CRYPTOLOGIC LTD
Form 6-K
August 12, 2010

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 August 2010

Commission File Number 000-30224

CRYPTOLOGIC LIMITED
Marine House, 3rd Floor
Clanwilliam Place
Dublin 2, Ireland

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 x Form 40-F o

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.

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

Stephen Taylor
Chief Financial Officer

Date: August 12, 2010

EXHIBIT INDEX

Exhibit No.	Description
99.1	Consolidated Financial Statements for the period ended June 30, 2010
99.2	Management's Discussion and Analysis for the period ended June 30, 2010
99.3	Certification of Chief Executive Officer
99.4	Certification of Chief Financial Officer

EXHIBIT 99.1

CRYPTOLOGIC LIMITED
CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars)

	As at June 30, 2010 (Unaudited)	As at December 31, 2009 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 17,153	$ 23,447
Security deposits (note 4)	250	250
Accounts receivable and other	4,831	7,972
Income taxes receivable	611	681
Prepaid expenses (note 3)	9,522	9,426
	32,367	41,776
User funds held on deposit	7,274	7,929
Future income taxes	1,261	1,549
Capital assets (note 5)	5,011	7,774
Intangible assets (note 6)	100	4,342
	46,013	63,370
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	14,801	13,156
Income taxes payable	977	2,157
	15,778	15,313
User funds held on deposit	7,274	7,929
Future income taxes	16	384
	23,068	23,626
Minority interest (note 7)	1,584	2,948
Shareholders' equity:		
Share capital (note 9)	34,108	33,916
Stock options	7,903	7,633
Deficit	(20,650)	(4,753)
	21,361	36,796
Subsequent event (note 17)		
	$ 46,013	$ 63,370

CRYPTOLOGIC LIMITED
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(In thousands of U.S. dollars, except per share data)
(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2010	2009	2010	2009
Revenue (note 3)	$6,739	$10,140	$14,380	$20,274
Expenses				
Operating	9,508	9,895	17,594	18,094
General and administrative	2,637	2,200	4,815	5,324
Reorganization (note 16)	1,670	155	1,699	687
Impairment of intangible assets (note 6)	3,566	-	3,566	-
Impairment of capital assets (note 5)	2,058	-	2,058	-
Impairment of long-term investments	-	3,961	-	3,961
Finance	17	26	32	47
Amortization	739	1,199	1,479	2,504
	20,195	17,436	31,243	30,617
Loss before undernoted	(13,456)	(7,296)	(16,863)	(10,343)
Interest income	17	122	59	293
Loss before income taxes and minority interest	(13,439)	(7,174)	(16,804)	(10,050)
Income taxes:				
Current	98	(583)	(9)	(743)
Future	44	(278)	274	(1,620)
	142	(861)	265	(2,363)
Loss before minority interest	(13,581)	(6,313)	(17,069)	(7,687)
Minority interest (note 7)	(931)	(122)	(1,172)	(200)
Loss and comprehensive loss	$(12,650)	$(6,191)	$(15,897)	$(7,487)
Loss per common share (note 11)				
Basic	$(0.98)	$(0.46)	$(1.24)	$(0.56)
Diluted	$(0.98)	$(0.46)	$(1.24)	$(0.56)

CRYPTOLOGIC LIMITED
CONSOLIDATED STATEMENTS OF (DEFICIT)/RETAINED EARNINGS
(In thousands of U.S. dollars)
(Unaudited)

	For the six months ended June 30,	
	2010	2009
(Deficit)/Retained earnings, beginning of period	$(4,753)	$32,032
Loss	(15,897)	(7,487)
Dividends paid, excluding those paid to CEC shareholders	-	(764)
(Deficit)/Retained earnings, end of period	$(20,650)	$23,781

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CRYPTOLOGIC LIMITED
CONSOLIDATED STATEMENTS OF CASHFLOWS
(In thousands of U.S. dollars)
(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2010	2009	2010	2009
Cash flows from (used in):				
Operating activities:				
Loss	$(12,650)	$(6,191)	$(15,897)	$(7,487)
Adjustments to reconcile loss to cash provided by (used in) operating activities:				
Amortization	739	1,199	1,479	2,504
Unrealized loss/gain on forward contract	26	(9)	(46)	(136)
Reorganization costs to be paid	3,925	155	3,925	687
Impairment of intangible assets	3,566	-	3,566	-
Impairment of capital assets	2,058	-	2,058	-
Impairment of long-term investments	-	3,961	-	3,961
Future income taxes	44	(278)	274	(1,620)
Minority interest	(931)	(122)	(1,172)	(200)
Stock options	98	275	270	595
	(3,125)	(1,010)	(5,543)	(1,696)
Change in operating assets and liabilities:				
Accounts receivable and other	1,954	(578)	3,141	(1,328)
Prepaid expenses	247	(1,637)	(49)	(1,937)
Accounts payable and accrued liabilities	(1,159)	336	(2,280)	(2,441)
Income taxes payable	239	(712)	(1,107)	(915)
	(1,844)	(3,601)	(5,838)	(8,317)
Financing activities:				
Dividends paid including those to CEC shareholders	-	(829)	-	(829)
	-	(829)	-	(829)
Investing activities:				
Purchase of capital assets	(413)	(191)	(456)	(307)
Purchase of other investments	-	(277)	-	(477)
Decrease in restricted cash	-	-	-	2,175
	(413)	(468)	(456)	1,391
Decrease in cash and cash equivalents	(2,257)	(4,898)	(6,294)	(7,755)
Cash and cash equivalents, beginning of period	19,410	33,491	23,447	36,348
Cash and cash equivalents, end of period	$17,153	$28,593	$17,153	$28,593

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1. Basis of presentation and reorganization

These interim unaudited consolidated financial statements of CryptoLogic Limited (the "Company") have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

These interim unaudited consolidated financial statements have been prepared using the same accounting policies as were used for the audited consolidated financial statements of the Company for the year ended December 31, 2009. These interim unaudited consolidated financial statements do not contain all annual disclosures required by Canadian GAAP and, as such, should be read in conjunction with the audited consolidated financial statements including the notes thereto for the year ended December 31, 2009.

2. Significant accounting policies

International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board ("AcSB") confirmed that the use of IFRS will be required in 2011 for publicly accountable enterprises in Canada. In April 2008, the AcSB issued an IFRS Omnibus Exposure Draft proposing that publicly accountable enterprises be required to apply IFRS, in full and without modification, on January 1, 2011.

The adoption of IFRS will require the restatement of amounts reported by the Company for its previous year end, and of the opening balance sheet as at the date of adoption.

The Company intends to adopt IFRS for the accounting period commencing January 1, 2011 and is continuing to assess the financial reporting impacts of the adoption of IFRS. The Company expects financial reporting impacts to the accounting for income taxes, intangible assets and share based payments. However, the impact on future financial position and results of operations is not reasonably determinable or estimable at this time. The Company does anticipate a significant increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required.

The IFRS conversion project consists of three phases: Scoping and Diagnostics, Analysis and Development and Implementation and Review.

Phase One: Scoping and Diagnostics, which involved project planning and staffing and identification of differences between current Canadian GAAP and IFRS, has been completed.

Phase Two: Analysis and Development, involves detailed diagnostics and evaluation of the financial impacts of various options and alternative methodologies provided for under IFRS; identification and design of operational and financial business processes; initial staff and audit committee training; analysis of IFRS 1 optional exemptions and mandatory exceptions to the general requirement for full retrospective application upon transition to IFRS; summarization of 2011 IFRS disclosure requirements; and development of required solutions to address identified issues. Phase Two is underway, but has not yet been completed and has not yet identified any significant financial statement impacts.

