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CRYPTOLOGIC

> CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2001

*CRYPTOLOGIC IS A WORLD-LEADING PROVIDER OF SOFTWARE
AND SERVICES FOR INTERNET GAMING.*

As a pioneer and trendsetter, the company has earned a major share of the burgeoning, multi-billion global market. More than 840,000 players from 240 countries around the world have registered and played at online casinos that use CryptoLogic's software. The company has processed secure electronic transactions worth US\$6.3 billion – a testimonial to the proven performance of its technologies.

Over a year ago, CryptoLogic anticipated the entry of brand name, land-based groups to the online gaming industry. Shifting its strategy to focus on these long-term leaders, CryptoLogic will enhance their brand identities with its state-of-the-art, fun, safe and self-regulated Web entertainment software. Recognized for high-margin results, CryptoLogic has charted a course that will center on serving these top tier, profitable names in online gaming.

Statements in this report, which are not historical are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including, without limitation, risks associated with the Company's financial condition and prospects, legal risks associated with Internet gaming and risks of governmental legislation and regulation, risks associated with market acceptance of technological changes, dependence on licensees and key licensees, increased competition and other risks detailed in the Company's filings with securities regulatory authorities. When used herein, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as are intended to identify forward-looking statements. 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 projected in the forward-looking statements as intended, planned, anticipated, believed, estimated or expected. CryptoLogic does not intend, and does not assume any obligation, to update these forward-looking statements.

SOLID ORGANIC GROWTH AND HIGH NET PROFIT

CryptoLogic posts solid results, continuing the positive momentum established in the previous quarters. Solid organic growth and high net profit remain well on track. In fact, 30% revenue growth for the quarter exceeded our guidance of +20% and we still achieved our projected 45% net margins. CryptoLogic consistently stands out in the technology sector as an Internet company offering the best of two worlds – solid “old economy” fundamentals based on earnings and cash flow together with the exciting potential of a “new economy” market.

We continued to actively execute our strategy in the second quarter. CryptoLogic announced its expansion plans into poker, introduced popular progressive jackpot games and enhanced its executive team. As well, the new Nevada law reflects significant developments at home and abroad favouring regulated, responsible Internet gaming – a position we have always advocated. The first half of 2001 has shown considerable progress for both CryptoLogic and the industry. The next six months are expected to be equally rewarding with exciting opportunities including new licensee development and acquisitions that are looking very promising.

FINANCIAL PERFORMANCE ON TRACK [ALL FIGURES STATED IN US DOLLARS]

Revenue for the second quarter of 2001 increased 30% to \$10.8 million compared to \$8.3 million in the corresponding 2000 quarter. This excludes interest income of \$0.6 million in 2001 compared to \$0.8 million in the prior year quarter. Interest income was historically part of total revenue, but effective the first quarter of 2001 has been reclassified and is shown below income from operations in the consolidated statements of income.

Net income for the quarter grew to \$4.8 million or \$0.35 per share (\$0.33 per share on a fully diluted basis) compared to \$4.7 million in the 2000 quarter or \$0.36 per share (\$0.30 per share on a fully diluted basis). While the second quarter in 2001 reflected increased costs, as anticipated, associated with our compliance efforts, the enhancement of the management team and the development of new games, the company maintained strong net margin levels of 45% for the quarter.

"Our 2001 report card to date is coming up with high marks. Not only did we meet our financial targets, but we are also positioning the company for solid growth in the future by strengthening our management team and expanding the gaming segment in which we participate."

For the six months ended June 30, 2001, the company's revenue rose 31% to \$21.7 million compared to \$16.6 million in the prior year period. Net income for the six-month period was up 14% to \$10.0 million versus \$8.8 million in the same 2000 period. As a result, earnings per share in the first half of 2001 were \$0.72 compared to \$0.74 in 2000. On a fully diluted basis, earnings per share grew significantly to \$0.68 for the first half of 2001 compared to \$0.57 in 2000.

CryptoLogic continued to generate strong cash flow from operations amounting to \$5.8 million in the second quarter of 2001. After accounting for the \$12.2 million spent for its substantial issuer bid in this quarter, the company remained well capitalized with total cash at \$55.7 million as at June 30, 2001.

EXPANDING GAME PORTFOLIO

CryptoLogic continued to expand its game portfolio for exciting Web entertainment. The company debuted its first progressive slot games linked initially across 12 of the world's premier online casino sites, which offer bonus jackpots that grow faster and larger as more people play – just like favourite jackpot games found in land-based casinos. As well, CryptoLogic will be adding live poker room action to its game mix, which is scheduled for release by year-end and will extend the company and its licensees into a large, untapped segment of the Internet market.

