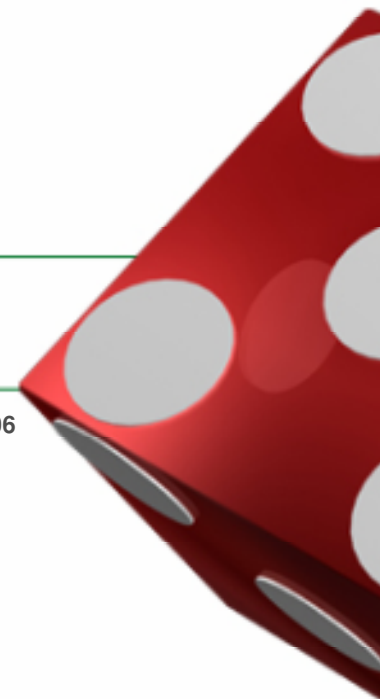




**Results for the six months
ended 30 June 2006**

14 September 2006



Agenda

John Anderson

- Financial Highlights
- Delivering on our Strategy

Aviad Kobrine

- Financial Review

Gigi Levi

- Operating Review

John Anderson

- Regulation

- Summary and Q&A

Financial Highlights

- Profit before tax up **88%** to **\$48.0m*** (H1 2005: \$25.6m)
- Net Gaming Revenue up **32%** to **\$163.5 m** (H1 2005: \$123.7m)
- PBT* margin widened to **29.4%** (H1 2005: 20.7%)
- Operating expenses % of NGR down to **25.6%** (H1 2005: 28.0%)
- Net cash generated from operations up **109.5%** to **\$56.1m** (H1 2005: \$26.8m)
- Basic EPS* up **89%** to **13.8¢** (H1: 2005: 7.3 ¢)
- Interim dividend of **4.5 ¢** per share
- Special dividend of **4.0 ¢** per share
- Unlevered balance sheet

Delivering on our Strategy

Investment in brand

- Substantial expansion of sports sponsorships in addition to Middlesbrough the addition of Seville FC, Toulouse FC and World Snooker Championship

Geographic Expansion

- Faster growth in NGR outside of the US
- Rapid First Time Depositors growth outside of the US
- Ongoing roll out of multilingual product offering

One stop shop

- Move to unified wallet and single gaming platform
- Clear road map to expanded product offering

Efficient Payment Processing

- Ongoing development of payment options to suit new target markets and to remain at the “cutting edge”

Harvesting Data base

- Continued innovative Data Mining resulting in cost efficient CPA and sustainable LTV

Coherent strategy of profitable growth

Market Leaders

Current Trading

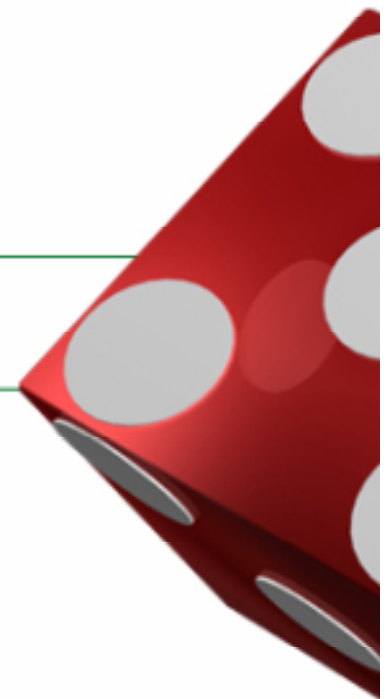
- Recovery in July from World Cup effect in June
- Performance during the first 10 weeks of Q3, typically a slow quarter, as anticipated



**Trading in line with management's expectations
On track to achieving current year-end profit expectations**



Financial Review



Profit and loss account

	H1 2006 \$m	H1 2005 \$m	% Change
Net Gaming Revenue	163.5	123.7	32%
Operating expenses	41.8	34.6	21%
Research and development expenses	9.2	4.6	97%
Selling and marketing expenses	49.0	51.8	(5)%
Administrative expenses*	17.1	7.3	136%
Operating profit*	46.4	25.4	83%
Finance income	1.6	0.2	745%
Profit before tax*	48.0	25.6	88%
Taxation	(1.4)	(1.1)	28%
Profit after tax*	46.6	24.5	90%
Earnings per share			
Basic*	¢13.8	¢7.3	89%

* 2006 excluding share benefit charges

Quarterly NGR

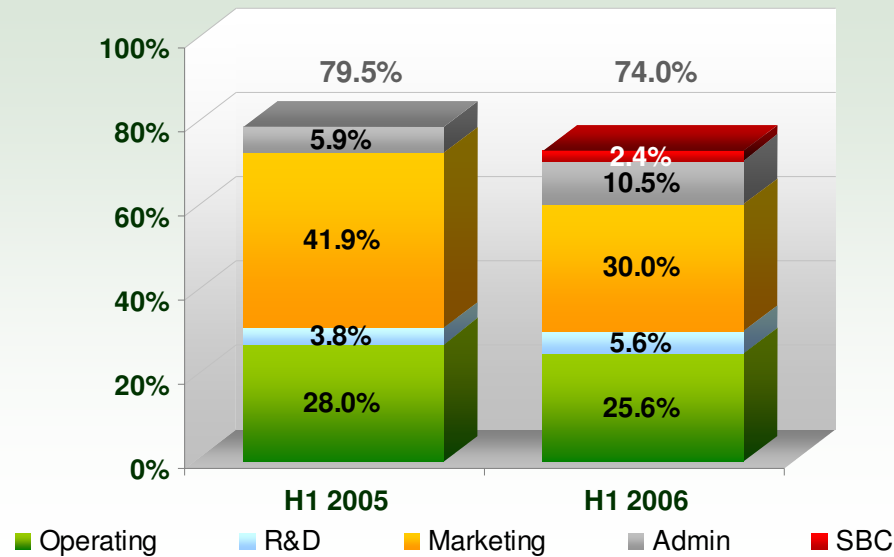
- NGR in H1 2006 up **32%** to **\$163.5m** (H1 2005: \$123.7m)
- Quarterly CAGR of **7.5%** from Q1 2004 to Q2 2006