Phase Three: Implementation and Review will involve the execution of changes to information systems and business processes; completion of formal authorization processes to approve recommended accounting policy changes; and further training programs across the Company's finance and other affected areas, as necessary. It will culminate in the

collection of financial information necessary to compile IFRS-compliant financial statements and reconciliations; embedding of IFRS in business processes; and audit committee approval of IFRS-compliant financial statements.

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3. Changes in accounting estimates

The Company licenses various royalty rights, generally on an exclusive basis, from several owners of intellectual property rights. These rights are used to produce games for use in the hosted casino and also as Branded Games. Generally the arrangements require material prepayments of minimum guaranteed amounts which have been recorded as prepaid expenses in the accompanying consolidated balance sheets. These prepaid amounts are amortized over the life of the arrangement as gross revenue is generated or on a straight line basis if the underlying games are expected to have an effective royalty rate greater than the agreed amount. The amortization of these amounts is recorded as a reduction in the revenue.

The Company regularly reviews its estimates of future revenues under its license arrangements and, during the second quarter of 2010, the review identified that it was appropriate to begin amortizing certain of these royalties on a straight line basis, such that substantially all of these royalties are amortized on a straight line basis. As a result, the Company recorded a reduction in prepaid expenses and a corresponding reduction in revenue of $620. In the three months ended June 30, 2010 amortization of $940 (2009: $220) was recorded as a reduction of revenue in the accompanying consolidated statements of loss and comprehensive loss. In the six month period ended June 30, 2010 the Company recorded amortization of $1,237 (2009: $441).

In the three month period ended June 30, 2010, the Company paid royalties of $1,443 (2009: $2,075), and in the six month period ended 30 June, 2010, the Company paid royalties of $2,489 (2009: $3,512). The company is committed to make further royalty payments of $5,365, of which $2,395 relates to the six month period ended December 31, 2010. See note 11.

4. Security deposits

Security deposits are amounts held by the Company's bank as collateral provided to payment processors that process deposits and credit card transactions.

5. Capital assets

In June 2010, as a result of a the Company’s review of estimated future revenues, the Company performed an impairment review of software development projects associated with the software gaming platform (“Agile”) designed to support multiple gaming methods. The Company completed a valuation of these capitalized software development costs using the relief-from-royalty method which includes estimating the net cash flows expected from these projects and discounting cash flows to present value at a discount rate that considers the degree of risk or uncertainty associated with the realization of the estimated net cash flows.

Using this approach the Company determined that the carrying amounts of these assets as at June 30, 2010 exceed their fair value. Consequently, the Company recorded an impairment charge of $2,058, the amount by which the carrying value exceeded the estimated fair value. This impairment loss is included in impairment of capital assets in the accompanying consolidated statements of loss and comprehensive loss. These assets are amortized on a straight line basis over seven years.

During 2009, the Company determined that certain assets were impaired and accordingly recorded an impairment charge to computer equipment of $1,224 and office equipment of $299. In addition, in December 2009, the Company opted to exercise its right to early termination of one of its leased properties. The Company determined that the leasehold improvements associated with the property were impaired and accordingly recorded an impairment change of $2,497.

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6. Intangible assets

	Parbet	Casino.co.uk	Total Intangible Assets	Future Income Tax Liability	Total net of future Income Tax
Balance, January 1, 2010	$ 2,487	$ 2,952	$ 5,439	$ (491)	$ 4,948
Impairments	(2,487)	(2,852)	(5,339)	478	(4,861)
Balance, June 30, 2010	-	100	100	(13)	87
Amortization					
Balance, January 1, 2010	(297)	(800)	(1,097)	102	(995)
Charge for the year	(148)	(172)	(320)	20	(300)
Impairments	445	972	1,417	(122)	1,295
Balance, June 30, 2010	–	–	–	–	–
Net book value					
Balance, June 30, 2010	$ –	$ 100	$ 100	$ (13)	$ 87
Balance, December 31, 2009	$ 2,190	$ 2,152	$ 4,342	$ (389)	$ 3,953
Impairment of intangible assets					
For the three and six month periods ended June 30, 2010	$ (2,042)	$ (1,880)	$ (3,922)	$ 356	$ (3,566)

The impairment losses are included in the impairment of intangible assets in the accompanying statements of net loss and comprehensive loss.

a) In January 2007, the Company acquired the poker brand and the customer list of Parbet. The total cash consideration paid was $11,770, with $11,746 allocated to the brand and $1,332 allocated to the customer list. The Company also recorded a future income tax liability of $1,308. In 2008, due to decreasing poker revenues and reduced expectations of the Parbet.com brand, the Company determined that the carrying amounts of the intangible assets exceeded their fair value and recorded an impairment loss of approximately $7,214.

In June 2010, as a result of reduced expectations of the Parbet brand, the Company reviewed the intangible assets for impairment. The Company completed a valuation of the intangible assets, using probability weighted net cash flows expected from the Parbet brand and discounting these cash flows to present value at a discount rate that considers the degree of risk or uncertainty associated with the realization of the estimated net revenues. Using this approach, the Company determined that the carrying amounts of the intangible assets exceed their fair value and recorded an impairment loss of $1,950 (2009: nil), or the entire carrying value of the intangible assets.

6. Intangible assets (continued)

b) In August 2007, the Company acquired 100% of the assets and operations of Casino.co.uk, a gaming portal, for a purchase price of $6,098, including $182 related to the costs of acquisition. In June 2010, as a result of reduced expectations of the Casino.co.uk portal, the Company reviewed the intangible assets for impairment. The Company completed a valuation of the intangible assets, using probability weighted net cash flows expected from the Casino.co.uk portal and discounting these cash flows to present value at a discount rate that considers the degree of risk or uncertainty associated with the realization of the estimated net revenues. Using this approach, the Company determined that the carrying amounts of the intangible assets exceed their fair value and recorded an impairment loss of $1,626 (2009: nil). At June 30, 2010, the net book value of the intangible assets related to Casino.co.uk portal was $100. The brand name is being amortized over 12 years.

7. Minority interest

Pursuant to a business reorganization implemented by way of a Superior Court of Ontario, Canada court approved plan of arrangement (the “Arrangement”) and approved by the shareholders on May 24, 2007, the Company 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 the Company. 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 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 Common Shares. These CEC shares participate equally in voting and dividends with the shareholders of the Company. As a result of the Arrangement, a total of 12.6 million and 1.3 million shares of the Company and CEC were issued, respectively. No additional shares of CEC will be issued.

For accounting purposes, the Arrangement has been accounted for using the continuity of interest method, which recognizes the Company as the successor entity to CryptoLogic Inc. Accordingly, these interim unaudited consolidated financial statements reflect the financial position, results of operations and cash flows as if the Company has always carried on the business formerly carried on by CryptoLogic Inc. and its subsidiaries, with all assets and liabilities recorded at the carrying values of CryptoLogic Inc. The interest held by CEC shareholders has been presented as a minority interest in these interim unaudited consolidated financial statements, as required under GAAP.

The shares issued by CEC are considered a non-controlling interest of the Company for accounting purposes and, consequently, a proportional amount of the Company's shareholders' equity was recorded separately as minority interest on the consolidated balance sheets. For accounting purposes, when CEC shares are exchanged, the proportional share of the minority interest recorded on the consolidated balance sheet is reduced and share capital increased based on the pro-rata number of shares exchanged to the total number of CEC shares outstanding. Since June 1, 2007, 378,537 CEC shares have been exchanged for the Company's shares and 49,700 CEC shares were exchanged in the three months ended June 30, 2010.

