, PlayboyGaming, Littlewoods Gaming, InterCasino and ukbetting. We have developed a strong presence in the UK. In September 2007, the UK Gaming Act went into force, which regulates online gaming for the first time in that jurisdiction, and is generally viewed as a positive development for

the industry, our customers and for CryptoLogic. Most of the underlying rules and codes in relation to entities established in the UK, or marketing into the UK, have now been enacted. However, there is no assurance that the UK regulatory regime as interpreted by the Gambling Commission, the Gambling Act's regulator, will provide a commercially-viable market and may create restrictions that will have a material adverse effect on our customers, our business, revenues, operating results and financial condition.

CryptoLogic has continued to solidify and expand its geographic diversification through:

Licensee opportunities

In 2007, CryptoLogic added three new licensees and launched sites for four licensees including:

- Signed new licensees: Holland Casino (casino and poker), a private company in Malta operating Parbet.com (poker and casino) and World Poker Tour (poker and casino). Holland Casino represents a milestone agreement being our first government-owned licensee. The new sites, to be run by Holland Casino on behalf of the Dutch government, are ready to be launched and currently awaiting final government license, which is expected in 2008;
- Launched a poker site for Betsafe and poker and casino sites for Parbet.com – both licensees' sites are particularly popular among Scandinavian players;
- Launched casino and poker sites for global leading poker entertainment company, World Poker Tour; and PlayboyGaming, one of the world's most recognizable entertainment and lifestyle brands; and
- Subsequent to year end, the Company extended and expanded its relationship with World Poker Tour to upgrade to a full Internet casino offering, add Spanish and German language Internet poker rooms and extend its exclusive use of CryptoLogic software until at least mid-2011.

Over the past three years, CryptoLogic has generally sought licensees that have an established brand, an audience with a propensity to gamble, and sufficient resources and commitment to successfully market the business. In today's changed online gaming environment following the passage of UIGEA, CryptoLogic has adapted its strategy to our core Internet casino and poker markets.

In Internet casino, the key to success is differentiation through the combination of our new and innovative games with effective marketing to players by our licensees. CryptoLogic will continue to pursue new casino opportunities emphasizing brand name licensees with marketing commitment. In online poker, the key to success is liquidity, that is, more players from more sources – 24/7. Given our significantly enhanced poker platform, we have the

infrastructure and capacity to also pursue promising new European Internet poker licensees and will continue to seek these growth opportunities to contribute to overall poker network liquidity.

Brand ownership and licensing

CryptoLogic intends to pursue strategic, accretive acquisition opportunities including brands that can be licensed to operators to advance our growth plans. The Company believes that acquisition opportunities have increased since the UIGEA was enacted in the US in October 2006, and we will continue to evaluate new and existing prospects.

In January 2007, CryptoLogic acquired the poker brand and related assets of Parbet.com, a popular Scandinavian online poker room. CryptoLogic then licensed these Parbet assets, together with poker software, payment processing services and multi-lingual customer support and services, to a private Maltese online gaming company that will operate Parbet.com.

The purchased assets include all rights to the Parbet brand name, associated domain names such as Parbet.com, customer lists, databases and active player accounts. This acquisition extended CryptoLogic's brand ownership and licensing strategy. Under this strategy, CryptoLogic owns or controls key brands that it licenses to third party operators, along with its full suite of online gaming software, network services and marketing support services, in order to generate higher revenue and expand geographically. For online players, trust is critical. This is why CryptoLogic has focused on leveraging established brands that enhance the entertainment value and trust factor for our licensees' players.

In August 2007, CryptoLogic acquired casino.co.uk, a popular gaming portal particularly with UK and European users, for \$6.1 million. This web-portal business complements the Company's existing WinnerOnLine portal. Both of these portals earn advertising revenue from gaming operators and direct traffic to operator sites as well as those owned by Company's licensees – providing an excellent, known-name marketing channel and an attractive player acquisition tool for licensees. The purchased assets include all rights to the casino.co.uk website together with the customer lists.

Expanding into Asia

While CryptoLogic's global strategy has focused on Europe, we see Asia as a developing major market for Internet gaming. The population of Asia is approximately 10 times that of North America and gambling has been part of the Asian culture for thousands of years. In 2006, we established our first Asian presence by hiring a Managing Director for the Asia-Pacific region, who is based in Singapore. In 2007, we continued to advance our Asian strategy.

In August 2007, we acquired a 19.4% minority interest in 568 Inc. for \$1.1 million. In January 2008, we made a further investment by way of a \$0.25 million promissory note. 568 Inc. is a developer and distributor of online casual games in the Chinese market and enables us, with 568 Inc., to establish a new China-based venture that will

develop and distribute casual skill-based games for the local and overseas Chinese-language markets. We have an option to increase our interest in 568 Inc. to a controlling interest in the future.

In November 2007, we acquired a 12.7 % minority interest in Mikoishi Studios Inc., one of Asia's best known game development and design companies, for \$4.4 million with an option to increase our interest in the future.

While CryptoLogic believes that Asia will be the next major Internet gaming market, there are regional legislative issues and limited payment forms to support the industry today. Accordingly, CryptoLogic does not expect Asia to be a major revenue contributor in the near term.

Trends

While the global online gaming market continues to promise growth potential, competition is intensifying for players and market position, growth in online poker is moderating from previous exponential rates, and the global legislative environment for online gaming continues to evolve. Despite these challenges, CryptoLogic remains optimistic about the future of online gaming and believes that its disciplined strategy will continue to help the Company remain a leader within it.

In order to remain competitive, CryptoLogic has had to devote increasing financial and human resources to meet the technological and regulatory challenges associated with remaining an industry leader. As product diversification and player sophistication increases, our need to hire greater numbers of software and industry specialists has increased. This has contributed to higher operating costs to accommodate the growth of our business and in order to maintain our competitive advantage in our priority game areas. In particular, we have increased investments in Internet casino and poker to broaden our product offering in response to growing competition and player demands.

Given the trend to regulate online gaming in certain European markets, the costs associated with carrying on our business may increase as regulatory initiatives may require greater resources to meet changing compliance standards. Changes in regulatory requirements, including regulatory fees and taxation, could impact on the costs of doing business.

In 2007, the Company's financial results were negatively affected by the industry-wide impact of UIGEA, which was enacted in October 2006. While revenue and earnings have decreased significantly in the short term, and we are exercising even tighter control over discretionary expenses, we are not planning a cost reduction sufficient to offset the lost revenue. Our management estimates that the UIGEA enactment, which had an industry-wide impact, resulted in approximately \$8.0 million in lost revenue in the fourth quarter 2006 and \$6.0 million in lost earnings related to those revenues. Our management estimates that the enactment of the UIGEA would have reduced revenue by \$31.0 million and earnings by \$24.0 million if the act had been in force for all of 2006.

The Company's 2007 financial results reflected the significant impact of the UIGEA – revenue declined by 29.2% to \$73.7 million (2006: \$104.0 million) and earnings decreased significantly to \$5.5 million (2006: \$24.8 million). During 2009, we should start to trend toward quarterly revenue run rates similar to those realized prior to the UIGEA enactment, and continue to strive for net margins (net earnings as a percentage of revenue) in excess of 20%.