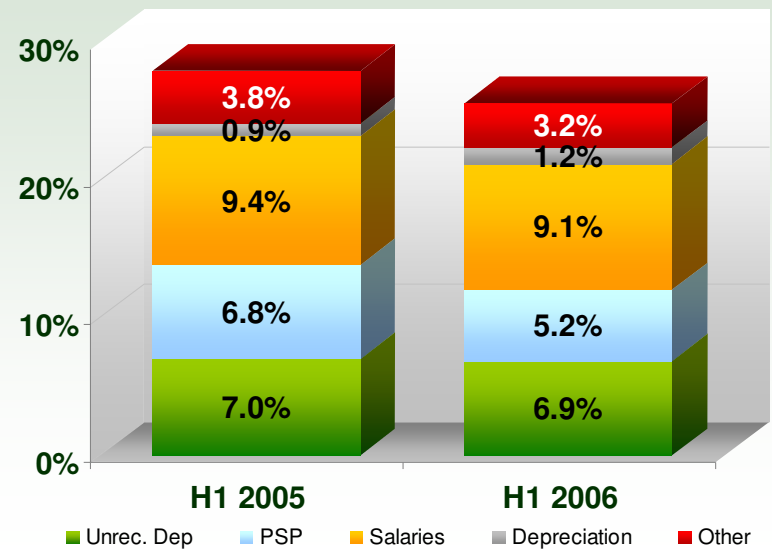
Costs

- Overall expenses as % of NGR reduced to **74%** since 2003 (2003: 83%)
- Largest expense in H1 2006 was marketing, **30.0%** of NGR, down from **41.9%** in H1 2005
- Operating expense - **25.6%** of NGR (H1 2005: 28.0%)

Costs as % of NGR

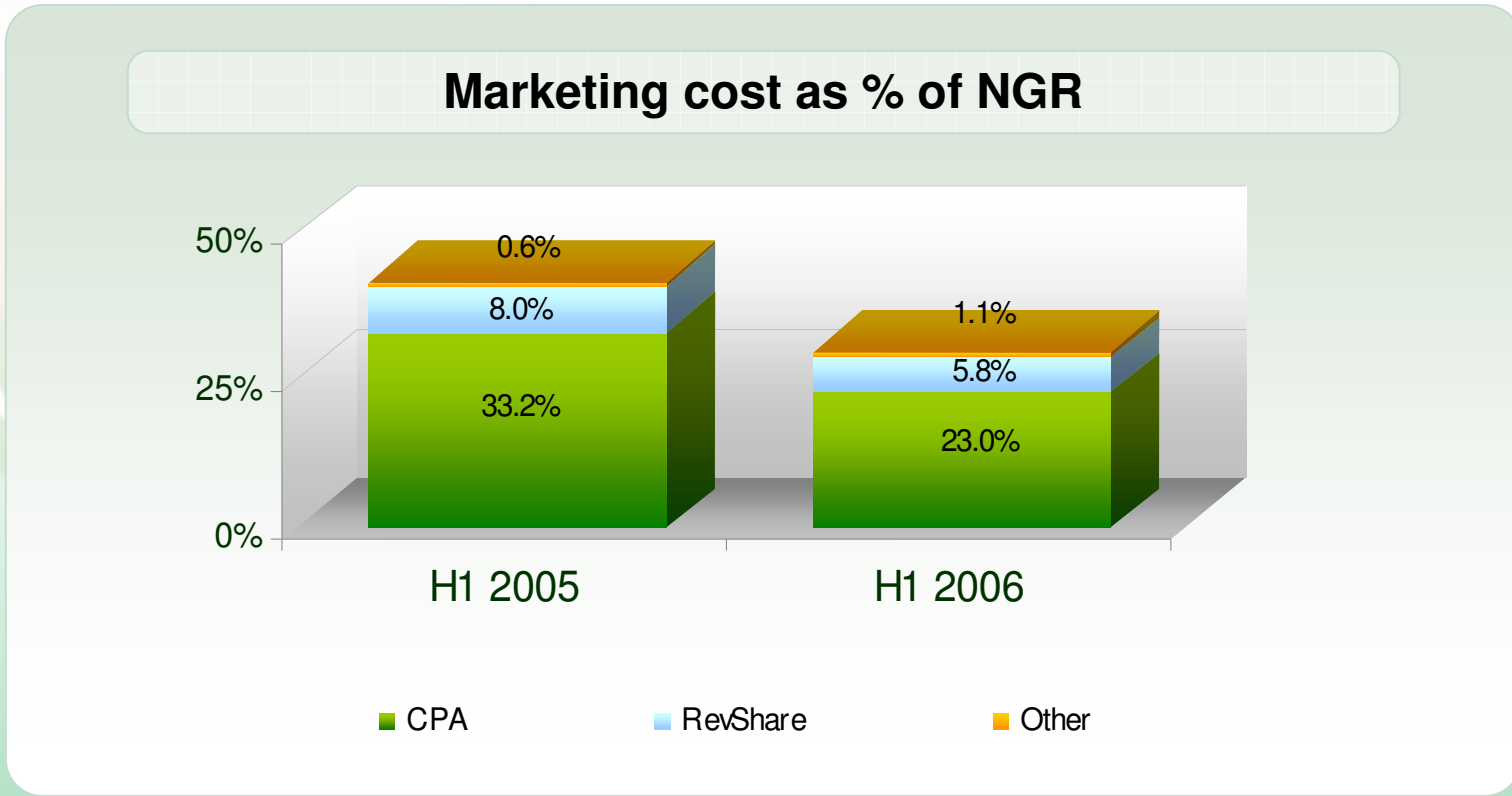


Operating Costs as % of NGR



Costs – Marketing

- In H1 2006 CPA Marketing costs represent **77%** of total marketing cost (H1 2005: 79%)
- On average, CPA in H1 2006 was **\$165*** (H1 2005: \$200)