8. Capital risk management

The Company defines capital as its shareholders' equity and has a policy to maintain a strong capital base so as to maintain investor and market confidence and to sustain future development of the business. The Company is listed on three major exchanges, the Toronto Stock Exchange, NASDAQ and London Stock Exchange. The Company monitors both the demographic spread of shareholders, as well as the return on equity.

At June 30, 2010 the Company had $21,361 (December 31, 2009: $36,796) shareholders' equity.

The Company offers stock options to key employees and directors. At June 30, 2010 employees and directors held options to purchase 478,083 Common Shares of the Company.

The Company has not declared a dividend in the quarter. The Company does not expect to declare any dividends for the foreseeable future.

There were no changes in the Company's policy for managing capital during the quarter ended June 30, 2010. Neither the Company, nor any of its subsidiaries, is subject to externally imposed capital requirements.

9. Share capital

Authorized:
Unlimited Common Shares

Issued and outstanding as at June 30, 2010:

	Issued Common Shares		Contributed	Total
	Shares	Amount	Surplus	
	(in thousands)			
Balance, December 31, 2009	12,793	$ 33,848	$ 68	$ 33,916
Shares exchanged (a)	72	192	-	192
Balance at June 30, 2010	12,865	$ 34,040	$ 68	$ 34,108

a) The Company acquired control over all of the issued and outstanding common shares of CryptoLogic Inc., an Ontario company, which through the Arrangement became an indirect wholly owned subsidiary of the Company. As consideration for the acquisition, the Company issued either an equivalent amount of its Common Shares or, in the case of taxable Canadian residents, exchangeable shares of CEC, an indirect subsidiary of the Company. The CEC shares can be exchanged by the holders for an equal number of CryptoLogic Limited Common Shares at any time.

As a result of the reorganization, a total of 12.6 million and 1.3 million shares of the Company and CEC were issued, respectively. Since June 1, 2007, 378,537 CEC shares have been exchanged, with the remaining shares of CEC being reflected as minority interest as at June 30, 2010. On June 1, 2014, the Company will redeem not less than all of the then outstanding CEC shares.

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10. Stock-based compensation

The fair value of options granted in the six month period ended June 30, 2010 and 2009 were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2010		2009	
Dividend yield	3.75	%	1.64	%
Risk-free interest rate	1.57	%	1.79	%
Expected volatility	70.0	%	58.0	%
Expected life of options in years	3		3	

A total of 15,000 options were issued in the six month period ended June 30, 2010. The weighted average fair value of options granted during the six month period ended June 30, 2010 was $1.51 (2009: $0.62).

11. Commitments

(a) The Company has operating lease agreements for premises expiring at various periods up to May 2020. The future minimum annual rentals on the operating leases are as follows:

6 months period ending December 31, 2010	$656
2011	1,107
2012	1,109
2013	821
Thereafter	1,387

(b) The Company has guaranteed minimum payments and purchase commitments for certain intellectual property rights up to 2014:

6 months period ending December 31, 2010	$2,395
2010	2,216
2011	504
2012	225
2013	25

12. Loss per Common Share

Loss per share is calculated using the two-class method, whereby Common Shares of the Company and the fully participating exchangeable common shares of CEC are used to determine the weighted average number of shares outstanding for both basic and diluted loss per share.

12. Loss per Common Share (continued)

The loss attributable to the Common Shares in calculating the basic and diluted loss per share is as follows:

	For the three months ended June 30, 2010	2009	For the six months ended June 30, 2010	2009
Loss attributable to Common Shares	$ (12,650)	$ (6,191)	$ (15,897)	$ (7,487)
Loss attributable to CEC shares	(931)	(122)	(1,172)	(200)
Loss before minority interest	$ (13,581)	$ (6,313)	$ (17,069)	$ (7,687)

The denominator used in calculating basic and diluted loss per Common Share is calculated as follows:

	For the three months ended June 30, 2010	2009	For the six months ended June 30, 2010	2009
Weighted average number of Common Shares outstanding – basic	12,841	12,729	12,821	12,731
Add weighted average impact of CEC shares	979	1,091	999	1,089
Total weighted average number of shares outstanding – basic	13,820	13,820	13,820	13,820
Add dilutive options	-	-	-	-
Total weighted average number of shares outstanding –diluted(1)	13,820	13,820	13,820	13,820

Basic and diluted loss per Common Share is as follows:

	For the three months ended June 30, 2010	2009	For the six months ended June 30, 2010	2009
Net Loss per Common Share:				
Basic	$ (0.98)	$ (0.46)	$ (1.24)	$ (0.56)
Diluted (1)	$ (0.98)	$ (0.46)	$ (1.24)	$ (0.56)

(1) Potentially dilutive securities for the three month period ended June 30, 2010 and June 30, 2009 are excluded as they would be anti-dilutive due to the recorded loss

13. Related party transactions

In the normal course of operations, the Company engages the services of a law firm in which a former member of the Board of Directors is a partner. Fees paid to this firm for the three months ended June 30, 2010 were $6 (2009: $28) and $12 for the six months ended June 30, 2010 (2009: $73)

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14. Financial assets and financial liabilities

Financial assets held-for-trading
The Company classifies all cash, cash equivalents, short-term investments and user funds on deposit as held-for-trading assets, which are measured at fair value and the changes in fair value are recognized in earnings. Transaction costs related to financial assets and financial liabilities that are designated as held-for-trading are expensed as incurred.

Loans and receivables
Accounts receivable and other are classified as loans and receivables and are recorded at amortized cost. The Company has determined that the carrying value represents fair value as at June 30, 2010 and December 31, 2009.

Financial liabilities recorded at amortized cost
All accounts payable and accrued liabilities and user funds held on deposit are recorded at their amortized cost. The Company has determined that the carrying value represents fair value as at June 30, 2010 and December 31, 2009.

Financial assets available-for-sale
Long-term investments are classified as available-for-sale assets which are measured at fair value. Temporary changes in fair value of long-term investments are recognized in comprehensive income. Changes in fair value of long-term investments deemed to be other than temporary are recorded in the consolidated statements of loss and comprehensive loss. Transaction costs related to available-for-sale assets are included in the carrying value of the asset.

15. Financial risk management

(a) Overview

The Company has exposure to the following risks from its use of financial instruments.

- credit risk
- market risk

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The carrying amount of the Company's financial assets represents its maximum credit exposure.

15. Financial risk management (continued)

Accounts Receivable
The Company manages its credit risk associated with accounts receivable by maintaining reserves for potential credit losses. Historically the Company has not experienced any significant credit losses associated with its online poker, casino and Branded Games businesses. The expected growth of Branded Games business and the outsourcing of poker has increased and is expected to increase accounts receivable further as revenue from Branded Games and settlement of player funds between the Company and its poker room operator are collected at least fifteen days in arrears. Consequently, the Company will have at least one month of Branded Games revenue included in accounts receivable at any balance sheet date. The amount of player funds to be settled between the Company and its poker room operator fluctuates depending on various factors including poker activity and respective skill of players.

The Company does not have any material accounts receivable balances greater than 90 days outstanding. As a result, the Company believes that its accounts receivable represent a low credit risk and has never recorded a material expense associated with a credit risk exposure.