The Company is being very vigilant in ensuring that revenues and expenses remain at an acceptable ratio, and is not planning significant changes to its cost structure at this time. The Company will use current resources to execute current projects and take advantage of revenue-enhancing opportunities in Europe, Asia and other major international markets. We have reduced our expenses and will continue to focus on maintaining close control over discretionary expenditures as we align with the new market environment. CryptoLogic remains optimistic about the future of online gaming, and the Company's position as one of the leaders within it. The Company is in an excellent financial position to continue to build on the global strategy to return to the 2006 level of results and then continue the growth we have experienced in the past. In particular, the Company will:

- continue its game innovation strategy. The Company has new innovative casino and poker projects, both underway and planned, which are designed to enhance licensees' revenue;
- aggressively pursue promising new poker opportunities to enhance the liquidity of our licensees' poker network. The Company will also continue to pursue high quality casino opportunities;
- control and optimize expenditures by a thorough, ongoing review of discretionary costs, operating expenses and capital expenditures;
- pursue strategic, accretive acquisition opportunities to accelerate the advancement of the Company's strategies. Acquisition opportunities have multiplied since the enactment of the UIGEA, and the Company will continue to evaluate new and existing prospects like casino.co.uk and Parbet; and
- expand in Asia. CryptoLogic will continue to build its European leadership position and intends, over time, to expand its Asian presence to become a strong competitor in this large, emerging market.

Our investment in establishing a new head office in the Republic of Ireland during 2007, while adding some incremental annual operating expenses, is aimed at advancing our global strategy and generating a strong return in the long run. The head office functions of the Chief Executive Officer and the Chief Financial Officer have been transitioned to Ireland. We expect our European-based headquarters to provide strategic benefits, including:

- bring the Company closer to the world's major markets (particularly, the UK, Europe and Scandinavia) that embrace Internet gaming, and therefore, closer to its key customers, investment community and prospects;
- enable the Company to provide a wider range of marketing support and brand management services to licensees;
- broaden the Company's strategic acquisition opportunities; and
- increase liquidity, over time, in the Company's shares in the UK.

Not all changes in the industry are foreseeable, but the growth of the industry, heightened competition and anticipated legislation will likely accelerate the need to offer comprehensive player solutions at an increasing rate.

Item 4: DESCRIBE THE BUSINESS

Summary

CryptoLogic is one of the first publicly listed online gaming software developers and suppliers, and a leader in the global Internet gaming industry. The Company's common shares trade on the Toronto Stock Exchange (symbol: CRY), NASDAQ Global Select Market (symbol: CRYP) and the London Stock Exchange's Main Market (symbol: CRP). The Company's exchange shares trade on the Toronto Stock Exchange (symbol: CXY). Our head office is located in Dublin, Ireland, which provides executive functions to the corporate group. Our Toronto, Canada office provides software development, upgrades and technical support for WagerLogic, a subsidiary of CryptoLogic, as well as all usual administrative functions. Located in Cyprus, Malta and the UK, the WagerLogic group of companies provides licensing and hosting for our Internet gaming software, e-cash systems and support, customer support, marketing support and other services to third-party gaming operators or licensees around the world. Our e-cash systems and support system enables licensees' players to deposit and withdraw funds through a wide range of payment options for use with the licensee. Our 24/7 customer call centre support helps our licensees' players with technical questions or assistance with the gaming software and e-cash accounts. Our Singapore office is responsible for advancing our strategy and business development in Asia.

As at December 31, 2007, we had 12 licensees located around the world including a number of well-known UK brand name and land-based gaming organizations. Our licensees operate under government authority where their Internet business subsidiaries are domiciled. In August 2007, the Company moved its licensees' primary Internet gaming jurisdiction to Malta. Certain technical requirements set out by the licensing authority in Malta need to be fulfilled in order to maintain the license in good standing. We expect to satisfy these requirements by mid 2008. The license in Malta facilitates access to the European and UK markets by the Company's licensees from within the EU, which are major markets for the licensees and consequently for CryptoLogic.

Principal Markets

CryptoLogic, through WagerLogic, provides a complete, turn-key online gaming solution predominantly focused on the Internet casino and poker markets of the global online gaming industry. We work with a select group of international brand name licensees and target prospective licensees with a focus in the key geographic markets for online gaming including the UK and Continental Europe, which we view as the regions that offer the best near-term growth opportunities. As a result of the UIGEA, the Company will not support licensees who take wagers from US-based players. In the longer term, we see Asia as the next major market. The population is ten times that of North America and gaming has been part of the culture for thousands of years. However, significant regulatory and commercial challenges remain in the market, which the Company does not believe will be resolved immediately. In 2006, CryptoLogic established its first Asian presence in Singapore and the Company is developing its strategy for the region from that base. In 2007, the Company acquired minority interests in two Asian game developers (see page 10).

Our total online gaming solution is comprised of:

1. A broad, turn-key Internet-based gaming software suite featuring:
 - 215 downloadable casino table and slot games and 66 non-download games
 - player-to-player poker
 - multi-player bingo
 - multiple languages (English, Spanish, Japanese, Chinese, French, German, Italian, Greek)
 - multiple currencies (US dollars, British pounds and Euros)
 - multiple platforms (download, non-download (Flash and Java), wireless)
 - play-for-fun and play-for-cash mode
2. Proprietary e-cash systems and support;
3. 24/7 multi-language customer support;
4. Back-office support tools to assist licensees with their marketing efforts; and
5. Marketing support services.

Our Internet-based gaming and electronic commerce software products are used by licensees to create virtual casinos, poker rooms or bingo halls. Currently, no customer licenses our bingo software. The downloadable software package transfers the “front end” information (i.e., playing cards, roulette wheel, dice numbers) between users and remote servers. The software package utilizes each user’s computer to generate the graphics of the virtual casino, poker room or bingo hall, while the licensees’ gaming servers perform the “dealer” function, generating the random numbers of playing cards, roulette numbers and dice numbers, as applicable. Many of our most popular casino games are also available on either the Flash and Java platforms, which provide an entertaining gaming experience without having to wait for software to download.

Among other things, our software contains proprietary encryption features, which allows secure transmission of data, and permits our licensees to offer multi-player games, a panoramic virtual casino floor populated by real players, progressive jackpots, Internet browsing features and inter-player chatting.

As part of our commitment to safe and responsible gaming, our gaming solution provides personal options and security features including deposit and bet limits, temporary and permanent account locks, personal identification verification, and online tracking of a player's gaming activity and financial transactions. We are also able to restrict registration and game play from residents of prohibited jurisdictions.

Our gaming solution is complemented by e-cash systems and support. We provide Internet-based electronic commerce support and technology to our licensees and their respective customers and maintain, through subsidiaries, electronic commerce accounts for both merchants of our electronic commerce software and their end-users. For the majority of our licensees, we report and remit to our licensees the net transaction revenues less licensing and support fees payable to the Company (as specified in the applicable licensing agreements). Some licensees have responsibility for their own e-cash systems and support to enable an integrated single player account for all their online offerings, which have our licensees remit licensing fees to us.

Utilizing our e-cash software, players can use a wide range of payment options, including credit and debit card and various electronic wallets. Web cashier accounts can be opened in United States dollars, British pound and Euros.

To assist our licensees in retaining players and re-activating lapsed accounts, we have invested significantly in our customer relationship management solution. We have introduced and improved our back-office offering with sophisticated business intelligence, data warehousing and marketing tools to assist licensees in understanding, servicing and building one-on-one relationships with their players.

We also provide 24/7 customer support in the languages and currencies supported by our software for enhanced convenience to our licensees' global player base. Our customer support is available to help players with technical questions or assist with the gaming software and e-cash accounts.