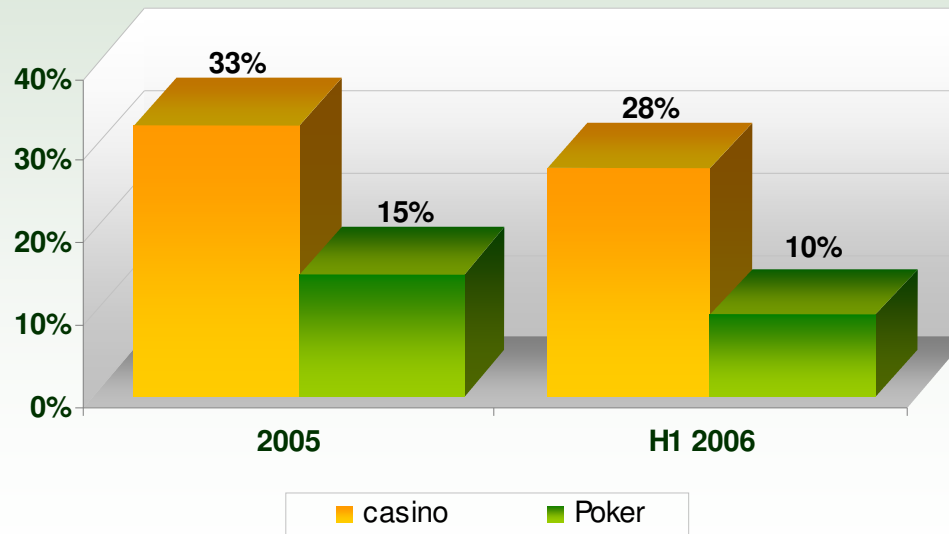


* Excluding customers recruited on a revenue share basis

Customer Bonuses

- Poker bonuses reduced to **10%** in H1 2006 from **15%** in 2005
- Casino bonuses reduced to **28%** in H1 2006 from **33%** in 2005

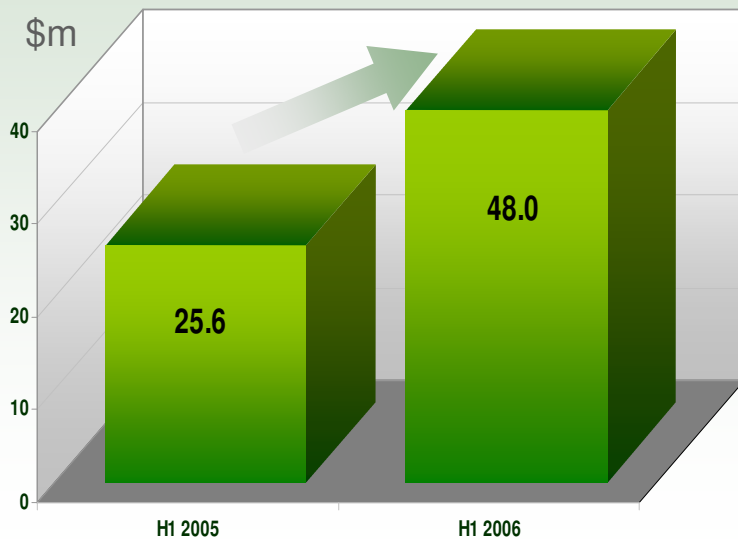
Customer bonuses as % of NGR



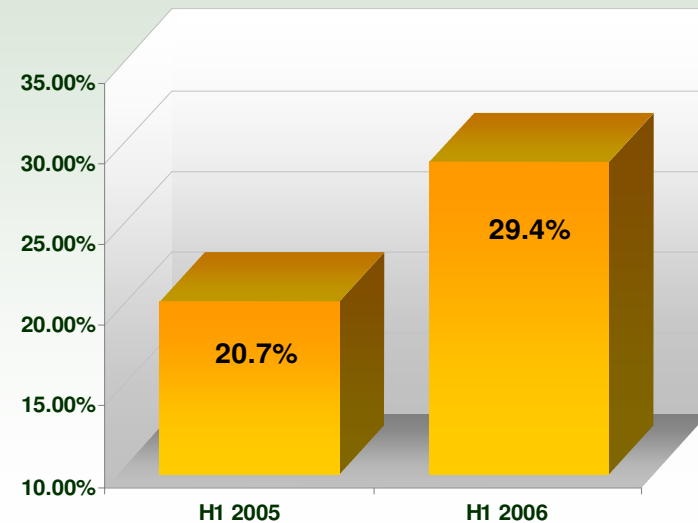
Profit before tax

- Profit before tax in H1 2006 was **\$48.0m*** , (H1 2005: \$25.6m)
- Profit margin in H1 2006 up to **29.4%*** (H1 2005: 20.7%)
- Profit before tax* CAGR from H1 2005 to H1 2006 was **37%**

Profit before tax*



Profit before tax* % of NGR



* 2006 excluding share benefit charges

Balance sheet as at 30th June 2006

	30 June 2006	30 June 2005
	\$m	\$m
Non-current assets		
Property, plant and equipment	9.4	7.8
Intangible assets	---	0.4
Deferred tax	0.5	---
	9.9	8.2
Current assets		
Cash and cash equivalents	116.9	42.1
Trade and other receivables	11.7	23.8
	128.6	65.9
	138.5	74.1
Total Assets		
Equity		
Share capital	3.1	3.1
Share benefit reserve	6.0	---
Retained earnings	69.8	28.5
	78.9	31.6
Liabilities		
Current liabilities		
Trade and other payables	29.6	17.4
Members deposits	30.0	25.1
	59.6	42.5
Total equity and liabilities	138.5	74.1