Cash and Cash Equivalents
The company holds investments, according to Company Investment policy, only in banks carrying an S&P rating of AA and higher or government guaranteed banks with a similar rating.

(c) Market Risk

Market risk is the risk that changes in the market prices such as fluctuations in foreign exchange rates and interest rates, will affect the Company's net earnings or the value of its financial instruments.

Currency Risk
The Company operates internationally giving rise to exposure to changes in foreign exchange rates. The currency risk is derived from revenues denominated in currencies other than the U.S. dollar, its functional currency, primarily the British pound and the euro, and expenses associated with its multinational operations (primarily the Canadian dollar, the British pound and the euro) as well as the respective receivable and payable balances. The Company believes that it is to a degree naturally hedged. The Company is also exposed to currency risk on cash and cash equivalents and other current assets denominated in foreign currencies. As at June 30, 2010, approximately 94% of the Company's financial assets were denominated in its functional currency.

15. Financial risk management (continued)

Interest Rate Risk

The Company is exposed to interest rate risk principally on its cash and cash equivalents which generally have maturity dates of less than 90 days. The Company has no interest bearing debt.

The weighted average effective interest rate on its cash and cash equivalents as at June 30, 2010 was 0.34% (2009: 1.34%).

(d) Quantification of risk exposure: foreign currency risk

At June 30, 2010, the Company's gross balance sheet exposure to foreign currency risk was substantially as follows:

In USD equivalents (000`s)	USD	EUR	GBP	Others	Total
Cash and cash equivalents and user funds	$ 22,167	$ 1,010	$ 469	$ 781	$ 24,427
Accounts receivable and other	$ 1,542	$ 2,042	$ 1,045	$ 202	$ 4,831
Accounts payable and accrued liabilities	$ (2,718)	$ (3,148)	$ (5,472)	$ (3,463)	$ (14,801)
User funds	$ (2,969)	$ (3,864)	$ (362)	$ (79)	$ (7,274)
Net balance sheet exposure	$ 18,021	$ (3,959)	$ (4,320)	$ (2,559)	$ 7,183

The exchange rates used in the translation of the balance sheet were:

Month	EUR	GBP	CAD
January 2010	1.3867	1.5992	0.9347
February 2010	1.3634	1.5242	0.9512
March 2010	1.3455	1.5072	0.9815
April 2010	1.3239	1.5256	0.9945
May 2010	1.2276	1.4453	0.9488
June 2010	1.2208	1.5071	0.9542
January 2009	1.3087	1.4231	0.8214
February 2009	1.2745	1.4273	0.7991
March 2009	1.3293	1.4319	0.8056
April 2009	1.3214	1.4714	0.8261
May 2009	1.4144	1.6184	0.9155
June 2009	1.4047	1.6516	0.8651

15 Financial risk management (continued)

The Company’s revenue exposure for revenue denominated in foreign currencies was substantially as follows:

In U.S. dollar equivalents (000's)	USD	EUR	GBP	CAD	Others	Total
Revenue						
Three-months ended June 30, 2010	$ 2,274	$ 1,879	$ 2,586	$ -	$ -	$ 6,739
Six-months ended June 30, 2010	$ 5,262	$ 4,021	$ 5,097	$ -	$ -	$ 14,380
Three-months ended June 30, 2009	$ 3,959	$ 2,505	$ 3,676	$ -	$ -	$ 10,140
Six-months ended June 30, 2009	$ 6,753	$ 5,292	$ 8,229	$ -	$ -	$ 20,274
Expenses						
Three-months ended June 30, 2010	$ 8,492	$ 4,035	$ 3,666	$ 3,886	$ 116	$ 20,195
Six-months ended June 30, 2010	$ 8,583	$ 7,436	$ 7,215	$ 7,800	$ 209	$ 31,243
Three-months ended June 30, 2009	$ 5,889	$ 3,710	$ 3,410	$ 4,259	$ 168	$ 17,436
Six-months ended June 30, 2009	$ 7,163	$ 8,463	$ 5,955	$ 8,716	$ 320	$ 30,617

Fair Value Sensitivity Analysis
Gross Balance Sheet Exposure: A 10% strengthening of the U.S. dollar against the currencies in the above table (gross balance sheet exposure) at June 30, 2010 would have decreased the loss by approximately $1,087. This analysis assumes that all other variables, in particular interest rates, remain constant and represents the Company’s gross balance sheet exposure at June 30, 2010. A 10% weakening of the U.S. dollar against the same would have had an equal but opposite effect. During the current quarter, the Company recorded a gain of approximately $98 on the revaluation of its Balance Sheet.

Net Revenue Exposure: A 10% strengthening on average of the U.S. dollar against the currencies in the above table for the three and six month periods ended June 30, 2010 would have decreased revenue, and correspondingly increased losses, by approximately $447 and $912 respectively. This analysis assumes that all other variables, in particular interest rates, remained constant during the quarter, and represents the exposure of the Company’s revenues denominated in foreign currencies, to the relative strength of its functional currency. A 10% weakening of the U.S. dollar against the same would have had an equal but opposite effect.

15. Financial risk management (continued)

Expense Exposure: A 10% strengthening of the U.S. dollar against the currencies in the above table for the three and six month periods ended June 30, 2010 would have decreased expense, and correspondingly decreased losses, by approximately $1,170 and $2,266 respectively. This analysis assumes that all other variables, in particular interest rates, remained constant during the quarter, and represents the exposure of the Company's expenses denominated in foreign currencies to the relative strength of its functional currency. A 10% weakening of the U.S. dollar against the same would have had an equal but opposite effect.

(e) Quantification of risk exposure: interest rate risk

The Company is exposed to interest rate risk principally on its cash deposits and short-term money market investments of generally less than 90 days. The Company is exposed to both an overall decrease in interest rates as well as the interest rates associated with the currency or location it invests in.

Fair Value Sensitivity Analysis
Interest Income Exposure: A 100 basis point increase in interest rates on average for the three and six month periods ended June 30, 2010 would have would have increased interest income by approximately $51 and $21 respectively. This analysis assumes that all other variables remained constant during the quarter. A 100 basis point decrease in interest rates on average would have had an equal but opposite effect.

16. Reorganization

In November 2008, the Company announced a plan for reorganization of its business after completing a comprehensive review. As a result of that review, the Company decided to reduce costs by outsourcing non core activities, including integrating its poker network with one of the world's leading gaming technology and services companies, transitioning certain functions to lower cost jurisdiction and eliminating certain redundant functions. In December 2009, the Company expanded its reorganization plan due to continued unfavourable macroeconomic conditions and will outsource additional technology infrastructure activities, consolidate more of its data centre operations and migrate additional functions to lower cost jurisdictions resulting in further reduction in headcount and a reduction of its leased office space in both Canada and Cyprus.

In June 2010, the Company further expanded its reorganization plan, resulting in further reductions in headcount and a general reduction of costs in all areas.

The following is a summary of the reorganization accrual:

Total reorganization charges incurred in 2008 and 2009	$	8,501
Total reorganization payments from inception to December 31, 2009		(2,429)
Asset impairments		(3,148)
Included in accounts payable and accrued liabilities at December 31, 2009	$	2,924
Total reorganization charges incurred in the six month period ended June 30, 2010		1,699
Total reorganization payments for the six month period ended June 30, 2010		(684)
Unrealized foreign exchange difference		(14)
Included in accounts payable and accrued liabilities at June 30, 2010	$	3,925

The Company expects reorganization expenses to require an outlay of cash of approximately $7,200, of which $1,677 of consultant fees and $1,507 of employee severance have already been paid as of June 30, 2010. The plan requires an additional cash outlay of $4,016 consisting primarily of lease termination costs and employee severance.

