27th September 2018

888 Holdings Public Limited Company
("888" or the "Group")

Half Yearly Report for the six months ended 30 June 2018

Continued strategic progress and record profit

888, one of the world's most popular online gaming entertainment and solutions providers, announces its half-yearly results for the six months ended 30 June 2018 (the "period")

Financial Highlights

- Group revenue[1] increased by 1% to US$273.2 million (H1 2017: US$270.1 million)
- B2C revenue increased by 2% to US$246.7 million (H1 2017: US$242.6 million)
- Continued momentum in regulated markets (excluding the UK) where revenue increased by 30% led by Spain and Italy
- Casino revenue increased by 10% to US$161.0 million (H1 2017: US$146.7 million); Casino revenue excluding UK increased by 24%
- Sport revenue increased by 11% to US$37.5 million (H1 2017: US$33.7 million); Sport revenue excluding UK increased by 34%
- Bingo revenue decreased by 11% to US$17.6 million (H1 2017: US$19.7 million) reflecting heightened regulatory scrutiny in the UK
- B2B revenue decreased by 4% to US$26.5 million (H1 2017: US$27.5 million)
- Release of an exceptional provision of US$22.4 million in respect of a legacy VAT matter in Germany
- Adjusted EBITDA[2] increased by 10% to US$52.4 million (H1 2017: US$47.6 million); EBITDA for the period was US$70.0 million (H1 2017: US$7.3 million loss)
- Adjusted EBITDA margin increased by 160bp to 19.2% (H1 2017: 17.6%)
- Adjusted Profit before tax[2] increased by 13% to US$42.5 million (H1 2017: US$37.6 million) and Profit before tax was US$60.1 million (H1 2017: US$17.3 million loss)
- Adjusted basic earnings per share increased by 2% to 10.5¢ (H1 2017: 10.3¢); basic earnings per share increased to 15.4¢ (H1 2017: loss per share of 5.0¢)
- Interim dividend of 4.2¢ per share (H1 2017: 4.0¢ per share)

Operational Highlights

- Continued strong momentum in Casino and Sport and European markets (excluding UK) resulted in an increase in new B2C customers and healthy deposit levels
- Revenue from regulated and taxed markets represented the significant majority of Group revenue at 70% (H1 2017: 70%)
- Mobile devices continued to drive growth across B2C verticals representing 75% (H1 2017: 69%) of UK revenue and 62% (H1 2017: 54%) of worldwide revenue
- Average active days per Casino player increased 9% and average revenue per Casino player increased 7% supported by the successful launch in May of *Orbit*, a new cutting-edge web-based Casino platform, across .com markets
- Continued momentum in Sport with a very strong performance during the FIFA World Cup which continued post the period end

[1] Revenue in this document is before VAT accrual release.
[2] As defined in the financial summary below.

- Successful launch of 888poker.it in January
- Further investment and development in the US market including:
    - recent launch of 888Sport in New Jersey
    - extension of 888's unique interstate poker network to include New Jersey and pool poker players across all three currently regulated US states;
    - two-year contract extension with the Delaware Lottery;
    - extended contract with Kambi, 888's sportsbook provider, to include the US market in readiness for opportunities presented by repeal of The Professional and Amateur Sports Protection Act ("PASPA");
    - significantly enhanced Casino content in New Jersey.

Itai Frieberger, CEO of 888, commented:

"We are pleased with 888's performance during the first half of the year which has resulted in further progress against the Group's strategic objectives. 888 has continued to focus on enhancing compliance and customer protection, delivering growth in regulated markets and exciting product innovation.

We have maintained strong momentum in Casino and Sport particularly in continental European markets. In the UK, we are pleased to report that since the period end we have started to see positive trends in revenue. This follows the proactive and prudent customer protection measures that we have implemented over the last 18 months which have adversely impacted revenue.

The repeal of PASPA in May was a very exciting development for 888 given our unique experience and established partnerships in the US market. We have continued to invest in our US operations for long-term growth including extending our inter-state Poker network across all three currently regulated states, significantly enhancing our Casino product and, most recently, launching Sports betting in New Jersey.

We have invested in product innovation to ensure that 888 customers continue to enjoy fresh and differentiated entertainment. In May, we launched 'Orbit', an innovative new Casino platform, across our .com markets and we have seen exciting early results. We plan to extend Orbit across a number of major regulated markets during the second half as well as introducing new features to 888Sport and launching 'Poker 8', 888's next generation poker platform.

The Board continues to believe that 888 is very well positioned for future growth underpinned by our diversification across products and markets, technology leadership and a first-class team. Trading during the second half of the financial year to date has been in line with the Board's expectations with average daily revenue excluding the UK 6% higher year on year, 4% lower overall and an encouraging 9% increase in Group new customers acquisition. We have several exciting growth opportunities ahead and the Board remains confident that the profit outlook for the full year will be in line with market expectations."