Unlevered balance sheet

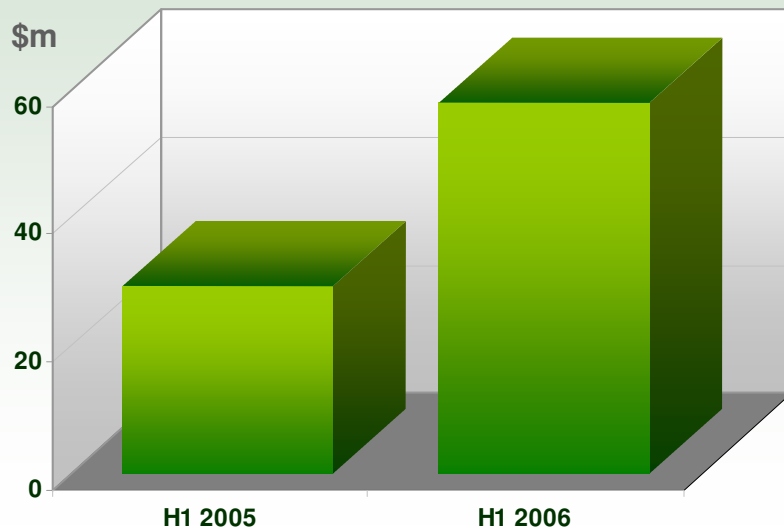
Cash flow statement

	H1 2006 \$m	H1 2005 \$m
Cash flows from operating activities		
Profit before tax	44.1	25.6
Share benefit charges	3.9	
Profit before tax and SBC	48.0	25.6
Depreciation and Amortization	1.9	1.2
Interest received	(1.6)	(0.2)
Change in current assets and liabilities	9.6	2.8
	57.9	29.4
Tax paid	(1.8)	(2.6)
Net cash generated from operating activities	56.1	26.8
Net cash used in Investing Activities	(1.4)	(1.9)
Financing activities		
Dividends paid	----	(23.1)
	(1.4)	(25.0)
Net increase in cash and cash equivalents	54.7	1.8
Cash and cash equivalents - beginning of year	62.2	40.3
Cash and cash equivalents - end of H1	116.9	42.1

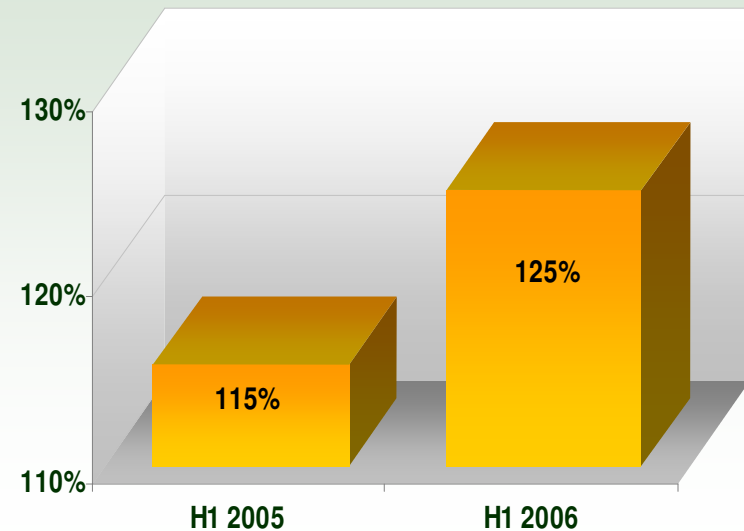
Cash flow from operating activities

- Cash flow from operating activities grew by **97.4%** between the 2 periods to **\$57.9m** (H1 2005: \$29.4m)
- Cash flow from operating activities as percentage of operating profit* grew to 125% (H1 2005: 115%)

Cash flow from operating activities



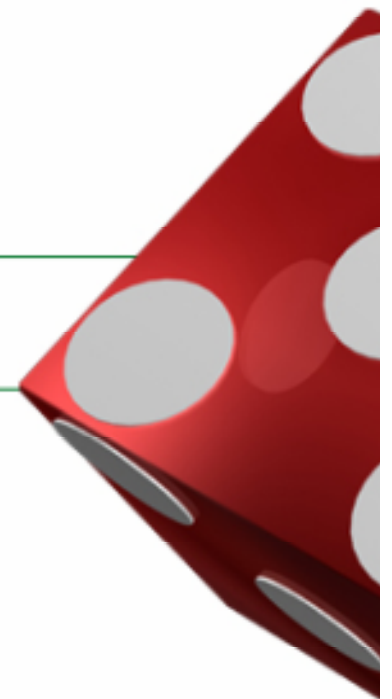
Cash flow as a% of operating profit



* 2006 excluding share benefit charges



Operating Review



What are we aiming to achieve?

We aim to achieve **Profitable Growth** through the Acquisition and Retention of Valuable Customers by providing our customers a Differentiated, Intentional Customer Experience

The Market is Changing

- Market growth continues
- Continuous competition
- Brand power is critical
- Major brands emerging as market leaders
- Brands becoming 'one stop shops' based on a 'shared wallet' infrastructure
- Consolidation is starting with visible M&A activity in the market
- Changes are expected in a consolidating market
- The future - a small number of large, branded global operators

Profitable Growth

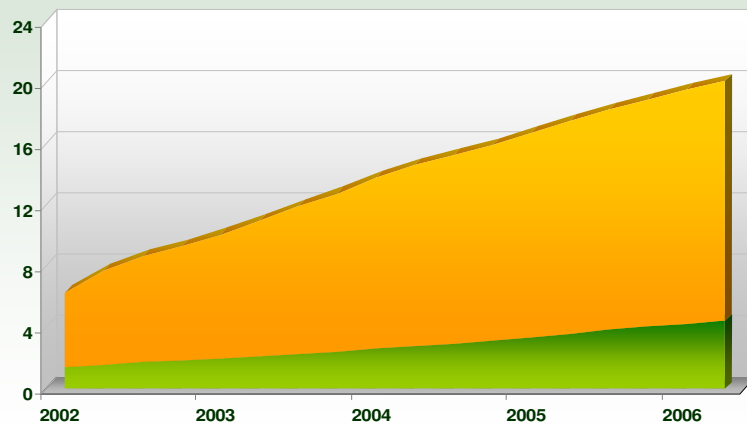
- Top line growth is not enough as some customers have low Life Time Value due to:
 - Sign on bonuses
 - Acquisition costs
- As the market evolves, picking the right customers becomes more difficult:
 - Customers are more aware of the various options
 - Acquisition channels push to get paid upfront for each customer
- Acquiring the high-value customers becomes the operator's major challenge
- Our focus on acquisition and retention of high-value customers, resulted in bottom line growth of 88%

Registrations and First Time Depositors

- Member registrations have increased consistently and reached **25.4 million** by Q2 2006
- Includes **5.3 million** Poker registered member accounts and **20.1 million** Casino registered member accounts
- In 2006, Casino real money new registrations exceeded **370,000** and Poker real money new registrations exceeded **380,000**
- In H1 2006 888 recruited **209,766** First Time Depositors