Increasingly, we view our marketing support services as a key differentiator in our product and service offerings, as they form a key part of the Company's brand ownership and management strategy. During 2006, OIGE NV, operator of the InterCasino, InterPoker and ExtremePoker brands, was the only licensee to use our marketing support services. In 2007, the Company began providing these services to Parbet and Oceania Caribe Licensing N.V., operator of PlayboyGaming, as well. Our ability to offer these services was a key differentiator in winning the business of the Playboy brand.

It is our objective to continue to introduce innovative software products, support tools and services that appeal to broad segments of gaming audiences worldwide.

Distribution Methods

We currently market our technology and services through a select sales and marketing strategy whereby we identify key potential customers that meet our licensee profile, and then contact such prospects directly. The Company has recently expanded its marketing effort by adding a marketing director. We also attend industry trade shows around the world to generate new prospects, and respond to referrals from existing customers and other industry participants. CryptoLogic has sought licensees with an established brand, an audience with a propensity to gamble, and sufficient resources and commitment to successfully market the business. In today's changed online gaming environment following the passage of UIGEA, CryptoLogic has adapted this strategy to our core Internet casino and poker markets.

In Internet casino, the key to success is differentiation through the combination of our new and innovative games with effective marketing to players by our licensees. CryptoLogic will continue to pursue new casino opportunities emphasizing brand name licensees with marketing commitment. In online poker, the key to success is liquidity, that is, more players from more sources – 24/7. Given our significantly enhanced poker platform, we have the infrastructure and capacity to also pursue promising new European Internet poker licensees and will continue to seek these growth opportunities to contribute to overall poker network liquidity.

We are leveraging our strong UK licensee base to continue to focus our sales and marketing efforts in our key markets of the UK and Continental Europe, and to explore longer term prospects in other markets such as Asia. Our strategy in these markets includes the use of or introduction of multi-language and multi-currency software versions, by marketing current languages and currencies and introducing new ones with existing and new customers, as well as exploring foreign payment options that increase the ability of our customers to attract a broader, international player base. As a result of the UIGEA, the Company will not support licensees who take wagers from US-based players.

While Asia offers large market potential, this region represents a longer term opportunity because of higher barriers to entry due to fragmented legislation and no single popular payment form. In 2006, we established our first Asian presence by hiring a Managing Director for the Asia-Pacific region, who is based in Singapore. This Managing Director is responsible for our strategy development and implementation in the region and is identifying local partners that can help us establish meaningful contacts with governments and major, brand name gaming organizations. We will continue to pursue opportunities in this market that we believe will generate an appropriate return.

In 2007, we acquired minority interests in two Asian game developers (see page 10).

Revenue

Substantially all of our revenue is of a recurring nature in that WagerLogic's licensees pay an ongoing fee each month over the contract term for the licensing and support of our software, calculated as a percentage of each licensee's level of activity. Additional revenues are derived from other sources including fees for the provision of software customization, and advertising and marketing services related to our portal business. Historically, we experience seasonality with slower sales in the second and third quarters, as the use of the Internet is not as strong in the summer months when players tend to spend less time indoors and at their computers. Typically, our first and fourth quarters (during the winter and fall seasons) are our strongest revenue periods.

In 2007, revenue was \$73.7 million (2006: \$104.0 million), with 93.6% (2006: 89.5%) of this amount represented by ongoing software licensing fees. Other revenue sources accounted for 6.4% of total revenue (2006: 10.5%).

Fee revenue from our casino business is calculated as a percentage of a licensee's level of activity in its online casino site. By contrast, fees from Internet poker are based on a percentage of the licensee's "rake" per hand in regular or ring games (the rake is typically 5% of the pot, up to a maximum amount per hand), or fixed fees for entry into poker tournaments. \$49.5 million or 67.1% of our total revenue was derived from our casino business in 2007 (2006: \$59.2 million or 56.9%). Internet poker fees were \$19.5 million or 26.5% of total revenue in 2007 (2006: \$33.9 million or 32.6%).

Production and Services

Through its subsidiary, WagerLogic, the Company's gaming software, e-cash systems and support and 24/7 customer support, are licensed, typically as a complete solution, to an international customer base. WagerLogic licensees pay an initial one-time customization fee to brand the software to the look and feel of that particular customer and then an ongoing fee for the licensing and support of the software, calculated as described earlier. WagerLogic retains ownership and control of the software being licensed. Fees for our marketing support services are reflected in both higher licensing fee rates as well as separate charges for specific work performed.

The Company's research and development (R&D) activities are predominantly performed in Canada with some remote development in Kiev, Singapore and Shanghai. Certain game variations, themes and components may be outsourced to third-party development organizations. The Company is organized into dedicated teams to specialize in strategic focus areas: i) casino and poker game development and enhancements; ii) system infrastructure and scalability; and iii) enhancement of our customer support and back-office systems. System infrastructure servers, which include gaming servers, e-cash servers, database servers and download servers, are required to ensure effective operations of licensees' online gaming sites. The Company owns and maintains the infrastructure servers, which are located in various jurisdictions around the world in secure facilities. The game servers are owned by a third party and contracted to the Company for its use.

Specialized Skill and Knowledge

As at December 31, 2007, our Company, including our subsidiaries, employed 310 people, with 177 employees located in Canada and 133 located internationally. 88% of our staff is dedicated to development, licensee support operations and product support.

Our ability to attract and retain highly skilled technical and management personnel and a multi-lingual customer support staff is one of the key factors in our success.

As the demand for gaming options and the quality of products has increased, additional staffing requirements may be necessary to remain competitive. In 2007, our employees decreased to 310 from 400 in 2006, which reflected our focus on tight control over costs in the wake of the UIGEA.

Competitive Conditions

Although online gaming is a fast-growing industry, it is becoming increasingly competitive and sophisticated. GBGC, a UK consulting firm focused on the land-based and online interactive gaming industries, estimates that the global market for online gaming, which is comprised of casino games, sports betting, poker, bingo, and lotteries, reached \$7.2 billion in annual revenue in 2006 (excluding the United States), up from \$2.7 billion in 2003. While it is difficult to confirm the exact number of Internet gaming sites since most companies are private, current estimates are around 2,400 online gaming properties down from more than 2,800 (source: GBGC) several years ago. This decrease points to industry consolidation. As Internet gaming has developed and increased in sophistication, so have the players who can choose from a proliferation of sites. Competition for players' attention and share of wallet is intensifying, and players are demanding more value, more games and the ultimate entertainment experience.

CryptoLogic's primary focus areas are Internet casino and poker, which are proven, cash generative business sectors on the Internet. Online casino first developed more than a decade ago. Therefore, Internet casino is a more mature marketplace, although it remains a major pillar at 33.5% of the global online gaming market in 2006 (excluding the US) (source: GBGC). While online casino growth outside the US is predicted to remain healthy at over 21% per year in the next two years (source: GBGC), we expect it will be insufficient to compensate for the loss of the US market in 2008. Industry experts forecast Internet casino to reach \$3.9 billion by 2012, excluding the United States (source: GBGC).

While Internet poker first took off a few years ago, it has grown almost eighteen-fold to an estimated \$1.6 billion in 2006 (excluding the United States) (source: GBGC). This sector is already dominated by major operators offering liquidity (that is, a site which is well populated to ensure a player will always find a game, at the appropriate stake level and in the appropriate currency, around the clock), and a variety of games and tournaments. While online poker growth outside the US is predicted to remain strong at over 17% per year in the next two years (source: GBGC),

we expect it will be insufficient to compensate for the loss of the US market in 2008. Industry experts forecast Internet poker to reach \$3.2 billion by 2012, excluding the US (source: GBGC).