STRENGTHENING THE EXECUTIVE TEAM

CryptoLogic appointed David Outhwaite to Chief Operating Officer and Israel Ben-Ishai to Chief Technology Officer, in keeping with the company's long-term view to enhance its leadership team with professional management to take the company to its next level.

LEGISLATIVE DEVELOPMENTS

The international trend favouring online gaming within a regulated environment continues to gain momentum. Most notable was the passage of a Nevada law enabling Internet casino gaming for the first time in the US, which has opened discussions with major American operators for CryptoLogic. In Europe, the UK continued to demonstrate leadership. The Isle of Man in May 2001 established a regulated jurisdiction in the UK for online casinos based on principles similar to the Australian model. Top names from the United States, Europe and Africa have submitted license applications to the Isle of Man, recognizing the jurisdiction as a world-class regime under Royal Assent in the UK. CryptoLogic embraces these developments that call for regulated and responsible online gaming practices and is finalizing its certification under Australian regulation, which positions the company well for next steps in Europe and the US.

We are pleased with CryptoLogic's progress during the first half of 2001. Our 2001 report card to date is coming up with high marks. Not only did we meet our financial targets, but we are also positioning the company for solid growth in the future by strengthening our management team and expanding the gaming segments in which we participate. The second half will show continued strength behind the launch of version 5.0, the addition of new licensees and the initial impact of our acquisition program.

We are delighted with the increasing interest in CryptoLogic from the investment community and major gaming groups worldwide. It is truly an exciting time and we thank all our stakeholders for their ongoing support.



*JEAN NOELTING
PRESIDENT & CEO
JULY 24, 2001*

The following discussion and analysis should be read in conjunction with the unaudited consolidated financial statements of CryptoLogic Inc. ("the Company" or "CryptoLogic") including the notes thereto for the three and six months ended June 30, 2001 and should also be read in conjunction with the audited consolidated statements and the Managements' Discussion and Analysis for the year ended December 31, 2000 as set out in the Company's 2000 Annual Report. All currency amounts are in US dollars unless otherwise indicated.

OVERVIEW

CryptoLogic is an Internet software development and licensing company with leading proprietary commerce enabling technology that permits secure, reliable, efficient, and rapid financial transactions over the Internet. To date, it has focused its activities on developing proprietary software technology for the Internet gaming industry. The Company has licensed its software products to companies around the world who hold Internet gaming licenses issued by governments where the licensees are domiciled.

FORWARD LOOKING STATEMENT

Statements in this report, which are not historical are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including without limitation risks associated with the Company's financial condition and prospects, legal risks associated with Internet gaming and risks of governmental legislation and regulation, risks associated with market acceptance and technological changes, risks associated with dependence on licensees and key licensees, risks associated with competition and other risks detailed in the Company's filings with securities regulatory authorities. These risks may cause results to differ materially from those projected in the forward-looking statements.

RESULTS OF OPERATIONS

REVENUE

For 2001 year-to-date, the Company has exceeded its guidance of 20% revenue growth and achieved its projected 45% net margins. For the second quarter of 2001, revenue rose 30% to \$10.8 million compared to \$8.3 million in the same 2000 quarter. Despite the usual summer softness due to Internet seasonality, the Company posted solid organic growth this quarter, attributed to expanded marketing efforts and new progressive jackpot games that drove increased traffic and revenue for the Company's existing licensees. For the first half of 2001, revenue also rose 31% to \$21.7 million compared to \$16.6 million in the 2000 year period. Revenue growth benefited from continued player acceptance of version 4.0 and the launch of a new British pound casino for one of the Company's major licensees, William Hill, which has been very popular and convenient for that licensee's strong European player base.

NET INCOME

Net income for the 2001 second quarter grew to \$4.8 million or \$0.35 per share (\$0.33 per share on a fully diluted basis) compared to \$4.7 million or \$0.36 per share (\$0.30 per share on a fully diluted basis) in the corresponding 2000 quarter. The Company continued to invest in key areas of its business to drive long-term growth, support larger-size clients and an increasing trend towards regulation. To that end, the second quarter of 2001 reflected higher costs associated with compliance, expanding the management team and new software development, but the Company continued to maintain high net margins of 45% for the quarter, on track with its target.