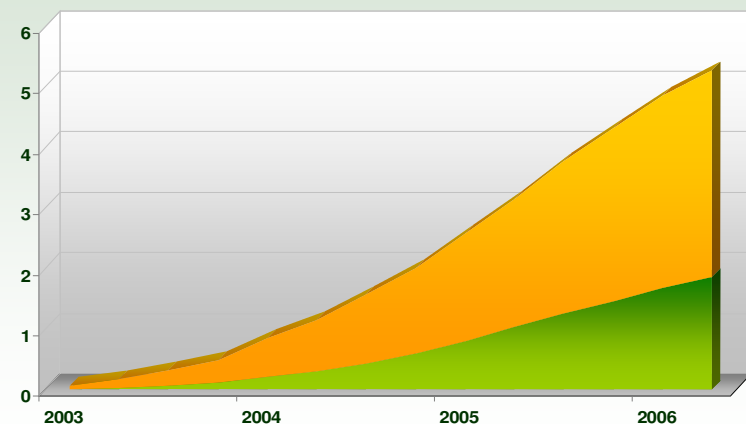
Casino Registrations

millions



Poker Registrations

millions



Real Free

Valuable Customers

- LTV measured from the first encounter
- Many parameters analysed in calculating value – model is customer specific
- Goal - immediate analysis of the profitability of online campaigns and maximum marketing efficiency
- Acquisition and retention decisions must be based on LTV:
 - Focus on acquiring and retaining high-value customers
 - Minimize the acquisition and retention of low-value customers
- Customer experience is fundamental to acquiring and retaining high-value customers

Why is Customer Experience so Critical

- The Online Gaming world has a few unique characteristics:
 - Low switching costs (the cost for a customer to open an account with a different operator)
 - Huge selection (each customer can easily find alternative operators)
 - Some inherent 'emotional churn' (when losing)
 - Some customers (especially in Poker) have more than one account (with different operators)
- The first level of acquisition and retention is based on brand power
- The key to success between the major branded operators is the customer experience
- Only the best customer experience can improve acquisition of high value customers and generate loyalty

The Customer Experience

- Customer experience is comprised of many different aspects:
 - Brand association
 - Gaming experience
 - Membership experience
 - Customer service experience
 - Deposit experience
 - Cash-out experience
- Everything the customer feels in any interaction with the operator is a part of the customer's experience
- Vital to get it right

Differentiation in Customer Experience

- Every operator strives to provide the best customer experience
- Not a valid strategy always:
 - Every element of the customer experience has a price tag (bonuses, promotions, SLAs etc.)
 - Low LTV customers should not get the best customer experience – as the investment does not pay back
 - 'Regular' players should get a better customer experience than offered by competitors
 - High value customers should get a unique customer experience, unparalleled in the market
- An ongoing, real-time process:
 - Determine the customer's potential value
 - Decide what customer experience should he/she get
- Examples:
 - Differentiated SLA in the call center, different bonuses and promotions to different customers, VIP CSRs to key customers, different deposit limits per customer etc.

Customer Acquisition and Retention

Our growth in customers acquisition and retention comes from various aspects of the customer experience:

	Acquisition	Retention
The 888 Brand	+	+
Geographic expansion with regional focus	+	=
Enhanced offering – more variety in existing games	+	+
Enhanced offering – new games	+	+
One stop shop	+	+
Market leading customer service	+	+

The 888 Brand

- **Why:**
 - Ensuring better, more effective and efficient marketing
 - Building the 'trust me' factor
 - Enabling smoother entry to new markets
 - Reducing churn through positive brand association
- **What did we do:**
 - New 888 branding campaign in the UK
 - Branding campaigns in the USA and across Europe
 - Additional 4 years of World Snooker Championship sponsorship
 - 2 additional football shirt sponsorships (Toulouse and Seville)
 - Extensive additional marketing activities including 2 sponsored WSOP finalists
- **Results:**
 - 888 most recognized online gaming brand in the UK
 - Increased brand recognition in the USA, continental Europe, and the Far East

Brand-Enhancing Sponsorships



IMPDI, 2006 WSOP



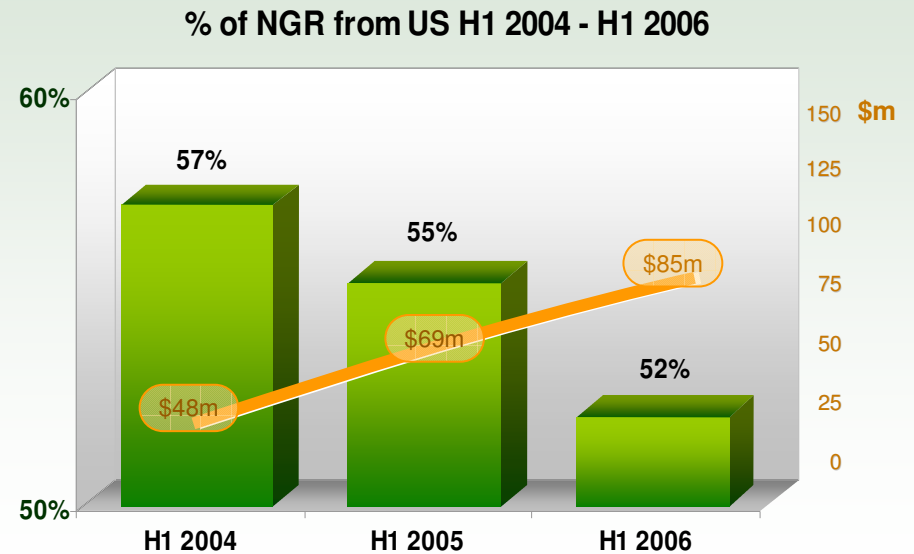
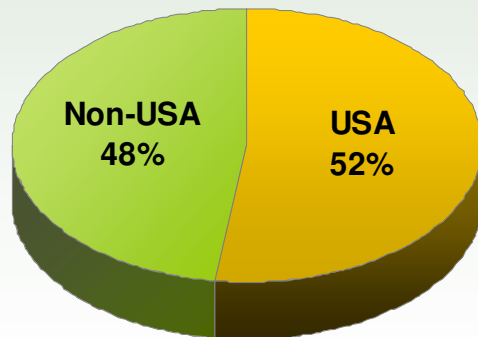
Geographic Expansion

- **Why:**
 - Maintaining quick growth rates
 - Reducing USA exposure
- **What did we do:**
 - Online and offline campaigns across Europe (in 13 countries)
 - Football sponsorship deals in Spain and France, the cornerstones of a comprehensive, multi channel marketing plan for these markets
 - Recruitment of local executives in various countries
- **Results:**
 - Overall growth
 - Quicker growth in our ROW business