Licenseses of our software compete with existing and more established recreational services and products, in addition to other forms of entertainment. Our success will depend, in part, upon our ability to enhance our products and services, expand our system infrastructure and resiliency, keep pace with technological developments, respond to evolving customer requirements and achieve continued market acceptance.

We compete with a number of public and private companies, which provide electronic commerce and/or Internet gaming software. Given the stage of development of the industry and the number of private organizations operating in the industry, information about the nature of our competitors, their operations and their resources is difficult to compile. In addition to current known competitors, traditional land-based gaming operators and other entities, many of which have significant financial resources and name brand recognition, may provide Internet gaming services in the future, and thus become competitors of CryptoLogic. Increased competition from current and future competitors and increased expenditures has and could continue to result in the reduction of our margins, or could result in the loss of our market share.

The global nature of the Internet makes most Internet markets, including the online gaming industry, relatively accessible to a wide number of entities and individuals. We believe the principal competitive factors in our industry that create certain barriers to entry include reputation, technology, financial stability and resources, proven track record of successful operations, critical mass (particularly relating to online poker), regulatory compliance, independent oversight and transparency of business practices. While these barriers will limit those able to enter or compete effectively in the market, it is likely that new competitors will be established in the future, in addition to known current competitors.

New Products and Services

In 2007, we continued to introduce new poker software enhancements and features including *Headhunter Challenge*, an industry first and new type of multi-table poker tournament that allows players to earn cash for every player ('head') they eliminate *Bounty Tournaments*, which adds a cash bounty to the 'heads' of big-name entrants such as celebrities and professional players; and a new Tournament Key Hands Review tool that allows players to review key hands and identify the turning point in a big match. Today, we offer one of the most extensive poker offerings on the Internet, ranging from play for fun, 0.15/0.25 to 150/300 games for a wider range of stakes, levels and speed of play, all in the three major currencies (US dollars, British pounds and Euros).

We now have 12 licenseses using our poker solution (including Holland Casino expected to come on line in 2008), and are benefiting from strong player traffic and revenue growth derived from the central poker room the licenseses' share. Our licenseses' poker room currently attracts more than 6,000 concurrent online players at peak. However, the

offerings on the Internet, ranging from play for fun, 0.15/0.25 to 150/300 games for a wider range of stakes, levels and speed of play, all in the three major currencies (US dollars, British pounds and Euros).

We now have 12 licensees using our poker solution (including Holland Casino expected to come on line in 2008), and are benefiting from strong player traffic and revenue growth derived from the central poker room the licensees' share. Our licensees' poker room currently attracts more than 6,000 concurrent online players at peak. However, the number of concurrent players is down from a peak of over 9,000 players earlier in 2006, primarily due to the industry-wide impact of the UIGEA and the exit of Betfair, a major licensee, from the poker room, both in the fourth quarter of 2006, as well as a slowing of growth in European poker from the exponential rate of previous years. Our Internet poker fees remain a significant revenue contributor, accounting for \$19.5 million or 26.5% of total 2007 revenue (2006: \$33.9 million or 32.6%). Poker fees are expected to grow only through the addition of new licensees.

In 2007, we continued to expand our game suite in our core casino business with a succession of new themes and variations. New games help re-energize players and drive increased revenue for our licensees and CryptoLogic. During the year, we released 15 more casino games including:

- More of our multi-currency jackpot video slot games featuring popular Marvel action characters, including *Spider-Man*, *The Fantastic Four*, *Wolverine* and *Captain America*, which brands have been exclusively licensed for CryptoLogic-developed games;
- The first and only play-for-real slot version of *Jewel Quest*®, the popular treasure hunt game that is widely played on major portals such as MSN.com, Yahoo! and AOL;
- *Sudoku*, the logic game played by millions of people around the world every day, has been adapted for online slot players;
- A new patent-pending game, *Multi-Hand Video Blackjack*, which brings together blackjack and video poker; and
- New bonus slot titles, *Rajah's Rubies*, *Double Panda*, *Native Treasure* and *Computer Rage*, which deliver exotic travel, jungle adventure and office mayhem.

Our online casino revenue remained our core business, representing 67.1% of total 2007 revenue or \$49.5 million (2006: \$59.2 million or 56.9%). While casino fees declined in absolute dollars, they have increased as a percentage of total revenue due to the success of new games and casino launches in 2007.

Intellectual Property

As a leading software developer in the Internet gaming industry, our business is based on licensing our gaming software and related proprietary e-commerce technology and support services through WagerLogic. Licensing contracts generally have three-year terms, are exclusive and have renewal provisions, which provide us with a recurring revenue stream. We rely on a combination of laws and contractual provisions to establish and protect our

rights in our software and proprietary technology. We believe that our competitive position is in part dependent upon our ability to protect our proprietary information and technology. We generally enter into non-disclosure and invention agreements with employees, licensees, consultants and customers, and historically have provided restricted access to our software products' source codes. Our source codes are proprietary to us and we attempt to protect the source code versions of our products as trade secrets and unpublished copyrighted works. Despite our precautions and measures implemented to protect against such attempts, unauthorized parties may have or could in the future copy or otherwise reverse engineer portions of our product or otherwise obtain and use information that we regard as proprietary.

We have patents and trademarks in certain jurisdictions and are in the process of applying for further trademark registrations and patents, which may provide protection in relevant jurisdictions. However, there can be no assurance that this will be sufficient to fully protect our proprietary technology. In addition, certain provisions of our license agreements, including provisions protecting against unauthorized use, transfer and disclosure, may be found to be unenforceable in certain jurisdictions.

We believe that patent, trademark, copyright and other legal protections are less significant to our success than other factors such as the knowledge, ability and experience of our personnel, new product and service developments, frequent product enhancements, customer service and ongoing product support.

We also have a proprietary interest in our name. The names "CryptoLogic" and "WagerLogic" have become well known in the Internet gaming industry. Accordingly, our competitive position could be affected if our name was misappropriated and our reputation compromised.

There can be no assurance that the steps we have taken to protect our proprietary rights will be adequate to deter misappropriation of our technology or independent development by others of technologies that are substantially equivalent or superior to our technology. Any misappropriation of our name, technology or development of competitive technologies could have a material adverse effect on our business, revenues, operating results and financial condition.

We also have licensing agreements with third parties for intellectual property that we use in the provision of our gaming software and services, which are subject to renewal. Due to the complex and sophisticated nature of the business, there can be no assurance that there has been no unintentional breach of some parties' intellectual property rights.

Cycles

Historically, we have experienced slower revenues in the second and third quarters, as the use of the Internet is not as strong in the summer months, when players tend to spend less time indoors and at their computers. Typically, our first and fourth quarters (during the winter and fall seasons) are our strongest revenue periods.

Economic Dependence

In 2007, our top 7 licensees accounted for approximately 79% of our total revenue. In addition, all of our licensees operate from one licensing jurisdiction. The loss of one or more of these key licensees or their license to operate in the licensing jurisdiction or a material change in the terms of the license agreements could have a material adverse effect on our business, revenues, operating results and financial condition.

Changes to Contracts

The Company's online gaming software solution and services are licensed to third-party gaming operators around the world. Licensing contracts generally have three-year terms, are exclusive, and have renewal provisions, which provide us with a long term ongoing revenue stream. Contracts are subject to renewal, renegotiation and may be contingent on certain performance requirements. There can be no assurance that license agreements will be renewed or that there will not be a material change in the terms of the contract, which could adversely affect our business, revenues, operating results and financial condition. One customer contract comes up for renewal in 2008.

Employees

As at December 31, 2007, our Company, including our subsidiaries, employed 310 people, with 177 employees located in Canada and 133 located internationally.

