

30 AUGUST 2006

**PLAYWIZE PLC**  
**(“Playwize” or the “Company”)**

**PRELIMINARY RESULTS**  
**FOR THE TWELVE MONTHS TO 31 MARCH 2006**

**A year of realignment and corporate progression**

The Board of Playwize plc (formerly Bits Corp plc), the AIM listed developer of software for the entertainment industry, today announces its results for the twelve months to 31 March 2006.

Today’s statement follows the Group’s (being the Company and its subsidiaries) trading update in June 2006.

**Highlights:**

- Loss before tax £1,841,000 (2005: PBT £72,000);
- Turnover £78,000 (2005: £1,869,000);
- Successful rebranding of the Company to Playwize plc;
- Co-publishing agreement with Digital Bros. S.p.A, for the launch and European distribution of Playwize Poker and Casino™ and
- New focus on the online entertainment industry.

**Post Balance Sheet Update**

- Payout Poker and Casino™ has been released on Sony’s PSP® for sale in North America;
- The European release of Playwize Poker and Casino™, on Sony’s PlayStation® 2 and PSP®, is scheduled for the month of September 2006; and
- The beta testing and integration of the Company’s online offering Pokerwize™ is on schedule and it is anticipated that the game will be available for real money and fun players during September 2006.

John Corre, Chairman of Playwize, commented: **“Playwize expects to focus on the online entertainment industry, whilst continuing to pursue opportunities in the design and development of console video games for niche markets. The Company intends to establish a portfolio of real money on-line games.**

**“The Board believes that its new business activities will be beneficial to shareholders in the long term.”**

**---ENDS---**

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## **CHAIRMAN'S STATEMENT**

I am pleased to announce the Group's first set of results under its newly branded name of Playwize plc for the year ended 31 March 2006. The year has been an extremely significant one for the Group, and the change of name in July is reflective of the shifting focus of the business into the online entertainment industry, whilst continuing to pursue opportunities in the design and development of console video games for niche markets.

### **Financials**

Turnover for the year ended 31 March 2006 was £78,000 compared with £1,869,000 in the prior year. Playwize is reporting a loss before and after tax of £1,841,000 and £1,806,000 respectively (2005: profit before and after tax of £72,000 and £119,000 respectively). These losses can be attributed to the write-off of historical video game costs, the expensing of the investment made in the online gambling arena together with specific costs incurred in refocusing the Group's activities and brand development costs during the period.

No dividend is proposed for the year (2005: £nil).

In preparing the results for the year ended 31 March 2006, the Company has amended the treatment of revenues recognised in the interim results to 30 September 2005 announced on 29 December 2005 (the "Interims"). The amendment relates to a consolidation adjustment reducing the turnover, cost of sales and overheads reported in the Interims by £253,625, £218,516 and £35,109 respectively. These adjustments have no impact upon the Group's operating loss as reported in both its interims and the full year's results.

### **Business Update**

In June 2006, the Board concluded that the Group's increasing focus and investment, both in terms of management time and Group resources, in the field of online gambling, needed to be complemented with a name that more accurately reflected the new direction of the business, and the change was approved at an EGM on 27 July 2006.

Playwize has now developed the first game to be launched under the new branding. PokerWize.com will be the world's first virtual reality, 3D and Voice over IP enabled poker game, and will be rolled out in the next few months. PokerWize.com uses state-of-the-art video gaming technology to add a new dimension to the world of interactive gaming. Helen Chamberlain, Soccer AM co-host and big money winner in the 2005 Poker Million Tournament, provides a 3D visual likeness and voiceover for Pokerwize's interactive tutorial. This one-on-one personal tuition will be the first of its kind to be included in an online poker game.

Also in June 2006, Playwize signed a co-publishing agreement with Digital Bros. S.p.A, a global video games publisher, for the launch and European distribution of the Group's recently developed Playwize Poker and Casino™. The game offers players four fully three-dimensional virtual casinos to

discover, where they can play black-jack, poker, craps, roulette, slots and a host of other exciting games. The game's on-line features allow players to interact with other players in real time anywhere in the world, including live voice chat. The game should be released on Sony's PlayStation® 2 and PSP® at the end of Q3 2006.

In May 2006, the Group appointed Bishopsgate Communications Ltd as its Financial PR advisers, to raise the profile of Playwize and drive the key investment messages, news and corporate differentials to current and future investors, and in July 2006 Hanson Westhouse LLP were appointed as Nominated Advisor and Broker to the Group.