Geographic Segmentation

- % of NGR from the USA has reduced from **57%** in H1 2004 to **52%** in H1 2006
- USA Poker NGR increased **31%** and USA Casino NGR increased **19%** from H1 2005

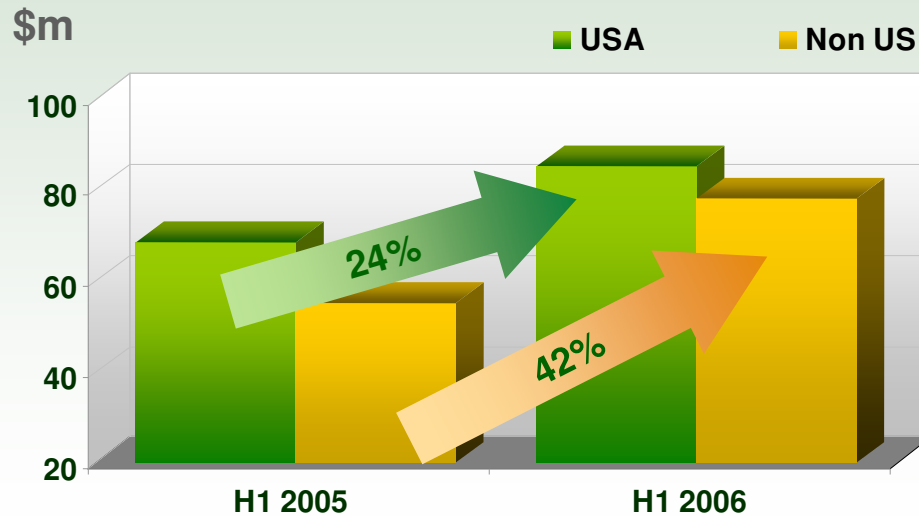
Geographic segmentation, NGR H1 2006



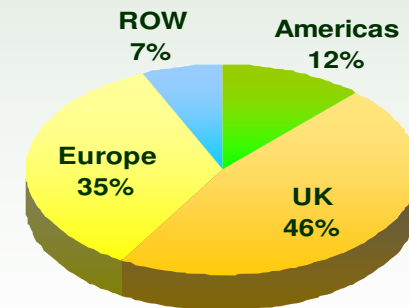
Geographic Segmentation

- Non-USA NGR up **42%** to **\$78m** (H1 2005: \$55m)
- USA is still the largest market with NGR of **\$85m** in H1 2006 (H1 2005: \$69m)

NGR H1 2005 – H1 2006



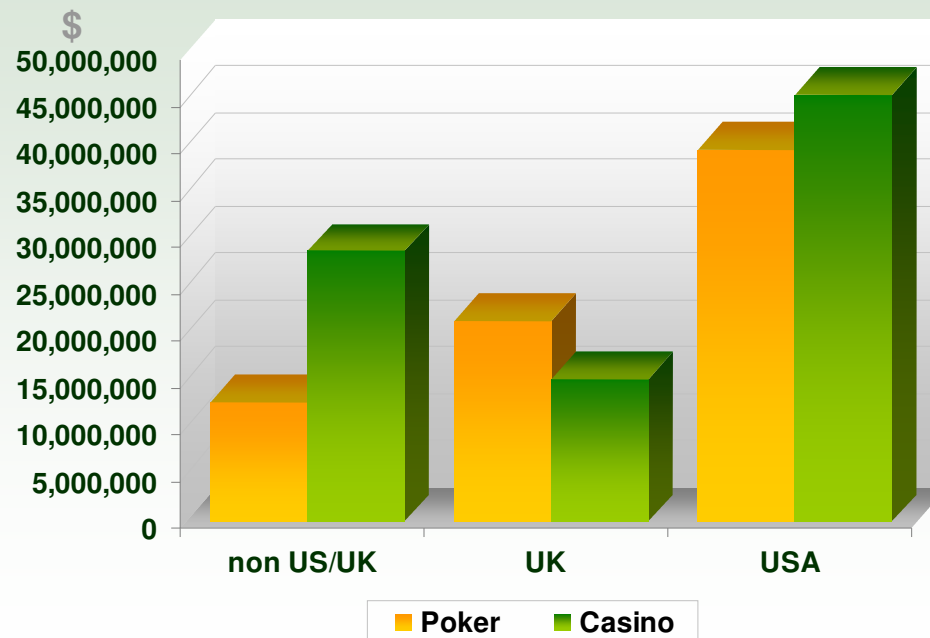
H1 2006 Non-USA Breakdow



NGR by Product and Region

- Casino NGR increased **12%** to **\$89.6m** in H1 2006 (H1 2005: \$79.9m), **22%** growth in UK
- Poker NGR up **68%** to **\$73.9m** (H1 2005: \$43.8m), **106%** growth in UK, and **385%** in rest of Europe

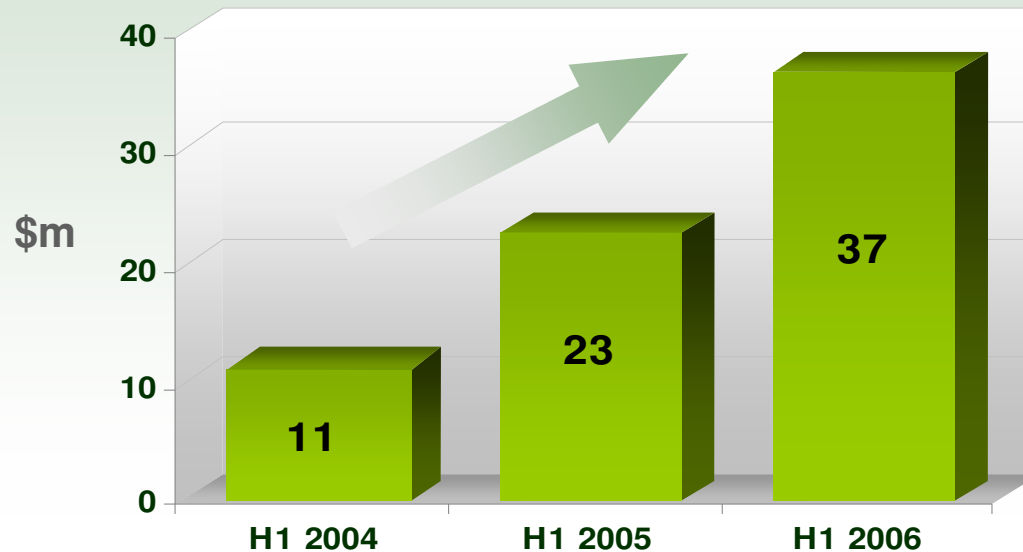
H1 2006 NGR by Product by Location



The UK Growth

- UK NGR grew **61%** to **\$37m** in H1 2006 (H1 2005: \$23m)
- CAGR H1 2004 to H1 2006 of **34%**
- UK results demonstrate the impact of a multi channel marketing approach, template for ROW expansion
- UK Poker NGR grew **106%** to **\$21.4m** (H1 2005: \$10.4m)