Foreign Operations

As companies and consumers involved in Internet gaming, including the players of our licensees, are located around the globe, there is uncertainty regarding exactly which government has jurisdiction or authority to regulate or legislate with respect to various aspects of the industry. The uncertainty surrounding the regulation of Internet gaming in the various jurisdictions in which we operate could have a material adverse effect on our business, revenues, operating results and financial condition.

There are certain difficulties and risks inherent in doing business internationally, including the burden of complying with multiple and conflicting regulatory requirements, foreign exchange controls, potential restrictions or tariffs on gaming activities that may be imposed, potentially adverse tax consequences and tax risks, and changes in the political and economic stability, regulatory and taxation structures, and the interpretation thereof, of jurisdictions in which the Company and its licensees operate, and in which our licensees' customers are located, all of which could have a material adverse effect on our business, revenues, operating results and financial condition.

Our ability to expand our business in certain countries will require modification of our products, particularly domestic language availability, currency support and potentially the development of new games that have greater regional appeal. There can be no assurance that we will be able to sustain or increase revenue derived from international operations or that we will be able to penetrate linguistic, cultural or other barriers to new foreign markets.

Reorganizations

Pursuant to a business reorganization implemented by way of an Ontario Superior Court of Justice court approved plan of arrangement (the "Arrangement") and approved by the shareholders on May 24, 2007, CryptoLogic Limited acquired control over all of the issued and outstanding common shares of CryptoLogic Inc., an Ontario company, which through the Arrangement became an indirect subsidiary of CryptoLogic Limited. CryptoLogic Limited is incorporated under the laws of Guernsey with corporate headquarters in Dublin, Ireland. As part of the Arrangement, the Company issued either an equivalent amount of CryptoLogic Limited common shares or, in the case of taxable Canadian residents, exchangeable shares ("Exchangeable Shares") of CryptoLogic Exchange Corporation ("CEC"), an indirect subsidiary of the Company. The CEC shares are, as nearly as practicable, the economic equivalent of CryptoLogic Limited shares. Holders of CEC shares participate equally in voting and dividends with the shareholders of the Company. No additional shares of CEC have been or will be issued. CryptoLogic's common shares trade on the Toronto Stock Exchange (symbol: CRY), NASDAQ Global Select Market (symbol: CRYP) and the London Stock Exchange's Main Market (symbol: CRP). CEC shares trade on the Toronto Stock Exchange (symbol: CXY). Particulars of the Arrangement are found in the Information Circular dated April 23, 2007, which can be viewed on the SEDAR website www.sedar.com.

With the move of the Company's headquarters to the Republic of Ireland, the executive functions of the Chief Executive Officer and the Chief Financial Officer have been transitioned to Ireland. We expect our European-based headquarters to provide strategic benefits, including:

- bring the Company closer to the world's major markets (particularly, the UK, Europe and Scandinavia) that embrace Internet gaming, and therefore, closer to its key customers, investment community and prospects;
- enable the Company to provide a wider range of marketing support and brand management services to licensees;
- broaden the Company's strategic acquisition opportunities; and
- increase liquidity, over time, in the Company's shares in the UK.

Risk Factors

CryptoLogic operates in a rapidly changing environment that involves numerous risks and uncertainties, many of which are beyond our control and which could have a material adverse effect on our business, revenues, operating results and financial condition. The following discussion highlights some of these risks and uncertainties. In addition, readers should carefully review the risk factors described in the Company's 2007 Management's Discussion and Analysis filed with various securities commissions.

Industry Risks

Government Regulation

The Company and our licensees are subject to applicable laws in the jurisdictions in which they operate. Our licensees hold government licenses to operate Internet gaming sites in Malta. Some jurisdictions have introduced regulations attempting to restrict or prohibit Internet gaming, while other jurisdictions have taken the position that Internet gaming is legal and have adopted or are in the process of considering legislation to regulate Internet gaming.

While the UK and other European countries such as Malta and Gibraltar are adopting a regulated online gaming approach, opposing views are developing in Europe. Some European countries, including Italy, Germany and France where there are state-owned monopolies, are taking action aimed at banning foreign online gaming operators to protect their monopolies. Such actions by these European Union (EU) member states are in conflict with a decision of the European Court of Justice that challenges the monopolies and have prompted the European Commission (EC) to look at creating new legislation that could harmonize online gaming within the EU, which is in line with the EC's goal to encourage a free and open cross-border market. There is no indication that any such directives will be introduced in the near term. In the meantime, however, the EC has initiated infringement proceedings against some member states in relation to perceived breaches of Articles 43 and 49 of the EC Treaty (which articles enshrine the principles of freedom of establishment and movement of services).

As companies and consumers involved in Internet gaming are located around the globe, including our licensees and their players, there is uncertainty regarding which government has authority to regulate or legislate the industry. Legislation designed to prohibit Internet gaming was enacted on October 13, 2006 in the United States (UIGEA), and may be adopted in other jurisdictions.

Future decisions may have a material impact on our operations and financial results. There is a risk that governmental authorities may view us or our licensees as having violated the local law of their end users, despite CryptoLogic's requirement that each licensee is licensed to operate an Internet gaming business by the governmental authority of the country in which the gaming servers associated with the licensees' gaming operations are located. Therefore, there is a risk that civil and criminal proceedings, including class actions brought by or on behalf of public entities or private individuals, could be initiated against us, our licensees, Internet service providers, credit card processors, advertisers and others involved in the Internet gaming industry and could involve substantial litigation expense, penalties, fines, injunctions or other remedies or restrictions being imposed upon us or our licensees or others while diverting the attention of key executives. Such proceedings could have a material adverse effect on our business, revenues, operating results and financial condition.

There can be no assurance that prohibiting legislation will not be proposed and passed in potentially relevant jurisdictions to legislate or regulate various aspects of the Internet or the Internet gaming industry. The burden of compliance with any such legislation may have a material adverse effect on our business, financial condition and results of operations.

There have recently been a number of legal developments associated with the manner in which the business of gaming, and in particular, Internet gaming, is treated in the UK and Continental Europe. Some of these developments can be considered as positive and some as negative. In this regard a brief summary of the regulatory situation in the UK and Europe follows:

United Kingdom

In September 2007, the UK Gambling Act went into force, which regulates online gaming for the first time in that jurisdiction. Most of the underlying codes in relation to entities established in the UK, or marketing into the UK have now been enacted. However, there is no assurance that the UK regulatory regime as interpreted by the Gambling Commission, the Gambling Act's regulator, will provide a commercially-viable market and may create restrictions that would have a material adverse effect on CryptoLogic's customers, business, revenues, operating results and/or financial condition.

Continental Europe

France and Germany

France and Germany in particular appear to be moving towards imposing greater restrictions on internet gaming operators, both by virtue of proposed changes to legislation and through heightened enforcement measures. It is possible that adverse legal developments in these countries could have a material adverse impact on the Company and/or its licensees.

Italy

Recent willingness by the Italian government to regulate certain forms of Internet gaming could be perceived as indicative of a liberalization of the Internet gaming industry as a whole in that country. However, at present, the form of regulation put forward by has failed to create attractive market conditions for many operators. As such, notwithstanding the fact that this market may appear to be liberalizing, in practice, they have not liberalized in a manner, or to a degree, that is helpful to the Company or its licensees. The Company and its licensees remain at risk that Italy may take aggressive action against parties whose operations are not licensed pursuant to the regulatory regimes established by this country.