### **Outlook**

Playwize will focus on the online entertainment industry in the immediate future, whilst continuing to pursue opportunities in the design and development of console video games for niche markets. The Group intends to establish a portfolio of real money on-line games.

The Group is currently undertaking extensive testing of its new on-line real money poker game, which it expects to launch during September 2006. The game will utilize the Group's proprietary video games technology, in conjunction with services to be provided by The Palace Group and Microgaming, to offer a new dimension to the world of interactive gambling and entertainment.

The Board expects that its new business activities will be beneficial to shareholders in the long term.

**John Corre**  
**Chairman**

**Consolidated Profit and Loss Account**  
**For the year ended 31 March 2006**

	<b>2006</b>	2005
	<b>£'000</b>	£'000
Turnover	<b>78</b>	1,869
Cost of sales	<b>(1,519)</b>	(1,454)
<b>Gross (loss)/profit</b>	<b>(1,441)</b>	415
Distribution costs	<b>(2)</b>	(3)
Administrative expenses	<b>(396)</b>	(348)
<b>Operating (loss)/profit</b>	<b>(1,839)</b>	64
Interest receivable	<b>4</b>	8
Interest payable and similar charges	<b>(6)</b>	-
<b>(Loss)/profit on ordinary activities before tax</b>	<b>(1,841)</b>	72
Tax on (loss)/profit on ordinary activities	<b>35</b>	47
<b>(Loss)/profit for the financial year</b>	<b>(1,806)</b>	119
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(Loss)/earnings per share		
Basic	<b>(4.0 p)</b>	0.27 p
Diluted	<b>(3.9 p)</b>	0.26 p

The results relate wholly to continuing operations.

There is no material difference between the results stated above and the results shown on an historical basis.

**Statement of Total Recognised Gains and Losses**  
**For the year ended 31 March 2006**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
(Loss)/profit for the year	<b>(1,806)</b>	119
Currency translation differences	-	(2)
<b>Total recognised gains and losses relating to the year</b>	<b>(1,806)</b>	117

**Consolidated Balance Sheet**  
**At 31 March 2006**

	<b>Group 2006 £'000</b>	Group 2005 £'000
<u>Fixed assets</u>		
Tangible assets	5	14
Investments	-	-
	<b>5</b>	<b>14</b>
<u>Current assets</u>		
Stocks	-	334
Debtors	<b>1,632</b>	423
Cash at bank and in hand	<b>20</b>	222
	<b>1,652</b>	979
<b>Creditors:</b> amounts falling due within one year	<b>(871)</b>	(239)
<b>Net current assets</b>	<b>781</b>	740
<b>Net assets</b>	<b>786</b>	754
<u>Capital and reserves</u>		
Called up share capital	<b>576</b>	440
Share premium account	<b>5,532</b>	3,830
Merger reserve	<b>735</b>	735
Profit and loss account	<b>(6,057)</b>	(4,251)
<b>Shareholders' funds – equity</b>	<b>786</b>	754

**Consolidated Cash Flow Statement**  
**For the year ended 31 March 2006**

	2006	2005
	£'000	£'000
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(2,308)</b>	<b>56</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	4	8
Interest payable	(6)	-
	<b>(2)</b>	<b>8</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(4)	(19)
	<b>(4)</b>	<b>(19)</b>
<b>Net cash (outflow)/inflow before use of liquid resources and financing</b>	<b>(2,314)</b>	<b>45</b>
<b>Management of liquid resources</b>		
Movement in short term bank deposits	-	207
	<b>-</b>	<b>207</b>
<b>Financing</b>		
Issue of ordinary share capital	1,884	-
Increase in short term borrowings	230	-
Expenses paid in connection with share issues	(46)	-
	<b>2,068</b>	<b>-</b>
<b>(Decrease)/increase in cash in the year</b>	<b>(246)</b>	<b>252</b>

## **Notes to the Financial Information**

### **1 Publication of non-statutory accounts**

The financial information contained in this preliminary statement does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The financial information for the year ended 31 March 2006 has been extracted from the audited Group financial statements.

The following are extracts from the notes to the audited Group financial statements for the year ended 31 March 2006.

### **2 Accounting policies**

The financial statements have been prepared under the historical cost convention. The following principal accounting policies have been applied and are in accordance with applicable accounting standards.

#### **Basis of preparation**

The Group has developed an online poker game, Pokerwise, which is anticipated to be launched shortly. The Directors are confident of the successful launch and take up of the game.