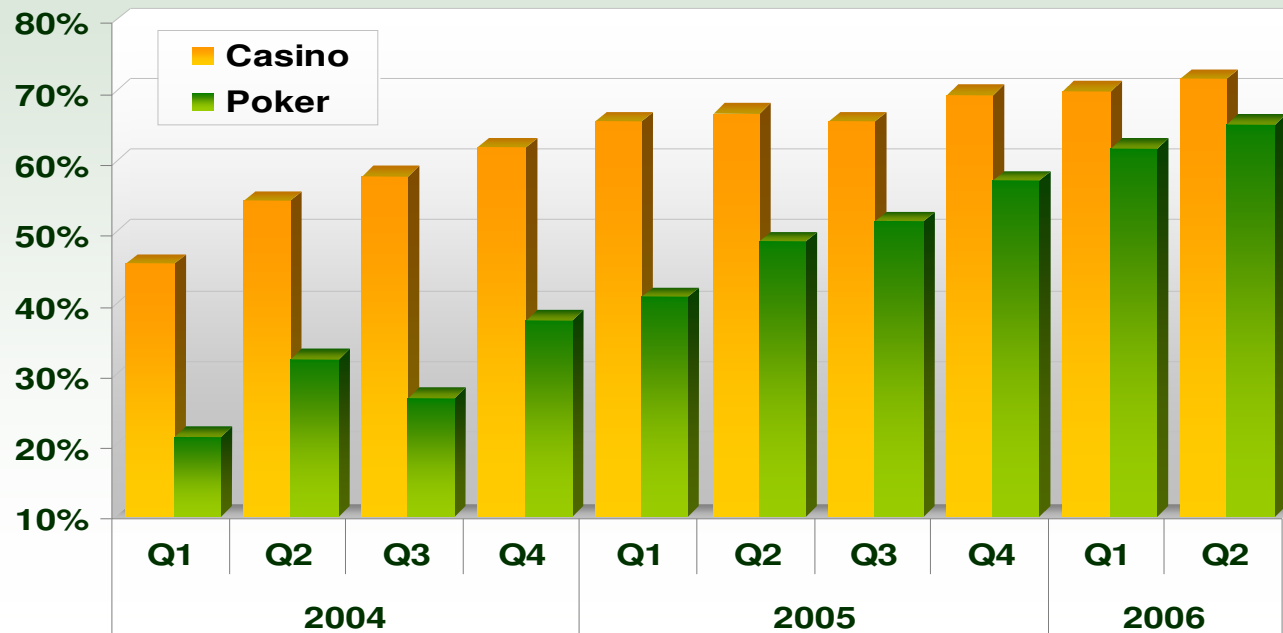
UK NGR H1 2004 – H1 2006



Rest of the World - New Player Growth

- **68%** of new players* in Q2 2006 are non-USA players, (Q2 2006: 56%)
- Percentage of non-USA new players is rising in both Poker and Casino

Percentage of non-USA new players



* New players are those who deposited money for the first time during the relevant period

France/Spain/Swedish/additional European campaigns



A screenshot of the Boursorama website. At the top, there is a banner for 888.com with the text "888.com" and "Gratuitement". Below the banner, the website content includes a navigation menu on the left and a main article titled "Léger rebond du DJ attendu avant les ventes de logements". A red and white 888.com banner is overlaid on the article, featuring the text "JEUX DE POKER GRATUITS" and "Cliquez pour Jouer".



A screenshot of the Weborama.fr website. The page features a large 888.com banner with the text "LE MEILLEUR ENDROIT POUR EXPERIMENTER LE VRAI POKER EN LIGNE!". To the right of the banner, there is a yellow box with the text "100% BONUS!" and "Haga clic aqui!". The website header includes the Weborama.fr logo and a search bar.



A screenshot of the FHM magazine website. The page features a large 888.com banner with the text "100% de Bonus Hasta \$2500". The banner also includes the 888.com logo and the text "Juegos Gratis". The website content includes a navigation menu on the left and a main article titled "ABO!".



A screenshot of the gamebet website. The page features a large 888.com banner with the text "SPIEL UND SPASS" and "GRATISSPIELE". The banner also includes the 888.com logo and the text "100% BONUS!". The website content includes a navigation menu at the top and a main article titled "TOP NEWS".

Japanese/Swedish/Danish Casino



More Variety in Existing Games

- **Why:**
 - Keeping customers' interest
 - Maximize our share of customers' spend in online gaming
 - Improving acquisition based on an innovative gaming experience
- **What did we do:**
 - Significant new Casino version:
 - New Video Slots – huge success
 - Significant new version in our Poker:
 - Multi-hand version
- **Results:**
 - Increased NGR per active customer
 - Clear playing habits shifting toward new games/features
 - Increased share of spend from our customers

60's/Egyptian/Football/Snooker Video Slots



Poker - Multi Hand/Bad Beat Jackpot/Royal Jackpot

The image displays three overlapping screenshots of the 888.com poker lobby interface, illustrating different features and promotional messages.

Top-Left Screenshot: Shows a table list with columns for Name, Game, and Buy-In. The table lists various poker games and their buy-in amounts.