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17. Subsequent event

In July 2010, the Company negotiated with a second bank to provide payment processing facilities to process deposits and credit card transactions. The Company is required to pay a security deposit of $245 to the bank as collateral against the processing facilities provided.

EXHIBIT 99.2

MANAGEMENT'S DISCUSSION AND ANALYSIS

CryptoLogic Limited and our subsidiaries are referred to collectively as "CryptoLogic", "the Company", "we", "us" and "ou throughout this Management's Discussion and Analysis ("MD&A"), unless otherwise specified. The following MD&A should be read in conjunction with the unaudited consolidated interim financial statements of CryptoLogic, including the notes thereto, for the three months ended June 30, 2010, and the audited consolidated financial statements and the MD&A of CryptoLogic Limited for the year ended December 31, 2009 as set out in CryptoLogic Limited's annual report. This MD&A is dated August 12, 2010.

Certain of the statements contained in this MD&A may contain forward-looking statements and forward-looking information within the meaning of applicable law, including the Securities Act (Ontario). Statements regarding the Company's objectives, goals, strategies, beliefs, intentions, plans, estimates and outlook, future operations, future financial position, future revenues and projected costs are forward-looking statements or contain forward-looking information. Words such as "anticipates", "believes", "budgets", "could", "estimates", "expects", "forecasts", "intends", "m "plans", "projects", "schedule", "should", "will", "would" and similar expressions are used to identify forward-looking staten or information.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties. Should one or more of these risks materialize, or should assumptions underlying the forward-looking statements or information prove incorrect, actual results may vary significantly from what management currently foresees. Accordingly, investors should exercise caution when considering any forward-looking statements or information herein and undue reliance should not be placed on such statements or information. Certain material factors or assumptions are applied in making forward-looking statements, including, but not limited to, factors and assumptions regarding government regulation, Internet viability and system infrastructure and reliability, market demand, internet security, reliance on internet service providers, competition, dependence on top licensees, chargebacks, risks inherent in doing business internationally, foreign exchange fluctuations, litigation, the Company's ability to protect its proprietary technology, reliance on key employees, management's ability to develop and manage growth, ability to integrate acquired businesses, stock volatility and liquidity. Investors are cautioned that the foregoing list of important factors that may affect future results is not exhaustive. When relying on forward-looking statements or information to make decisions with respect to the Company, investors should carefully consider the foregoing factors and other uncertainties and potential events. The Company undertakes no obligation to update or revise any forward-looking statement or information, except as required by applicable law.

Additional information regarding the Company, including the Company's annual information form and/or Form 20-F for the year ended December 31, 2009, are available at www.sedar.com. All currency amounts are in U.S. dollars, unless otherwise indicated. Some figures and percentages may not total exactly due to rounding.

BUSINESS OVERVIEW

CryptoLogic is a global publicly traded online gaming software developer and supplier servicing the Internet gaming market. WagerLogic Limited ("WagerLogic"), a wholly-owned subsidiary of CryptoLogic, provides software licensing, e-cash management and customer support services for our Internet gaming software to an internationally-recognized

client base (“licensees” or “customers”) around the world, who operate under government authority where their Internet businesses are licensed.

OVERVIEW OF RESULTS

Revenue for Q2 2010 was $6.7 million, a decrease of 33.5% when compared to the same period of the prior year (Q2 2009: $10.1 million). When compared to Q2 2009, revenue in Q2 2010 was negatively impacted by a $2.6 million decrease in casino revenue, reflecting a shift in player wagering mix from high margin slot to low margin table games at a major licensee and reduced contribution from a key customer due to a transition completed in 2009. Revenue was also impacted by a change in the estimate for amortization of certain licensed royalty rights from a usage basis to a straight line basis. This change had the impact of reducing revenue by $0.6 million compared to Q2 2009. Poker revenue declined in this quarter compared to Q2 2009 by $0.1 million, and Branded Games revenue increased by $1.0 million. Other revenue declined by $1.1 million due to reduced commerce based transaction

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fees. The movement of the U.S. dollar when compared to the euro and British pound in Q2 2010, as compared to Q2 2009, negatively impacted revenue by approximately $0.2 million.

Revenue for the six months ended June 30, 2010 was $14.4 million, a decrease of 29.1% when compared with the same period of the prior year (2009: $20.3 million). When compared to 2009, revenue was negatively impacted by a $3.7 million decrease in casino revenue, reflecting a shift in player wagering mix from high margin slot to low margin table games at a major licensee and reduced contribution from a key customer due to a transition completed in 2009. Revenue was also impacted by a change in the estimate for amortization of certain licensed royalty rights from a usage basis to a straight line basis. This change had the impact of reducing revenue by $0.6 million compared to the same period of the prior year. Poker revenue declined in 2010 compared to 2009 by $1.4 million, negatively impacted by reduced poker rake as we completed the outsourcing of our hosted poker business. In March 2009, the Company completed the outsourcing of its hosted poker business to GTECH and, as expected, poker revenue declined as many of our poker licensees did not migrate to the GTECH network, and the fees that we earn are reduced by amounts paid to GTECH. Branded Games revenue increased by $1.9 million in the first six months of 2010, when compared with the same period in 2009. Other revenue declined by $1.9 million due to reduced commerce based transaction fees, partially offset by increased professional services revenue and a one time termination fee from a licensee generating an immaterial level of revenue. The movement of the U.S. dollar when compared to the euro and British pound in the six month period ended June 30, 2010, as compared to same period of the prior year, positively impacted revenue by approximately $0.1 million.

Loss in Q2 2010 was $12.7 million or $0.98 per diluted share (Q2 2009: $6.2 million or $0.46 per diluted share). The loss in the second quarter was due primarily to a decrease in revenue, driven by a change in the estimate for amortizing certain royalty rights as well as increased general and administration expenses and $7.3 million of non recurring charges, comprising impairment of long term investments of $3.6 million, impairment of capital assets of $2.1 million, and a charge for reorganization expenses of $1.7 million. Partially offsetting these increases were decreased operating expenses and amortization. Included in 2009 costs was a $4.0 million charge for impairment of long-term investments.

Loss for the six months ended June 30, 2010 was $15.9 million or $1.23 per diluted share (2009: $7.5 million or $0.56 per diluted share). The loss in this period was primarily due to items impacting the current quarter including $7.3 million of non-recurring charges comprising impairment of long term investments, impairment of capital assets and reorganization expenses. Included in 2009 costs was a $4 million charge for impairment of long-term investments.

At June 30, 2010, the Company ended the quarter with $17.4 million of net cash, which consists of cash and cash equivalents and security deposits, or $1.26 of net cash per diluted share (December 31, 2009: $23.7 million or $1.71 per diluted share). The decrease in net cash during Q2 2010 of approximately $2.3 million is due to the cash impact of operating losses of $3.1 million and purchase of capital assets of $0.4 million and a decrease in trade accounts payable of $1.2 million, partially offsetting this is a decrease in accounts receivable of $2.0 million, decrease in prepaid expenses $0.2 million, and a $0.2 million increase in income taxes payable. The Company continues to be debt free.

The decrease in net cash in the six month period ended June 30, 2010 of approximately $6.3 million is due to the cash impact of operating losses of $5.5 million, a decrease in accounts payable of $2.3 million, amounts paid for income tax $1.1 million and purchase of capital assets of $0.5 million. These decreases are partially offset by a decrease in accounts receivable of $3.1 million.