Spain

Madrid's regional government has recently implemented new legislation to regulate Internet gaming but it only permits services to be supplied by the licensed entity to Madrid residents. Therefore obtaining a license may be of

little commercial value to any operator. Other regions may follow suit. However Spain historically has taken little or no enforcement action against operators of Internet gaming which are based outside the jurisdiction. There is no guarantee however that this position will remain the same if the system of regulation becomes more widespread (so as to create a value in obtaining a license).

Holland

It is expected that our agreement with the state-sponsored casino operator, Holland Casino, to supply casino and poker room software for the Dutch market will be positive for the Company. However, certain of CryptoLogic's other licensees presently operate in the Dutch market and the Dutch government has consistently taken steps to support and protect Holland Casino's monopoly including by taking legal action against Internet gaming operators. In the event that the Dutch government seeks to take further steps to protect the online business of Holland Casino by discouraging other operators from operating in the Dutch marketplace, either through changes in legislation or enforcement measures, the Company's licensees (and CryptoLogic accordingly) could be adversely impacted.

Scandinavia

Governments in most Scandinavian countries have attempted to discourage their citizens from gambling with online operators by taxing their citizens' winnings. Generally speaking, winnings realized through a state sponsored operator are not taxable, but winnings from other sources can be subject to inconsistent application of taxation law in relation to domestic and non-domestic products in the EU. Until such time as the tax authorities in the various countries make an official pronouncement on the manner in which these tax laws will be applied, it is unclear as to what impact these tax policies will have on the business of the Company's licensees.

United States

Since the enactment of UIGEA in October 2006, the Company has prohibited its licensees from taking any wagers from the US. The UIGEA made it illegal to accept any funds connected with unlawful Internet gaming, although some US enforcement agencies claimed that previous existing legislation similarly outlawed both the supply and related payments. Although CryptoLogic historically derived a majority of its revenues from sources outside of the US, given that the Company had previously derived licensing revenue and provided payment processing solutions (through its e-cash services) on behalf of some licensees who took wagers from the US, there is no guarantee that the US Department of Justice will not seek to prosecute the Company, its officers or directors for alleged historic transgressions or similarly prosecute its licensees or their directors or shareholders. Such proceedings could result in criminal penalties, substantial fines, damages and sequestration of assets. They also could damage the reputation of the Company, divert the time of the Company's key executives and have a material adverse effect on the business, revenues, operating results and/or financial condition of the Company.

Payment Processing

With the enactment of the UIGEA, financial institutions in the United States ceased to accept online gaming transactions. This event has had a negative impact on the Internet gaming industry as a whole, on our licensees, and on the Company, as evidenced by lower revenues and earnings in 2007. There can be no assurance that other financial institutions or credit card issuers outside the United States will not enact additional restrictions. Any such developments would have a material adverse effect on our business, revenues, operating results and financial condition. The loss of a major payment option could have a material adverse affect on our business.

There can be no assurance that our systems and measures in place will or can guarantee protection against fraudulent activities and unauthorized access from minors, which could have a material adverse effect on our reputation, business, revenue, operating results and financial conditions. We attempt to mitigate these concerns with systematic controls and a dedicated fraud team. There is an audit trail for every transaction contrary to land-based gaming activities that are primarily cash processors. As well, we establish relationships with financial institutions that are subject to stringent banking regulations in their respective jurisdictions.

E-commerce Law

In addition to regulations pertaining specifically to online gaming, we may become subject to any number of laws and regulations that may be adopted with respect to the Internet and electronic commerce. New laws and regulations that address issues such as user privacy, pricing, online content regulation, taxation, advertising, intellectual property, information security, and the characteristics and quality of online products and services may be enacted. As well, current laws, which predate or are incompatible with the Internet and electronic commerce, may be applied and enforced in a manner that restricts the electronic commerce market. The application of such pre-existing laws regulating communications or commerce in the context of the Internet and electronic commerce is uncertain. Moreover, it may take years to determine the extent to which existing laws relating to issues such as intellectual property ownership and infringement, libel and personal privacy are applicable to the Internet.

The adoption of new laws or regulations relating to the Internet, or particular applications or interpretations of existing laws, could decrease the growth in the use of the Internet, decrease the demand for our products and services, increase our cost of doing business or could otherwise have a material adverse affect on our business, revenues, operating results and financial condition.

Business Risks

Internet Viability and System Infrastructure and Reliability

The growth of Internet usage has caused frequent interruptions and delays in processing and transmitting data over the Internet. There can be no assurance that the Internet infrastructure or the Company's own network systems will continue to be able to support the demands placed on it by the continued growth of the Internet, the overall online gaming industry or that of our customers.

The Internet's viability could be affected if the necessary infrastructure is not sufficient, or if other technologies and technological devices eclipse the Internet as a viable channel.

End-users of our software depend on Internet Service Providers ("ISPs"), online service providers and our system infrastructure for access to the Internet gaming sites operated by our licensees. Many of these services have experienced service outages in the past and could experience service outages, delays and other difficulties due to system failures, stability or interruption. Our licensees may lose customers as a result of delays or interruption in service, including delays or interruptions relating to high volumes of traffic or technological problems. As a result, we may not be able to meet a level of service that we have contracted for, and we may be in breach of our contractual commitments, which could materially adversely affect our business, revenues, operating results and financial condition.

Market Demand

The Internet gaming industry continues to evolve rapidly and is characterized by an increasing number of market entrants. The demand and acceptance for new products and services are subject to a level of uncertainty and growing competition, and if our production services do not continue to receive market acceptance, our business, revenues, operating results and financial condition could be materially adversely affected.

Internet Security

Our Internet gaming software and electronic commerce services are reliant on technologies and network systems to securely handle transactions and user information over the Internet, which may be vulnerable to system intrusions, unauthorized access or manipulation. As users become increasingly sophisticated and devise new ways to commit fraud, our security and network systems may be tested and subject to attack. We have experienced such system attacks in the past and implemented measures to protect against these intrusions. However, there is no assurance that all such intrusions or attacks will or can be prevented in the future, and any system intrusion/attack may cause a delay, interruption or financial loss, which could have a material adverse effect on our business, revenue, operating results and financial condition.

Reliance on Other Parties

Our electronic commerce product relies on ISPs to allow our licensees' customers and servers to communicate with each other. If ISPs experience service interruptions, it may prevent communication over the Internet and impair our ability to carry on business. In addition, our ability to process e-commerce transactions depends on bank processing and credit card systems. In order to prepare for system problems, we are strengthening and enhancing our current facilities and the capability of our system infrastructure and support. Nevertheless, any system failure as a result of reliance on third parties, including network, software or hardware failure, which causes a delay or interruption in our e-commerce services could have a material adverse effect on our business, revenues, operating results and financial condition.

Competition

Licensees of our software compete with existing and established recreational services and products, in addition to other forms of entertainment. Our success will depend, in part, upon our ability to enhance our products and services to keep pace with technological developments, respond to evolving customer requirements and achieve continued market acceptance.

We compete with a number of public and private companies, which provide electronic commerce and/or Internet gaming software. In addition to known current competitors, traditional land-based casino operators and other entities, many of which have significant financial resources, an entrenched position in the market and name-brand recognition, may provide Internet gaming services in the future, and thus become our competitors. As well, such companies may be able to require that their own software, rather than the software of others, including our gaming software or our e-cash systems and support, be used in connection with their payment mechanisms.

The barriers to entry into most Internet markets are relatively low, making them accessible to a large number of entities and individuals. We believe the principal competitive factors in our industry that create certain barriers to entry include reputation, technology, financial stability and resources, proven track record of successful operations, critical mass (particularly relating to online poker), regulatory compliance, independent oversight and transparency of business practices. While these barriers will limit those able to enter or compete effectively in the market, it is likely that new competitors will be established in the future, in addition to our known current competitors.