For the first half of 2001, net margins were equally solid at 46%. Net income for the six-month period was up 14% to \$10.0 million compared to \$8.8 million in the same 2000 period. This translated into earnings per share of \$0.72 or \$0.68 on a fully diluted basis, compared to \$0.74 or \$0.57 on a fully diluted basis in 2000.

SOFTWARE DEVELOPMENT AND SUPPORT COSTS

Software development and support costs were \$5.0 million in second quarter of 2001 versus \$3.1 million in 2000. For the first six months of 2001, these costs were almost \$10.0 million compared to \$6.7 million in 2000. The increase was attributed to the continued investment in product development for new bingo and poker software and the version 5.0 release as well as ongoing compliance expenditures for the Company's Australian certification.

GENERAL AND ADMINISTRATIVE COSTS

General and administrative costs remained relatively consistent as a percentage of revenue. For the second quarter of 2001, these costs rose to \$1.0 million compared to \$0.7 million. For the first six months of 2001, general and administrative costs were \$1.8 million compared to \$1.3 million in the same 2000 period. The rise was associated with increased business development efforts for new licensees and potential acquisitions.

FINANCE COSTS

In the second quarter of 2001, finance costs rose to \$0.07 million from \$0.04 million in 2000. For the six-month period in 2001, these costs increased to \$0.15 million compared to \$0.06 million in 2000. This rise was due to increased letters of credit to support higher processing volumes and expanded international banking relationship requirements.

AMORTIZATION

Amortization expense was \$0.07 million in the second quarter of 2001, up from \$0.04 million in the same 2000 quarter. For the first half of 2001, these expenses were \$0.13 million, up from \$0.08 million. The increase was due to the Company's higher investment in equipment and leasehold improvements.

INTEREST INCOME

Interest income was historically part of total revenue, but effective the first quarter of 2001 has been reclassified and is shown below income from operations in the consolidated statements of income. Interest income in 2001 is down due to the \$12.2 million spent on the Company's substantial issuer bid and lower interest rates. As a result, interest income declined to \$0.6 million in the second quarter of 2001 compared to \$0.8 million in 2000. Similarly, interest income was \$1.4 million for the first half of 2001 compared to \$1.5 million in 2000.

INCOME TAXES

Income taxes for the second quarter of 2001 were \$0.4 million down from \$0.6 million in 2000, translating into an effective tax of 7% compared to 11% in the 2000 quarter. For the first half of 2001, income taxes declined slightly to \$0.9 million compared \$1.0 million in 2000. This translates into an effective tax of 9% and 10% respectively. The decline reflects a taxable income mix that was lower in Canada compared to income derived from foreign subsidiaries, which is subject to lower tax rates.

LIQUIDITY AND CAPITAL RESOURCES

The Company continued to show a strong balance sheet. At June 30, 2001, the Company had a total cash position of \$55.7 million, which comprises of cash, cash equivalents and restricted cash. This compares to total cash of \$56.7 million at year ended December 31, 2000 and \$53.8 million at June 30, 2000.

Cash flow generated from operations was up considerably to \$5.8 million in the second quarter of 2001 compared to negative cash flow of \$0.3 million in the corresponding 2000 quarter. For the first half of 2001, operating cash flow was up to \$11.5 million versus negative cash flow of \$0.2 million in 2000. The impact on cash flow in 2000 was due mainly to an increase in restricted cash attributed to higher processing volumes and expanded international banking relationships.

Management views the repurchase of shares as a sound investment and appropriate means to enhance shareholder value. During the second quarter of 2001, the Company repurchased and cancelled over 984,000 shares through its substantial and normal course issuer bids, at a cost of \$12.2 million, compared to 182,500 common shares repurchased through its normal buy back plan in second quarter of 2000. For the first half of 2001, the Company bought back more than 1.1 million shares compared to 182,500 bought back during the same 2000 period. After accounting for shares bought back year-to-date in 2001, there are about 13.2 million shares outstanding.

On May 16, 2001, the Company renewed its normal issuer bid, which authorizes CryptoLogic to purchase up to about 656,000 or 5% of its then issued and outstanding common shares.

RISKS AND UNCERTAINTIES

The primary risks and uncertainties that affect and may affect the Company and its business, financial condition and results of operation are substantially unchanged from those discussed in the Company's latest Annual Information Form and its Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2000 contained in the Company's 2000 Annual Report. All such risks and uncertainties, with the exception of the below updates, are incorporated herein by reference.