	2010		2009				2008		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Hosted Casino	5,765	5,754	9,319	7,558	8,317	6,924	8,142	10,517	11,718
Branded Games	1,525	1,254	1,183	780	534	315	324		
Poker	440	589	543	501	516	1,956	2,671	3,219	3,635
Other	207	723	(541)	1,214	1,368	1,478	906	692	1,825
Revenue before amortization	7,937	8,320	10,504	10,053	10,735	7,717	12,043	14,428	17,718
Amortization of royalties	(940)	(297)	(286)	(102)	(220)	(221	(408)	(210)	(209)
Amortization of games	(258)	(382)	(288)	(360)	(375)	(319	(275)	(169)	(169)
Revenue	$6,739	$7,641	$9,930	$9,591	$10,140	$10,133	$11,360	$14,049	$16,800
Interest income	17	42	66	87	122	171	16	443	824
Minority interest	(931)	(241)	(2,539)	(244)	(122)	(78	(2,528)	396	96
Net loss	(12,650)	(3,247)	(24,819)	(3,204)	(6,191)	(1,296	(25,968)	(5,886)	(1,493)
Loss per share									
Basic	$(0.99)	$(0.25)	$(1.97)	$(0.25)	$(0.46)	$(0.10	$(2.05)	$(0.45)	$(0.10)
Diluted	$(0.99)	$(0.25)	$(1.97)	$(0.25)	$(0.46)	$(0.10	$(2.05)	$(0.45)	$(0.10)
Basic	13,820	13,820	13,820	13,820	13,820	13,820	13,820	13,866	13,934
Diluted	13,820	13,820	13,820	13,820	13,820	13,820	13,820	13,866	13,934

RESULTS OF OPERATIONS

Revenue

Revenue for Q2 2010 was $6.7 million, a decrease of 33.5% when compared to the same period of the prior year (Q2 2009: $10.1 million).

Hosted casino

Hosted casino revenue decreased 30.7% to $5.8 million in the quarter ended June 30, 2010 as compared to the same period in the prior year (Q2 2009: $8.3 million). Hosted casino revenue accounted for 85.5% of total revenue for Q2 2010 (Q2 2009: 82.0%). Revenue in Q2 2010 reflected a shift in player wagering mix from high margin slot games to low margin table games at a major licensee and was also negatively impacted by reduced contribution from a key customer transition completed in 2009. Hosted casino revenue for the six months ended June 30, 2010 was $11.5 million compared with $15.2 million for the same period in 2009. This reduction was the result of the key customer transition completed in 2009, lower contribution from a major licensee where players wagering mix shifted from high margin slot games to low margin table games, and lower activity in the Company's cumulative jackpot games. In previous quarters, hosted casino was reported net of amortization of royalties and games.

Branded games
Branded games revenue increased 185.6% to $1.5 million for the three months ended June 30, 2010 as compared to the same period in the prior year (Q2 2009: $0.5 million). Branded games revenue accounted for 22.6% of total revenue for Q2 2010 (Q2 2009: 5.3%). At June 30, 2010, the Company had delivered 143 games, an increase of 132 games when compared to the same period in the prior year. The Company delivered 51 games during the quarter. Branded games revenue for the six months ended June 30, 2010 was $2.8 million (2009: $0.8 million).

Fees and licensing revenue from both our hosted Internet casino and our branded games businesses are calculated as a percentage of a licensee's level of activity in their online casino sites. Such revenue is affected by the number of active players on the licensee's site and their related gaming activity. In addition, this revenue is influenced by a number of factors such as the entertainment value of the games developed by CryptoLogic, the frequency and success of new game offerings and the effectiveness of the licensees' marketing programs.

Poker
In Q2 2010 poker revenue declined 14.7% to $0.4 million from $0.5 million in the same period of the prior year. Poker revenue represented 6.5% of total revenue for the first quarter of 2010 (Q2 2009: 5.1%). Poker revenue for the six months ended June 30, 2010 was $1.0 million compared to $2.5 million in 2009. The reduction in poker revenue for the six months ended June 30, 2010 as compared to the same period of the prior year is primarily due to the transition of our poker network to GTECH and a decline in the overall poker industry. In March 2009, the Company completed its outsourcing of its hosted poker business to GTECH, which gives CryptoLogic's poker licensees and players access to a larger network at significantly lower cost to CryptoLogic. As expected, poker revenue declined as a number of the poker licensees did not migrate to GTECH and the fees that we earn were reduced by amounts paid to GTECH.

CryptoLogic, through its wholly-owned subsidiary WagerLogic, offers a "virtual" poker room for its licensees using software and technology provided on GTECH Corporation's International Poker Network. Fees from online 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 entry fees for entry into poker tournaments. Players prefer poker rooms with strong "liquidity", which are rooms that offer a high availability of games at the desired stake levels, in the currency of choice, and on a 24/7 basis.

Other revenue
Other revenue includes fees for software customization, professional services, marketing support and certain commerce based transactions and other non-recurring revenue. Other revenue was $0.2 million for the three months ended June 30, 2010 (Q2 2009: $1.4 million). Other revenue accounted for 3.1% of total revenue for the three months ended June 30, 2010 (Q2 2009: 13.5%). The decrease in other revenue for the three months ended June 30, 2010 is due to reduced commerce based transaction fees. For the six months ended June 30, 2010, other revenue decreased from $2.8 million at June 30, 2009 to $0.9 million at June 30, 2010. The decrease in other revenue for the six month period ended June 30, 2010 was due to the factors impacting the current quarter, partially offset by professional services revenue and a one time termination fee from a licensee generating an immaterial amount of revenue.

Amortization of Royalties
The Company licenses various royalty rights, generally on an exclusive basis, from several owners of intellectual property rights. These rights are used to produce games for use in the hosted casino and also as Branded Games. Generally the arrangements require material prepayments of minimum guaranteed amounts which have been recorded as prepaid expenses in the accompanying consolidated balance sheets. These prepaid amounts are amortized over the life of the arrangement as gross revenue is generated or on a straight line basis if the underlying games are expected to have an effective royalty rate greater than the agreed amount. The amortization of these amounts is recorded as a reduction in revenue.

The Company regularly reviews its estimates of future revenues under its license arrangements and, during the second quarter of 2010, the review identified that it was appropriate to begin amortizing certain of these royalties on a straight line basis, such that substantially all of these royalties are amortized on a straight line basis. As a result, the Company recorded a reduction in prepaid expenses and a corresponding reduction in revenue of $0.6 million. In the three months ended June 30, 2010 amortization of royalties of $0.9 million (2009: $0.2 million) was recorded as a reduction of revenue in the accompanying consolidated statements of loss and comprehensive loss. In the six month period ended June 30, 2010 the Company recorded amortization of royalties of $1.2 million (2009: $0.4 million). In the three month period ended June 30, 2010 amortization of royalties accounted for (13.9)% of total revenue (Q2 2009: (2.2)%) In the three months ended June 30, 2010, the Company paid royalties of $1.4 million (2009: $2.1 million), and in the six months ended 30 June, 2010, the Company paid royalties of $2.5 million (2009: $3.5 million). The company is committed to make further royalty payments of $5.4 million, of which $2.4 million relates to the six

month period ending December 31, 2010.

Player restrictions
No revenue is derived from U.S. based players.

Revenue trends
The global economic downturn is impacting the Company’s business.