The financial statements have been produced on a going concern basis, which assumes that the Group will be in operational existence for the foreseeable future. The validity of this assumption depends on the success of the online poker game.

If the Company or its subsidiaries were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of the assets to their recoverable amounts, and to provide for further liabilities that might arise, and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

#### **Basis of consolidation**

The consolidated financial statements incorporate the results of the Company and all of its subsidiaries for the relevant accounting periods.

#### **Merger accounting**

Where merger accounting is used, the investment is recorded in the Company's balance sheet at the nominal value of the shares issued together with the fair value of any additional consideration paid.

In the Group financial statements, merged subsidiary undertakings are treated as if they had always been a member of the Group. The results of such a subsidiary are included for the whole period in the year it joins the Group. The corresponding figures for the previous year include its results for that period, the assets and liabilities at the previous balance sheet date and the shares issued by the Company as consideration as if they had always been in issue. Any difference between the nominal value of the shares acquired by the Company and those issued by the Company to acquire them is taken to reserves.

**Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is ascertained in a manner appropriate to the stage of completion of the contract and the industry in which it operates.

**Stocks**

Stocks and work-in-progress are stated at the lower of cost and net realisable value.

**Depreciation**

Depreciation is provided at a rate calculated to write off the cost less estimated residual value of all tangible fixed assets over their expected useful lives as follows:

Fixtures, fittings & equipment	50% per annum straight line
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**Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payment is charged to the profit and loss account in order to produce a constant periodic rate of charge on the net obligations outstanding in each period.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except for deferred tax assets, which are only recognised to the extent that the Group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

**Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

The results of overseas operations and their balance sheets are translated into Sterling at the rates of exchange ruling on the balance sheet date. Exchange differences that arise from translation of the opening net assets in foreign subsidiary undertakings are taken to reserves.

### **Profit recognition on contracting activities**

In accordance with Statement of Standard Accounting Practice 9, long term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Profit on individual contracts is taken only when their outcome can be foreseen with reasonable certainty. It is apportioned on the basis of the stage of completion of the contract at the year end.

Full provision is made for all known or expected losses as soon as they are foreseen.

### **Research and development**

Research and development expenditure is written off as incurred, except that development expenditure on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project

### **3 (Loss)/earnings per share**

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

(Loss)/earnings per share has been calculated using the following:	<b>(Loss)/ Earnings</b>	<b>2006 Weighted average number of shares</b>	(Loss)/ Earnings	2005 Weighted average number of shares
Basic	<b>(£1,806,000)</b>	<b>45,147,744</b>	£119,000	43,991,690
Diluted	<b>(£1,806,000)</b>	<b>46,319,930</b>	£119,000	44,691,320

#### 4 Reconciliation of movements in shareholders' funds

	2006 £'000	2005 £'000
Share capital issued	1,838	-
(Loss)/profit for the financial period	(1,806)	119
Currency translation differences	-	(2)
Net addition to shareholders' funds	32	117
Opening shareholders' funds	754	637
Closing shareholders' funds	786	754

#### 5 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2006 £'000	2005 £'000
Operating (loss)/profit	(1,839)	64
Depreciation and amortisation of fixed assets	13	25
Decrease/(increase) in stock	334	(334)
(Increase)/decrease in debtors	(1,174)	493
Increase/(decrease) in creditors	358	(192)
Net cash (outflow)/inflow from operating activities	(2,308)	56

#### 6 Reconciliation of net cash flow to movement in net (debt)/funds

	2006 £'000	2005 £'000
(Decrease)/increase in cash in the period	(246)	252
Decrease in liquid resources	-	(207)
Change in net (debt)/funds resulting from cash flows	(246)	45
Currency translation differences	-	(2)
Movement in net (debt)/funds in the period	(246)	43
Opening net funds	222	179
Net (debt)/funds at the end of the year	(24)	222

## 7 Analysis of net debt

	At 1 April 2005 £'000	Cash flow £'000	Translation difference £'000	At 31 March 2006 £'000
Cash at bank and in hand	222	(202)	-	20
Bank overdrafts	-	(44)	-	(44)
	222	(246)	-	(24)
Short term deposits	-	-	-	-
Total net debt	222	(246)	-	(24)

## 8 Annual report

The Annual Report and Accounts for the year ended 31 March 2006 will be mailed to shareholders shortly.

## 9 Annual general meeting

The Annual General Meeting of the shareholders of Playwize plc will be held at 11.00am on 17 October 2006 at 112 Cricklewood Lane, Cricklewood, London NW2 2DP.

- Ends -