GOVERNMENT REGULATION

While some jurisdictions are attempting to restrict or prohibit Internet gambling, there is an increasing trend towards regulation. In July 2001, the Australian Senate approved a bill, to be enacted by summer's end that would prevent Australian online casino operators from accepting bets from Australians. However, Australian residents will continue to have access to offshore casino sites and Australian gaming organizations can continue to service international markets. Both federal and state governments will strictly regulate online casino gaming in Australia. As a result, Australian organizations including CryptoLogic's licensee, Jupiters Limited, must comply with Australian regulation, which is viewed as a world-class regulatory model, and will be able to operate online casinos targeting overseas markets. Australian residents will continue to have access to international casino sites, including CryptoLogic's other licensees.

The Company's software certification in Australia is expected to be complete by early fall 2001 as part of its regulatory compliance in that country. As a result, CryptoLogic will be one of a few providers offering a regulatory compliant product, a growing requirement for brand name, land-based gaming operators who are expanding into online gaming in highly regulated jurisdictions such as Australia, South Africa, Isle of Man and also expected in the US.

The UK continues to embrace regulated online gaming. The British government passed tax-friendly legislation to encourage major UK sports books to repatriate their Internet operations. As well, the British Gambling Review Board recently released a report favoring regulation of online casino gaming. In May 2001, the Isle of Man of the UK established a highly regulated environment for online gaming and has received applications from large land-based gaming groups from Europe, Africa and the US.

While there continues to be various legislative efforts at both the federal and state level in the US to ban online gaming, in June 2001, a Nevada law was passed favoring regulation of online gaming in that country for the first time. The Nevada law is an enabling law and the next step is for the Nevada Gaming Commission and Gaming Control Board to draft and adopt rules and regulations governing online gaming. This process is expected to take until 2002, but the law supports the growing international trend to allow Internet gaming within a regulated environment.

OUTLOOK

So far 2001 is shaping up to be a good year for CryptoLogic. The Company continues to meet its financial targets and advance its business strategies. Together with improving market conditions for Internet gaming, the outlook for the balance of the year is very promising. These factors are expected to contribute to the ongoing enhancement of shareholder value.

The Company expects to continue to achieve its financial targets of 20% revenue growth and 45% net margins for the second half of 2001.

With the new Nevada law now setting the stage to legalize Internet gaming for the first time in the US, there is rising interest from Las Vegas casinos and major US brands wanting to participate in this global market. As a result, CryptoLogic is meeting with North American operators and is planning its US expansion strategy. As Nevada regulations are not expected until 2002, the Company views the US as a mid to long-term opportunity.

The Company's priority continues to be in Europe and Asia, which offer immediate revenue-generating opportunities. Management expects to achieve its target of four new licensees in 2001.

Now in its final stages of Australian certification, the Company will be only the third software provider in the world to complete this widely recognized compliance. Next, the Company will embark on certification in Europe for 2001 and prepare for the US. CryptoLogic believes that it is well positioned to comply with similar certification in other regulated jurisdictions in a shorter time frame and help accelerate time-to-market for its licensees as a result of considerable investment in Australian compliance.

The Company also said it would expand into at least one gaming vertical this year. Online casinos make up less than 40% of the total online gaming market. Expansion into new gaming areas represents opportunities for CryptoLogic and its licensees to increase share and revenue potential across a larger market. The Company is currently developing new poker and bingo applications targeted for release by year-end of 2001. In addition to self-development, the Company continues to pursue acquisitions during the second half of 2001 that will extend CryptoLogic into new gaming areas.

CONSOLIDATED STATEMENTS OF INCOME
 FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2001 AND 2000
 (UNAUDITED)

IN THOUSANDS OF US DOLLARS,
 EXCEPT PER SHARE INFORMATION

FOR THE THREE MONTHS
 ENDED JUNE 30

FOR THE SIX MONTHS
 ENDED JUNE 30

	2001	2000	2001	2000
Revenue	\$10,798	\$8,318	\$21,663	\$16,569
Expenses:				
Software development and support	5,035	3,147	9,998	6,748
General and administrative	1,012	674	1,795	1,326
Finance	73	39	148	64
Amortization	71	43	134	80
	6,191	3,903	12,075	8,218
Income from operations	4,607	4,415	9,588	8,351
Interest income	586	802	1,376	1,477
Income before income taxes	5,193	5,217	10,964	9,828
Income taxes	370	565	959	1,025
Net income	4,823	4,652	10,005	8,803
Basic earnings per share	\$ 0.35	\$ 0.36	\$ 0.72	\$ 0.74
Fully diluted earnings per share	\$ 0.33	\$ 0.30	\$ 0.68	\$ 0.57
<i>Basic weighted average common shares (000's)</i>	13,770	13,071	13,903	11,969
<i>Fully diluted weighted average common shares (000's)</i>	14,792	15,413	14,692	15,462