While the global online gaming market continues to promise growth potential, competition is intensifying for players and market position.

Operating Expense
Operating expense comprises development and support expense, which includes all personnel and equity compensation costs for employee stock options and the long term incentive program; licensee support; e-cash system and support costs; customer service expense; and staffing for regulatory compliance.

Operating expense for the three months ended June 30, 2010 was $9.5 million, or 141.1% of revenue. (Q2 2009: $9.9 million or 97.6% of revenue). Operating expense decreased by $0.4 million when compared to the corresponding period of the prior year. The decrease in operating expense for the three and six months ended June 30, 2010 is due to the Company’s cost reduction program, reduced headcount related costs, general restructuring of the business and currency movements; partially offsetting these reductions was an increase in the Company’s contribution to certain licensee marketing activities. The movement of the U.S. dollar when compared to the euro, British pound and Canadian dollar in the three and six month periods ended June 30, 2010, when compared to the same periods in the prior year, negatively impacted operating expenses by $0.1 million and $0.9 million respectively.

General and Administrative Expense
General and Administrative (“G&A”) expense includes overhead and administrative expense, travel expense and professional fees relating to our business development, infrastructure expense and the cost of public company listings. In Q2 2010, G&A expense was $2.6 million and represented 39.1% of revenue (Q2 2009: $2.2 million or 21.7% of revenue). The increase in G&A expenses in Q2 2010 is the result of increased rent and provisions for statutory deductions. The decrease in G&A expenses in the six month period ended June 30, 2010 when compared to the same period in the prior year was due primarily due to high legal expenses incurred in Q1 2009, associated with advice on various legal matters, partially offset by the factors impacting the current quarter. The movement of the U.S. dollar when compared to the euro, British pound and Canadian dollar in the three and six month periods ended June 30, 2010, when compared to the same periods in the prior year, negatively impacted operating expenses by $0.1 million and $0.3 million respectively.

Reorganization Charges
Due to a lower revenue outlook than expected, the Company expanded its reorganization plan in Q2 2010, resulting in further reductions in headcount related costs and a general reduction of costs in all areas. Reorganization expense recorded in Q2 2010 was $1.7 million (Q2 2009: $0.2 million). Reorganization charges for the six months ended June 30, 2010 were $1.7 million (2009: $0.7 million). The Company expects future cash outlays of $4.0 million, primarily on lease termination costs and employee severance, to execute the restructuring plan fully.

Impairment of Capital Assets
The Company regularly reviews its assets for impairment. During Q2 2010, the Company performed an impairment review of certain software development projects as a result of the Company’s revised estimate of future revenues. As a result, the Company recorded an impairment charge of $2.1 million, the amount by which the carrying value exceeded the estimated fair value.

Impairment of Intangible Assets

In Q2 2010, the Company reviewed the results and future expectations of the Parbet brand and its Casino.co.uk business. The Company determined that the carrying amounts of these intangible assets exceeded their value and recorded an impairment charge of $2.0 million for Parbet, or the entire carrying value of the intangible assets, and $1.6 million for the Casino.co.uk business. At June 30, 2010 the carrying value of the Casino.co.uk business was $0.1 million.

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Amortization

Amortization expense is based on the estimated useful life and includes the amortization of our investments in computer equipment, leasehold improvements, software licenses, acquired customer lists and internet brand names.

In Q2 2010, amortization expense was $0.7 million (Q2 2009: $1.2 million) Amortization accounted for 11.0% of revenue for the three months ended June 30, 2010 (Q2 2009: 11.8% of revenue). Amortization for the six months ended June 30, 2010 was $1.5 million or 10.3% of revenue (2009: $2.5 million or 12.4% of revenue). This decrease in Q2 2010 and the six months ended June 30, 2010 primarily reflects less amortization on infrastructure assets as they become fully depreciated and reduced amortization on assets impaired in Q4 2009.

In three and six month period ended June 30, 2010 amortization of intangible assets was $160 and $320 respectively. (three and six month periods ended June 30, 2009: $160 and $320 respectively):

Income Taxes

Income taxes were an expense of $0.1 million in the three months ended June 30, 2010 (Q2 2009: income tax benefit of $0.9 million). For the six months ended June 30, 2010 the income tax expense was $0.3 million (2009: income tax benefit of $2.4 million). The Company is subject to tax in many jurisdictions. This results in a tax charge on transfer pricing of costs between group companies even in periods of overall losses. The Company is actively working to reduce the number of its subsidiaries, which should reduce the overall tax burden. The consolidated net operating loss is comprised of operating losses in some jurisdictions and operating profits in others, which results in a tax expense despite material consolidated losses. Subject to significant changes in the tax rates of those jurisdictions or significant changes in our corporate structure, we generally expect a blended tax rate of approximately 15%, once we return to profitability.

Minority Interest

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 the Company. The CEC shares are, as nearly as practicable, the economic equivalent of CryptoLogic Limited Common Shares. These 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. For more information, see the Management Information Circular dated April 23, 2007 available on www.SEDAR.com.

For accounting purposes, the Arrangement has been accounted for using the continuity of interest method, which recognizes the Company as the successor entity to CryptoLogic Inc. Accordingly, financial information presented in the MD&A reflects the financial position, results of operations and cash flows as if the Company has always carried on the business formerly carried on by CryptoLogic Inc., with all assets and liabilities recorded at the carrying values of CryptoLogic Inc. The interest held by CEC shareholders has been presented as a minority interest in the consolidated financial statements, as required under GAAP.

At the time of the re-organization, a total of 12.6 million and 1.3 million shares of CryptoLogic Limited and CEC were outstanding, respectively. Since then, a total of 378,537 shares of CEC have been exchanged, with the remaining 954,031 shares of CEC being reflected as minority interest as at June 30, 2010. Minority interest will continue until all CEC shares have been exchanged into CryptoLogic Limited shares or until June 1, 2014 when we will redeem all outstanding CEC shares in return for CryptoLogic Limited shares.

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Loss

Loss in Q2 2010 was $12.7 million or $0.98 per diluted share (Q2 2009: $6.2 million or $0.46 per diluted share). The loss for the six months ended June 30, 2010 was $15.9 million and the loss for the same period in 2009 was $7.5 million. Included in the six months loss in 2009 was a charge for impairment of long-term investments of $4.0 million, offset by a recovery of income taxes of $1.7 million. The loss in the three and six months periods ended June 30, 2010 was due primarily to revenue decreasing more than expenses. The movement in the U.S. dollar when compared to the euro and British pound and Canadian dollar in Q2 2010 as compared to Q2 2009 increasing loss by approximately $1.1 million.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2010, the Company ended the quarter with $17.4 million of net cash, which consists of cash and cash equivalents, and security deposits, or $1.26 of net cash per diluted share (December 31, 2009: $23.7 million or $1.71 per diluted share). The decrease in net cash during Q2 2010 of approximately $2.3 million is due to the cash impact of operating losses of $3.1 million and purchase of capital assets of $0.4 million and a decrease in trade accounts payable of $1.2 million, partially offsetting this is a decrease in accounts receivable of $2.0 million, decrease in prepaid expenses $0.2 million, and a $0.2 million increase in income taxes payable. The Company continues to be debt free.

The decrease in net cash in the six month period ended June 30, 2010 of approximately $6.3 million is due to the cash impact of operating losses of $5.5 million, a decrease in accounts payable of $2.3 million, amounts paid for income tax $1.1 million and purchase of capital assets of $0.5 million. These decreases are partially offset by a decrease in accounts receivable of $3.1 million.