Increased competition from current and future competitors has and may in the future result in price reductions and reduced margins, or may result in the loss of our market share, any of which could materially adversely affect our business, revenues, operating results and financial condition.

Dependence on Licensees

In fiscal 2007, our top 7 licensees accounted for approximately 79% (2006: 84%) of our total revenue. In addition, all our key licensees operate from one licensing jurisdiction. The loss of one or more of these key licensees, or the loss of their license to operate in the licensing jurisdictions, could have a material adverse effect on our business, revenues, operating results and financial condition.

Chargebacks

We are subject to exposure in regard to chargebacks, which may also result in possible penalties and elimination of the payment option. Chargebacks are any deposit transaction credited to a user's account that is later reversed

or repudiated. While the Company has fraud control measures to minimize exposure and provision for chargebacks, this factor could have a material adverse effect on our business, revenues, operating results and financial conditions.

Foreign Operations

As companies and consumers involved in Internet gaming, including the players of our licensees, are located around the globe, there is uncertainty regarding exactly which government has jurisdiction or authority to regulate or legislate with respect to various aspects of the industry. The uncertainty surrounding the regulation of Internet gaming in the various jurisdictions in which we operate could have a material adverse effect on our business, revenues, operating results and financial condition.

There are certain difficulties and risks inherent in doing business internationally, including the burden of complying with multiple and conflicting regulatory requirements, foreign exchange controls, potential restrictions or tariffs on gaming activities that may be imposed, potentially adverse tax consequences and tax risks, and changes in the political and economic stability, regulatory and taxation structures, and the interpretation thereof, of jurisdictions in which we, our subsidiaries and our licensees operate, and in which our licensees' customers are located, all of which could have a material adverse effect on our business, revenues, operating results and financial condition.

There can be no assurance that we will be able to sustain or increase revenue derived from international operations or that we will be able to penetrate linguistic, cultural or other barriers to new foreign markets.

Foreign Exchange

Our financial results are reported in US currency, which is subject to fluctuations in respect of the currencies of the countries in which we operate, including British Pounds, Euros, and Canadian Dollars. Accordingly, fluctuations in the exchange rate of world currencies could have a positive or negative effect on our reported results. We may utilize a hedging program from time to time and/or take advantage of the natural hedge in having operations in multiple currencies to mitigate a portion of our currency risks, but there can be no assurance that we will not experience currency losses in the future, which could have a material adverse effect on our business, revenues, operating results and financial condition.

Legal Proceedings

We, and certain of our subsidiaries, may be involved in litigation arising in the ordinary course and conduct of business. The outcome of such matters cannot be predicted with certainty, and could have a material adverse effect on our business, revenues, operating results and financial condition.

Moreover, from time to time, third parties have asserted and may continue to assert patent, trademark, copyright and other intellectual property rights to technologies or business methods that we consider important. There can be no assurance that the assertion of such claims will not result in litigation

or that we would prevail in any such litigation or be able to obtain a license for the use of any infringed intellectual property from a third party or, if such a license is required, that it would be available on terms acceptable to us.

Intellectual Property

We rely on a combination of laws and contractual provisions to establish and protect our rights in our software and proprietary technology. We believe that our competitive position is dependent in part upon our ability to protect our proprietary technology. We generally enter into non-disclosure and invention agreements with employees, licensees, consultants and customers, and historically have restricted access to our software products' source codes. We regard our source codes as proprietary information, and attempt to protect the source code versions of our products as trade secrets and unpublished copyrighted works. Despite our precautions and measures implemented to protect against such attempts, unauthorized parties may have or could in the future copy or otherwise reverse engineer portions of our products or otherwise obtain and use information that we regard as proprietary.

Our Company has patent and trademarks in certain jurisdictions and is in the process of applying for further trademark registrations and patents, which may provide such protection in relevant jurisdictions. However, there can be no assurance that this will be sufficient to fully protect our proprietary technology. In addition, certain provisions of our license agreements, including provisions protecting against unauthorized use, transfer and disclosure, may be found to be unenforceable in certain jurisdictions.

We believe that patent, trademark, copyright and other legal protections are less significant to our success than other factors such as the knowledge, ability and experience of our personnel, new product and service developments, frequent product enhancements, customer service and ongoing product support.

We also have a proprietary interest in our name. The names "CryptoLogic" and "WagerLogic" have become known in the Internet gaming industry. Accordingly, our competitive position could be affected if our name was misappropriated and our reputation in any way compromised.

There can be no assurance that the steps we have taken to protect our proprietary rights will be adequate to deter misappropriation of our technology or independent development by others of technologies that are substantially equivalent or superior to our technology. Any misappropriation of our name, technology or development of competitive technologies could have a material adverse effect on our business, revenues, operating results and financial condition.

Due to the complex, sophisticated and global nature of the business, there can be no assurance that there has been no breach of third parties' intellectual property rights by the Company, and any adverse judgement in this regard could have a material adverse effect on our business, revenues, operating results and financial condition.

Hiring and Retaining Employees

Our future success is dependent on certain key management and technical personnel. The loss of these individuals or the inability to attract and retain highly qualified employees and advisors could have a material adverse effect on our business, revenues, operating results and financial condition.

Managing Rate of Growth

We have a history of growth. The expansion of our business and the increasing complexity of our product offerings, coupled with the rapid evolution of our markets, and increasing competition that will put pressure on margins have placed, and are expected to continue to place, a significant strain on our management and operational resources and to increase demands on our internal systems, procedures and controls. Our future operating results will depend on management's ability to develop and manage growth, enhance our products and services to respond to market demand, deal with competition and evolving customer requirements, manage our system infrastructure and requirements to meet the growing demands of our business, hire and retain significant numbers of qualified employees, accurately forecast revenues and control expenses. A decline in the growth rate of our revenues without a corresponding and timely slowdown in our expenses, or our inability to manage or build future growth efficiently, could have a material adverse effect on our business, revenues, operating results and financial condition.

Future Acquisitions and Investments

As part of our business strategy, we have and may continue to make acquisitions of, or significant investments in, businesses or technology that offer complementary products, services, and technologies. Any acquisition or investment will be accompanied by risks, including the difficulty of assimilating the operations and personnel of the acquired businesses; the potential diversion of the attention of management from our business; the inability of management to maximize the financial and strategic position of our Company or returns from the investment or acquired businesses; changing technology approach and requirements, the maintenance of uniform standards, controls, procedures and policies; and the impairment of relationships with employees and clients as a result of and integration of the investment, acquisition or new personnel.

Stock Volatility and Liquidity

The market price of our common shares has experienced significant fluctuation and may continue to fluctuate significantly. The market price of our common shares may be adversely affected by various factors, such as proposed Internet gaming legislation or enforcement of existing laws, the loss of a customer, the announcement of new products or enhancements, innovation and technological changes, quarterly variations in revenue and results of operations, changes in earnings estimates by financial analysts, speculation in the press or analyst community and general market conditions or market conditions specific to particular industries, including the Internet and gaming.

In addition, the stock market has from time to time experienced extreme price and volume fluctuations. These company-specific or broad market fluctuations may adversely affect the market price for our common shares. Anti-online gaming legislation could also impact our ability to remain listed.