CONSOLIDATED BALANCE SHEETS

*AS AT JUNE 30, 2001 AND 2000
(UNAUDITED)*

IN THOUSANDS OF US DOLLARS

JUNE 30

	2001	2000
ASSETS		
Current assets		
Cash and cash equivalents	\$40,901	\$39,767
Restricted cash	14,800	14,000
Reserves with credit card processor	1,488	1,233
Accounts receivable	581	165
Prepaid expenses and other	807	1,004
	58,577	56,169
Investments	2,480	1,080
Capital assets	968	684
	\$62,025	\$57,933
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 2,062	\$ 1,722
Accrued liabilities	991	459
Income taxes payable	1,051	505
Funds held on deposit	2,317	1,336
	6,421	4,022
Shareholders' equity		
Capital stock	7,499	6,301
Retained earnings	48,105	47,610
	55,604	53,911
	\$62,025	\$57,933

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

*FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2001 AND 2000
(UNAUDITED)*

IN THOUSANDS OF US DOLLARS

*FOR THE THREE MONTHS
ENDED JUNE 30*

*FOR THE SIX MONTHS
ENDED JUNE 30*

	2001		2000		2001		2000	
	Number of shares (000's)	Stated value	Number of shares (000's)	Stated value	Number of shares (000's)	Stated value	Number of shares (000's)	Stated value
Common shares:								
Balance, beginning of period	14,047	\$ 6,835	11,200	\$ 5,115	14,079	\$ 6,455	8,974	\$ 3,643
Repurchase of shares	(984)	(316)	(182)	(62)	(1,103)	(356)	(182)	(62)
Exercise of stock options	119	958	23	122	206	1,378	149	867
Exercise of Class A purchase warrant	—	—	3,300	1,104	—	—	5,400	1,831
	13,182	7,477	14,341	6,279	13,182	7,477	14,341	6,279
Series C warrants:								
Balance, beginning and end of period	160	22	160	22	160	22	160	22
Total capital stock	13,342	7,499	14,501	6,301	13,342	7,499	14,501	6,301
Retained earnings, beginning of period		55,140		46,326		51,133		42,175
Net income		4,823		4,652		10,005		8,803
Excess of repurchase price of common shares over stated value		(11,858)		(3,368)		(13,033)		(3,368)
		48,105		47,610		48,105		47,610
Total shareholders' equity		\$55,604		\$53,911		\$55,604		\$53,911

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2001 AND 2000
(UNAUDITED)

<i>IN THOUSANDS OF US DOLLARS</i>	<i>FOR THE THREE MONTHS ENDED JUNE 30</i>		<i>FOR THE SIX MONTHS ENDED JUNE 30</i>	
	2001	2000	2001	2000
Cash flows from (used in) operating activities:				
Income	\$ 4,823	\$ 4,652	\$10,005	\$ 8,803
Amortization adjustment to reconcile income to cash flows	71	43	134	80
Changes in operating assets and liabilities:				
Restricted cash	(300)	(3,500)	(800)	(8,960)
Reserves with credit card processor	(65)	(248)	(271)	(602)
Accounts receivable	(125)	307	854	133
Prepaid expenses and other	412	(454)	32	16
Accounts payable	524	(190)	(92)	159
Accrued liabilities	(92)	(349)	115	170
Income taxes payable	424	(681)	1,049	(272)
Funds held on deposit	108	151	503	244
	5,780	(269)	11,529	(229)
Cash flows from (used in) financing activities				
Issue of capital stock	958	1,226	1,378	2,698
Repurchase of common shares	(12,174)	(3,430)	(13,389)	(3,430)
	(11,216)	(2,204)	(12,011)	(732)
Cash flows from (used in) investing activities				
Additions to capital assets	(198)	(103)	(263)	(249)
Investments	(129)	-	(1,050)	-
	(327)	(103)	(1,313)	(249)
Increase (decrease) in cash and cash equivalents	(5,763)	(2,576)	(1,795)	(1,210)
Cash and cash equivalents, beginning of period	46,664	42,343	42,696	40,977
Cash and cash equivalents, end of period	\$40,901	\$39,767	\$40,901	\$39,767

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT JUNE 30, 2001
(UNAUDITED)

These consolidated interim financial statements of CryptoLogic Inc. (the "Company") have been prepared in accordance with Canadian generally accepted accounting principles using the same accounting policies as were used for the consolidated financial statements for the year ended December 31, 2000, except as described below in a change in accounting policy (note 1). These consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2000, as set out in the 2000 Annual Report. All figures are in US dollars unless otherwise indicated.