Financial summary

	Six months ended 30 Jun 2018[1] US$ million	Six months ended 30 Jun 2017[1] US$ million	Change
Revenue - B2C			
Casino[2]	161.0	146.7	**10%**
Sport	37.5	33.7	**11%**
Poker	30.6	42.5	**(28%)**
Bingo	17.6	19.7	**(11%)**
Total B2C	**246.7**	**242.6**	**2%**
B2B	**26.5**	**27.5**	**(4%)**
Revenue before VAT accrual release	**273.2**	**270.1**	**1%**
VAT accrual release [3]	10.7	-	
Revenue	**283.9**	**270.1**	**5%**
Adjustment of VAT accrual release	(10.7)	-	
Operating expenses[4]	(70.4)	(68.9)	
Gaming taxes and duties	(37.8)	(37.4)	
Research and development expenses	(16.6)	(17.2)	
Selling and marketing expenses	(82.7)	(85.4)	
Administrative expenses[5]	(13.3)	(13.6)	
Adjusted EBITDA [6]	**52.4**	**47.6**	**10%**
Depreciation and amortisation	(10.1)	(9.3)	
Finance	0.2	(0.7)	
Adjusted profit before tax	**42.5**	**37.6**	**13%**
Share benefit charges	(5.0)	(4.1)	
VAT accrual release	10.7	-	
Exceptional items[7]	12.0	(50.8)	
Share of equity accounted associates loss	(0.1)	-	
Profit (loss) before tax	**60.1**	(17.3)	
Adjusted basic earnings per share	**10.5¢**	**10.3¢**	**2%**
Basic earnings (loss) per share	**15.4¢**	**(5.0¢)**	

Reconciliation of profit before tax to EBITDA and Adjusted EBITDA

	Six months ended 30 Jun 2018[1] US$ million	Six months ended 30 Jun 2017[1] US$ million
Profit (loss) before tax	60.1	(17.3)
Finance	(0.2)	0.7
Depreciation	2.5	3.0
Amortisation	7.6	6.3
EBITDA	**70.0**	**(7.3)**
Exceptional items[7]	(12.0)	50.8
VAT accrual release[3]	(10.7)	-
Share benefit charges	5.0	4.1
Share of equity accounted associates loss	0.1	-
Adjusted EBITDA[6]	**52.4**	**47.6**

1 Totals may not sum due to rounding.

2 Emerging Offerings segment, which included social games revenue, is now presented in the Casino segment. H1 2017 revenue figures have been re-classified to allow a like for like comparison. These changes are described in note 2 to the financial statements.

3 Revenue includes US$10.7 million (H1 2017: nil) in respect of accrual release which relates to receipt of tax assessments in respect of legacy value-added tax in Germany, as detailed in note 11 to the financial statements.

4 Excluding depreciation of US$2.5 million (H1 2017: US$3.0 million) and amortisation of US$7.6 million (H1 2017: US$6.3 million).

5 Excluding share benefit charges of US$5.0 million (H1 2017: US$4.1 million).

6 Adjusted EBITDA is the main measure the analyst community uses to evaluate the Company and compare it to its peers. The Group presents adjusted measures (including adjusted profit before tax) which differ from statutory measures due to the exclusion of exceptional items and adjustments. It does so because the Group considers that it allows for a better reflection of the underlying financial performance of the Group.

7 Exceptional income of US$12.0 million related to US$22.4 million release of provision following receipt of tax assessments in respect of legacy VAT relating to the provision of gaming services in Germany prior to 2015 (H1 2017: exceptional charges of US$45.3 million) offset by an accrual of US$10.4 million in respect of regulatory matters related to customers' activity in prior periods as set out in note 4 to the financial statements.

Sell-side analyst presentation

Itai Frieberger, Chief Executive Officer, Aviad Kobrine, Chief Financial Officer, and Itai Pazner, Chief Operating Officer will host a presentation for sell-side analysts today at 10:00 (BST) at the offices of Hudson Sandler, 25 Charterhouse Square, London EC1M 6AE. To express interest in attending please contact 888@hudsonsandler.com or call +44 (0)207 796 4133.

An audio webcast of the presentation will be available from the investor relations section of 888's website (http://corporate.888.com/investor-relations) later today.

Enquiries and further information:

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This announcement includes statements that are, or may be deemed to be, "forward-looking statements". By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this announcement reflect 888's view with respect to future events as at the date of this announcement. Save as required by law or by the Listing Rules or the Disclosure Guidance and Transparency Rules of the UK Listing Authority, 888 undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this announcement that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement.