Cash flow used in operating activities was $1.8 million for the three months ended June 30, 2010 (Q2 2009: $3.6 million). The use of cash in operating activities for the three months ended June 30, 2010 is due to the cash impact of operating losses of $3.1 million and a decrease in trade accounts payable of $1.2 million, partially offsetting this is the collection of accounts receivable of $2.0 million, decrease in prepaid expenses $0.2 million, due to timing of payments, and a $0.2 million increase in income taxes payable. The Company continues to be debt free.

Cash flow used in operating activities for the six months ended June 30, 2010 was $5.8 million (2009: $8.3 million) due to the cash impact of operating losses of $5.5 million, a decrease in accounts payable of $2.3 million and amounts paid for income tax $1.1 million. These decreases are partially offset by a decrease in accounts receivable of $3.1 million.

Cash flow used in financing activities was nil for the three months and six months ended June 30, 2010 (2009: $0.8 million). The cash used in financing activities in 2009 was the result of payments of dividends.

Cash flow used in investing activities was $0.4 million for the three months ended June 30, 2010 and $0.5 million for the six months ended June 30, 2010. (Q2 2009: Cash flow used in investing activities of $0.5 million, and cash flow provided from investing activities was $1.4 million in the six months ended June 30, 2009). The cash flow used in investing activities in the three months and six months ended June 30, 2010 was due to purchase of capital assets. The cash flow provided by investing activities in the six months ended June 30, 2009 was due to an elimination of the restriction on cash balances totaling $2.2 million associated with amounts held in escrow at December 31, 2008, that would have been paid to the Company's former CEO had there been a change in control of the company, offset in part by purchases of capital assets and investments in long term investments.

At June 30, 2010, the Company had 12,865,020 common shares outstanding and options over 478,083 shares outstanding. The Company completed a court approved plan of arrangement in 2007. As part of the Arrangement, Canadian residents received Exchangeable Shares of CEC, an indirect subsidiary of the Company. CEC had 954,031 shares outstanding at June 30, 2010. The CEC shares are, as nearly as practicable, the economic equivalent of CryptoLogic Limited shares. For accounting purposes, the acquisition is accounted for using the continuity of interest method, which recognizes the

Company as the successor entity to CryptoLogic Inc. The CEC shares can be exchanged for an equivalent amount of CryptoLogic Limited Shares at anytime and are accounted for as a minority interest. On June 1, 2014, the Company, through its subsidiaries, will redeem not less than all of the then outstanding Exchangeable Shares for an amount per share equal to the redemption price. The redemption price will be satisfied through the issuance and delivery of one CryptoLogic Limited common share for each Exchangeable Share. CryptoLogic Limited has issued a special voting share to a third party trustee, the purpose of which is to provide holders of Exchangeable Shares with the right to vote on the company matters. All outstanding options of CryptoLogic Inc. as of the date of Arrangement were fully assumed by CryptoLogic Limited under the same terms and conditions as originally granted by CryptoLogic Inc. The shares of CEC provide those shareholders with the same voting and dividend right as the shares of CryptoLogic Limited. No additional shares of CEC will be issued.

INTERNAL CONTROL OVER FINANCIAL REPORTING

For the three months ended June 30, 2010, no change occurred in the Company’s internal control over financial reporting that has materially affected, nor is reasonably likely to affect materially, the Company’s internal control over financial reporting. The Company’s CEO and CFO certified the adequacy of internal controls during Q2 2010 on August 12, 2010.

CRITICAL ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

These items are substantially unchanged as discussed in the Company’s MD&A for the year ended December 31, 2009 as filed on SEDAR at www.sedar.com or EDGAR at www.sec.gov.

International Financial Reporting Standards (“IFRS”)

In February 2008, the Accounting Standards Board (“AcSB”) confirmed that the use of IFRS will be required in 2011 for publicly accountable enterprises in Canada. In April 2008, the AcSB issued an IFRS Omnibus Exposure Draft proposing that publicly accountable enterprises be required to apply IFRS, in full and without modification, on January 1, 2011.

The adoption of IFRS will require the restatement of amounts reported by us for our previous year ended, and of the opening balance sheet as at the date of adoption.

We intend to adopt IFRS for the accounting period commencing January 1, 2011 and we are continuing to assess the financial reporting impacts of the adoption of IFRS. We expect financial reporting impacts to deferred tax, intangible assets and share based payments, however, the impact on future financial position and results of operations is not reasonably determinable or estimable at this time. We do anticipate a significant increase in disclosure resulting from the adoption of IFRS and are continuing to assess the level of disclosure required.

The IFRS conversion project consists of three phases: Scoping and Diagnostics, Analysis and Development and Implementation and Review.

Phase One: Scoping and Diagnostics, which involved project planning and staffing and identification of differences between current Canadian GAAP and IFRS, has been completed.

Phase Two: Analysis and Development, involves detailed diagnostics and evaluation of the financial impacts of various options and alternative methodologies provided for under IFRS; identification and design of operational and

financial business processes; initial staff and audit committee training; analysis of IFRS 1 optional exemptions and mandatory exceptions to the general requirement for full retrospective application upon transition to IFRS; summarization of 2011 IFRS disclosure requirements; and development of required solutions to address identified issues. Phase Two is underway, but has not yet been completed and while certain differences have been identified, we do not believe these will have any significant financial statement impact.

Phase Three: Implementation and Review will involve the execution of changes to information systems and business processes; completion of formal authorization processes to approve recommended accounting policy changes; and further training programs across our finance and other affected areas, as necessary. It will culminate in the collection of financial information necessary to compile IFRS-compliant financial statements and reconciliations; embedding of IFRS in business processes; and audit committee approval of IFRS-compliant financial statements.

RISKS AND UNCERTAINTIES

The primary risks and uncertainties that affect and may affect us and our business, financial condition and results of operation are substantially unchanged from the Company's MD&A for the year ended December 31, 2009 as contained in our 2009 Audited Financial Statements filed on SEDAR and www.sedar.com or available on EDGAR at www.sec.gov.

2010 OUTLOOK:

The outlook remains challenging and the Board continues to pursue avenues to enhance the Company's strategy in the interests of stakeholders

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EXHIBIT 99.3

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Brian Hadfield, the Chief Executive Officer of CryptoLogic Limited, certify the following:

1. Review: I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of CryptoLogic Limited (the "issuer") for the interim period ended June 30, 2010.

2. No misrepresentations: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. Fair presentation: Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. Responsibility: The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.

5. Design: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

a. designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

i. material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

ii. information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

b. designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 Control framework: The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

5.2 ICFR – material weakness relating to design: N/A.

5.3 Limitation on scope of design: N/A.

6. Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on April 1, 2010 and ended on June 30, 2010 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

August 12, 2010

/s/ Brian Hadfield
Name: Brian Hadfield
Title: Chief Executive Officer

EXHIBIT 99.4

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Stephen Taylor, the Chief Financial Officer of CryptoLogic Limited, certify the following:

1. Review: I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of CryptoLogic Limited (the "issuer") for the interim period ended June 30, 2010.

2. No misrepresentations: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. Fair presentation: Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. Responsibility: The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.

5. Design: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

a. designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

i. material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

ii. information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

b. designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 Control framework: The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

5.2 ICFR – material weakness relating to design: N/A.

5.3 Limitation on scope of design: N/A.

6. Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on April 1, 2010 and ended on June 30, 2010 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

August 12, 2010

/s/ Stephen Taylor
Name: Stephen Taylor
Title: Chief Financial Officer