ID	Name	Game	Buy-In
1210285	Heads Up	Hold'em	No Limit \$200 + \$10
1210282	11/10 81	Hold'em	No Limit \$10 + \$10
1210280	8 Seats	Hold'em	No Limit \$10 + \$10
1210276	10 Seats	Hold'em	No Limit \$2.50 + \$0.50
1210279	10 Seats	Hold'em	No Limit \$10 + \$1
1210270	8 Seats	Hold'em	No Limit \$10 + \$1
1210270	Heads Up	Hold'em	No Limit \$10 + \$0.50
1210278	40 Seats	Hold'em	No Limit \$2.50 + \$0.50
1210272	8 Seats	Hold'em	No Limit \$10 + \$1
1210274	8 Seats	Hold'em	No Limit \$1 + \$0.50
1210270	Heads Up	Hold'em	No Limit \$2.50 + \$0.50
1210270	10 Seats	Hold'em	Fixed \$2.50 + \$0.50
1210279	Heads Up	Hold'em	No Limit \$30 + \$1
1210285	10 Seats	Hold'em	No Limit \$1 + \$0.50
1210287	20 Seats	Hold'em	No Limit \$1 + \$0.50
1210288	8 Seats	Hold'em	Fixed \$20 + \$1
1210280	8 Seats	Hold'em	No Limit \$2.50 + \$0.50
1210281	Heads Up	Hold'em	Fixed \$100 + \$3

Middle Screenshot: Shows a 'Bad Beat' dialog box with a 'Win the FULL Jackpot' message. The dialog box includes a 'Click on "Help" for Terms & Conditions' button.

Bottom-Right Screenshot: Shows a 'Bad Beat' dialog box with a '\$1,524.80' amount and a 'Bad Beat' button. The dialog box also includes a 'Win the FULL Jackpot' message and a 'Click on "Help" for Terms & Conditions' button.

Casino KPI's

- Casino quarterly NGR per active customer in Q2 2006 reached **\$629**
- An increase of **36%** over Q2 2005 (Q2 2005: \$463)

Quarterly NGR per active customer Q1 2004 – Q2 2006



Poker KPI's

- Poker quarterly NGR per active customer in Q2 2006 reached **\$167**
- An increase of **54%** over Q2 2005 (Q2 2005: \$109)

Quarterly NGR per active customer Q1 2004 – Q2 2006



New Offering

- **Why:**
 - Same as adding games to existing proposition
 - Creating a new customer experience, relevant to new customers
- **What did we do:**
 - Invested in a new peer-to-peer to be launched in Q1 2007
 - Sportsbook:
 - Looking into the various options (buy/build)
 - Committed to providing our customers with a sports proposition which will fit our overall strategy
- **Results:**
 - 2 New games to be introduced in 2007

One Stop Shop

- **Why:**
 - Cross selling
 - Retention
 - Overall customer experience
- **What did we do:**
 - Introducing the 888 client in Q4 – selected Casino games in Poker
 - Simple to use shared wallet – will be introduced in Q1 2007
 - Built the data mining capabilities required to create a simple to use shared wallet, unlike anything available today in the market
- **Results:**
 - Our customers can access today Poker from the Casino client and soon some Casino games in Poker

Market Leading Customer Service

- **Why:**

- Critical for the customer experience
- Strengthening the trust-me factor
- Positive human interaction improves loyalty

- **What did we do:**

- Improved our (already unique) SLA:
 - **99%** of all incoming calls in English and **96%** of all other calls are answered within 20 seconds
 - **93%** of all chat requests answered within 37 seconds
 - **90%** of all casino and **78%** of all poker e-mails in English are answered within 20 minutes
- Added 3 new support languages for Poker in our call center (French, Italian, and German)
- Continued improvement of our CRM back office system which enables CSRs to decide immediately how to deal with each customer's query or request

- **Results:**

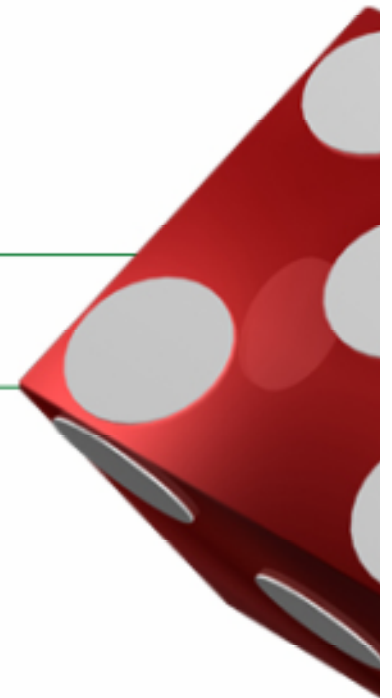
- Visibly the best customer service in the industry
- Improved satisfaction from our customer service

What Can You expect us to Do in the Coming Quarters

- Brand-enhancing activities in target countries
- Significantly more marketing activity in Europe and Asia Pacific
- Specific campaigns in UK, France and Spain around our football shirt sponsorships
- Continued Casino and Poker innovation:
 - One new video slot per month
 - Major new poker version in Q1 2007
- One new peer-to-peer offering; introduction in Q1 2007
- Sportsbook proposition; introduction in H1 2007
- Shared wallet for casino and poker in Q1 2007
- Innovative new promotions and loyalty plans aimed to harvest extensive customer data base



Regulation



Regulation - USA

LAW

- Constitutional
- Federal
- State

LEGISLATION / CASES

- 18 USC 1084 (Wire Act)
- Federal Fifth Circuit (Louisiana – MasterCard)

CURRENT BILLS

- HR / 4411 (Combination of Leach and Goodlatte)

ENFORCEMENT

- Jay Cohen – 2001 (Sports Book)
- Bet on Sports – 2006 (Sports Book)
- Sportingbet – 2006

Regulation - European Union

LAW

- Treaty of Rome (freedom of trade)

LEGISLATION / CASES

- Gambelli
- UK Gaming Act

STATE ACTION

- Member states take action for self protection (Italy / Sweden / Germany)
- EC – more action to enforce principal of free trade

COMING

- Next 6 months will see opening of opportunities to EU members
- Openness (includes Gibraltar)

Regulation – Rest of the World

LAW

- Situation mostly a “grey” area
- Notable exceptions - China
 - Korea

FUTURE

- UK Domino effect
- Sin Tax
- Worldwide accreditation based on existing licensed jurisdictions

Summary

- We delivered
- Record first half profits
- Operational improvement
- High dividend as promised
- Growth stock – high dividend



Q&A