Although our common shares are listed and traded on the Toronto Stock Exchange, the NASDAQ Global Select Market and the London Stock Exchange's Main Market, this should not imply that there will always be a liquid market in our common shares. In addition, pursuant to a business reorganization completed in 2007 (see page 2), exchangeable shares of an indirect subsidiary of the Company, CEC were issued, and are listed and traded on the Toronto Stock Exchange. Because of separate listings, the trading prices of the common shares and CEC shares may not reflect equivalent values. Company-specific or broader market fluctuations may adversely affect the market price of the exchangeable shares, and there can be no assurance that there will continue to be an active market for these securities.

Item 5: DIVIDENDS

On September 10, 2003, CryptoLogic's Board of Directors declared the Company's first dividend of \$0.03 per common share (annual rate of \$0.12), paid on November 24, 2003. On November 4, 2004, CryptoLogic's Board approved an increase in our quarterly dividend to \$0.05 per common share (annual rate of \$0.20). On the dividend's third anniversary, the quarterly rate was increased to \$0.07 per common share (annual rate of \$0.28). On May 9, 2006, the Company announced a subsequent increase to \$0.12 per common share per quarter (annual rate of \$0.48). On February 14, 2007, a quarterly dividend of \$0.12 per common share was announced, the same rate as the prior four quarters and for the remaining quarters of 2007. Holders of CEC (see page 2) participate equally in the dividends as with the common shareholders of the Company. Each future quarterly dividend will be subject to Board approval based on the Company's financial results.

Item 6: DESCRIPTION OF CAPITAL STRUCTURE

Our authorized capital consists of an unlimited number of common shares and one special voting share through which CEC (see page 2) shareholders obtain voting rights. As of December 31, 2007, there were 12,813,737 common shares issued and outstanding, which excludes 1,114,494 shares in CEC. Including the CEC shares, the common shares outstanding would be 13,928,231. Holders of the Company's common shares and holders of CEC shares are entitled to equal dividends under a series of agreements. The CEC shareholders are entitled to one vote per share alongside the votes of the common shares through a special voting share and a series of agreements established at the reorganization in May 2007.

Item 7: MARKET FOR SECURITIES

Our common shares have been listed for trading on the Toronto Stock Exchange since September 30, 1998 under the symbol "CRY", on the NASDAQ Global Select Market (formerly NASDAQ National Market) since March 20,

2000 under the symbol “CRYP”, and on the Main Market of the London Stock Exchange since September 15, 2003 under the symbol “CRP.” Our exchangeable shares have been listed for trading on the Toronto Stock Exchange since June 1, 2007 under the symbol “CXY”.

The following table provides the monthly trading information of the Company’s common shares (symbol: CRY) on the Toronto Stock Exchange for the year ended December 31, 2007*:

Date	Open	High	Low	Close	# of Trades	Volume Traded	Value Traded
2007/12	19.26	20.75	17.00	17.49	932	147,329	2,774,805.80
2007/11	18.22	20.45	17.13	19.13	1,979	306,728	5,726,773.21
2007/10	19.75	20.58	18.24	18.33	1,272	213,782	4,242,783.49
2007/09	22.09	22.10	19.85	19.85	807	138,438	2,881,703.73
2007/08	22.36	24.35	19.51	22.10	2,345	362,517	8,060,864.51
2007/07	25.51	26.03	21.91	22.42	2,837	444,417	10,798,974.80
2007/06	25.58	27.36	25.39	25.95	3,727	564,378	14,886,787.28
2007/05	33.23	34.29	24.86	25.42	4,145	800,764	22,354,782.16
2007/04	28.98	34.81	28.40	33.26	3,381	521,476	16,272,558.48
2007/03	26.01	30.11	25.55	28.83	4,164	654,298	18,525,502.29
2007/02	29.15	33.60	26.20	26.86	6,389	1,288,476	37,588,756.52
2007/01	27.00	30.28	26.79	29.28	5,697	1,014,824	29,183,303.06

* Trading information is in Canadian dollars, except the number of trades and volume traded.

The following table provides the monthly trading information of CEC shares (symbol: CXY) on the Toronto Stock Exchange for the year ended December 31, 2007*:

Date	Open	High	Low	Close	# of Trades	Volume Traded	Value Traded
2007/12	19.85	21.00	19.50	19.50	181	83,386	1,680,650.45
2007/11	18.25	20.00	17.40	19.85	140	55,451	1,064,422.09
2007/10	22.40	22.70	18.04	19.00	159	40,771	867,453.57
2007/09	22.00	23.50	21.75	22.20	137	55,605	1,226,788.60
2007/08	22.70	24.00	20.65	22.02	246	66,651	1,472,912.72
2007/07	25.31	26.00	22.55	22.95	235	83,581	2,060,811.07
2007/06	26.37	27.40	25.00	25.23	194	45,363	1,189,662.90

* Trading information is in Canadian dollars, except the number of trades and volume traded.

Item 8: DIRECTORS AND OFFICERS

The names of the directors and senior officers of our Company at March 27, 2008, their municipalities of residence, their respective positions with our Company and the date upon which they were first elected as a director or officer of CryptoLogic, including the predecessor company, are set out in the table below:

Name and Municipality of Residence	Principal Occupation	Date of First Election as Director ⁽⁵⁾ /Officer	Common Shares Held as at March 27, 2008 ⁽⁶⁾	Options Held as at March 27, 2008 ⁽⁶⁾	LTIP Units Held as at March 27, 2008
Thomas Byrne ⁽¹⁾⁽²⁾⁽³⁾ Dublin, Ireland	•Director of the Company	April 13, 2007	2,000	Nil	Nil
Stephen H. Freedhoff, CA, CFP ⁽¹⁾⁽²⁾⁽⁷⁾ Toronto, Ontario	•Self-employed Chartered Accountant •Director of the Company	May 1, 2003	Nil	13,333	Nil
Brian Hadfield ⁽⁴⁾⁽⁸⁾ Toronto, Ontario	•Self-employed consultant •Director of the Company	May 30, 2007	Nil	Nil	Nil
Michael Starzynski Burnham Beeches, England	•President and CEO of the Company •CTO of the Company	March 17, 2003	115	53,750	15,000
Robert H. Stikeman ⁽³⁾⁽⁴⁾ Toronto, Ontario	•Chairman of the Board and Director of the Company	March 7, 1996	5,000 (CEC)	92,000	Nil
Stephen B. Taylor, CA Dublin, Ireland	•Partner, Stikeman, Keeley, Spiegel & Pasternack LLP (a law firm) •Director of the Company	August 8, 2005	1,500 (CEC)	102,500	30,000
Justin Thouin Toronto, Ontario	•CFO of the Company •VP, Product Management and Business Development	August 1, 2006	Nil	55,250	18,500
Wai Ming Yap ⁽³⁾⁽⁴⁾ Singapore	•Director of the Company •Partner, Stamford Law Corporation	May 30, 2007	Nil	Nil	Nil

Notes:

1. Member of Audit Committee
2. Member of Remuneration Committee
3. Member of Nominating Committee
4. Member of Compliance Committee
5. Each director is elected annually to hold office until the next annual meeting of shareholders.
6. Common shares (or CEC exchangeable shares as described on page 2) beneficially owned, directly or indirectly, or exercised control or direction over by director or officer.
- 7.

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Stephen Freedhoff was a Director of CryptoLogic Inc., the predecessor company of CryptoLogic Limited, from May 2003 to June 2007. He rejoined the Board of Directors of CryptoLogic Limited in March 2008.

8. *Brian Hadfield was appointed to President and CEO on February 27, 2008.*

As of March 27, 2008, the directors and officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction approximately 0.08% of the issued and outstanding common shares (including CEC shares) of the Company.