1. CHANGE IN ACCOUNTING POLICY

On January 1, 2001, the Company adopted the new recommendations issued by the Canadian Institute of Chartered Accountants with respect to earnings per share. The new recommendations require the use of the treasury stock method in computing fully diluted earnings per share replacing the imputed interest method. The treasury stock method is a method of recognizing the use of proceeds that could be obtained upon the exercise of options and warrants in computing fully diluted earnings per share. It assumes that any proceeds would be used to purchase its common shares at the average market price during the period being reported on. In accordance with these new recommendations all prior period comparative earnings per share information have been restated as follows:

	For the three months ended June 30, 2000		For the six months ended June 30, 2000	
	Restated under new recommendations	As previously reported	Restated under new recommendations	As previously reported
Basic earnings per share	\$0.36	\$0.36	\$0.74	\$0.74
Fully diluted earnings per share	\$0.30	\$0.31	\$0.57	\$0.58
Denominator in calculating fully diluted earnings per share (in thousands)	15,413	15,626	15,462	15,562

2. INVESTMENTS

In March, 2001 the Company acquired 1,055,700 common shares for \$0.9 million representing a 9.9% interest in publicly listed dot com Entertainment Group Inc. (DCEG - OTCBB) a provider of Java-based bingo and casino software.

In April, 2001 the Company entered into a debenture agreement with LasVegasFromHome.com Entertainment Inc. (LVH - CDNX, LVSHF - OTCBB), a poker licensee of WagerLogic Inc. (a wholly-owned subsidiary of CryptoLogic Inc.) whereby the Company is entitled to full repayment of the principal sum of CDN\$0.2 million, plus interest at a rate of 9% per annum. The Principal is due April 26, 2002 and the interest is due monthly.

3. SUBSTANTIAL ISSUER BID

On April 9, 2001 the Company purchased 977,103 shares at CDN\$19 per share for a total cost including transaction costs of CDN\$18.8 million (US\$12.2 million).

4. COMPARATIVE FIGURES

Interest income has been reclassified to reflect the Company's new basis of presentation.

CORPORATE DIRECTORY

DIRECTORS & OFFICERS

DENNIS WING	CHAIRMAN, DIRECTOR
ANDREW RIVKIN	DIRECTOR
MARK RIVKIN	DIRECTOR
DAVID CYNAMON	DIRECTOR
JEAN NOELTING	PRESIDENT AND CEO, DIRECTOR
HARVEY SOLURSH	CHIEF FINANCIAL OFFICER
DAVID OUTHWAITE	CHIEF OPERATING OFFICER
ISRAEL BEN-ISHAI	CHIEF TECHNOLOGY OFFICER
ANATOLY PLOTKIN	EXECUTIVE VICE PRESIDENT
PAUL GRAGTMANS	VICE PRESIDENT, BUSINESS DEVELOPMENT
ROBERT STIKEMAN	SECRETARY

MANAGEMENT TEAM

JEAN NOELTING	PRESIDENT AND CEO
HARVEY SOLURSH	CHIEF FINANCIAL OFFICER
DAVID OUTHWAITE	CHIEF OPERATING OFFICER
ISRAEL BEN-ISHAI	CHIEF TECHNOLOGY OFFICER
ANATOLY PLOTKIN	EXECUTIVE VICE PRESIDENT
PAUL GRAGTMANS	VICE PRESIDENT, BUSINESS DEVELOPMENT
NELSON LEE	DIRECTOR, FINANCE
NANCY CHAN-PALMATEER	DIRECTOR, COMMUNICATIONS
CHRISTOPHER SMITH	DIRECTOR, LICENSEE SERVICES
SERGUEI BOURENKOV	DIRECTOR, PRODUCT DEVELOPMENT

LEGAL COUNSEL

STIKEMAN, GRAHAM, KEELEY & SPIEGEL
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