Chief Executive Officer's Review

Introduction
888 has continued to deliver progress against its strategic objectives during the first half of 2018 with a sustained focus on enhancing compliance, customer protection, growing revenue in regulated markets, and working on exciting product innovation.

Group revenue increased by 1% to US$273.2 million (H1 2017: US$270.1 million) representing a 5% decline at constant currency. This has been driven by continued strong revenue growth of 30% in regulated markets excluding the UK. However, as previously indicated, the UK online gambling market remains challenging and characterised by increased regulatory scrutiny. As a result, we have been adapting the way that we operate for the long-term growth of our business by enhancing customer protection practices through innovation and automation as well as diversifying marketing investment into higher growth areas of the business, thereby reducing exposure to any one single market. I am pleased to report that since the period end we have started to see positive trends in the UK on the back of the optimisation efforts implemented over the past 18 months.

888 continues to embrace and support regulatory developments globally that provide better customer protection and clear frameworks for online gaming operators. In May, the US Supreme Court overturned PASPA thereby opening the path to US states regulating online sports betting. This represented a seismic change in the US regulatory landscape and with 888's experience, strategic position and established partnerships in the US market, the Board is confident this development will provide significant growth opportunities for 888. Whilst these will require meaningful investment in the near term that will have an impact on Group profitability, the longer term potential for 888 is significant in what is likely to become the largest regulated market globally.

The Group's continued momentum during the period as well as the strengths of 888's diversification, technology and ability to capitalise on regulatory changes mean that 888 is in good health for the second half of the year and beyond.

Financial review

Operating Expenses
Continued growth in 888's Sport and Casino offerings resulted in higher commissions and associated charges. Operating expenses[1] increased by 2% to US$70.4 million (H1 2017: US$68.9 million) with the ratio of Operating Expenses to revenue remaining stable at 25.8% (H1 2017: 25.5%). Reported Operating Expenses amounted to US$80.5 million (H1 2017: US$78.2 million).

Gaming taxes and duties
Gaming duties remained stable at US$37.8 million (H1 2017: US$37.4 million) with the increase in duties outside of the UK offset by the Group's reduced dependency on the UK.

Research and development expenses
Research and development expenses decreased by 4% to US$16.6 million (H1 2017: US$17.2 million) mainly as a result of continued operating efficiencies and strict cost control. The Group continued to invest in the development of new products and games as well as tools to further enhance customer protection (as described below).

[1] As defined in the table set out on page 3.

Selling and marketing expenses

Overall marketing expenses decreased by 3% to US$82.7 million (H1 2017: US$85.4 million) driven by lower marketing investment in the UK reflecting the Group's performance in that market. However, new customers in the UK increased by 3%. Other markets, including high-growth regulated European markets, saw an increase of more than 40% in marketing investment. The ratio of marketing expenses to revenue declined to 30.3% (H1 2017: 31.6%).

Administrative expenses

Administrative expenses[1] amounted to US$13.3 million (H1 2017: US$13.6 million) and represented a lower proportion of revenue compared to the same period last year at 4.9% (H1 2017: 5.1%). This was a result of continued operational gearing and efficiencies. Reported administrative expenses amounted to US$18.3 million (H1 2017: US$17.7 million).

Adjusted EBITDA

Adjusted EBITDA for the period increased by 10% to US$52.4 million (H1 2017: US$47.6 million) representing a 1% increase at constant currency. This positive outcome was achieved despite the impact of both the UK market's heightened regulatory scrutiny and higher UK Point of Consumption ('POC') duty as a result of the new gross gaming revenue tax base which has been effective since the second half of 2017. Adjusted EBITDA margin[2] increased to 19.2% (H1 2017: 17.6%). EBITDA for the period amounted to US$70.0 million (H1 2017: loss of US$7.3 million) as detailed in the table above.

Share benefit charges

The Group recorded a non-cash share benefit charge of US$5.0 million (H1 2017: US$4.1 million) mainly attributed to long-term incentive equity awards granted to eligible employees.

Finance income and expenses

Finance income of US$0.3 million (H1 2017: US$0.3 million) less finance expenses of US$0.1 million (H1 2017: US$1.0 million) resulted in net finance income of US$0.2 million (H1 2017: net finance expense of US$0.7 million).

Exceptional items

Exceptional income was US$12.0 million (H1 2017: Exceptional expense of US$50.8 million). The Group received tax assessments from the tax authorities in Germany in respect of a legacy VAT matter relating to the provision of gaming services in Germany prior to 2015. This resulted in a US$22.4 million release of the US$45.3 million provision which was recorded in H1 2017, as described in further detail in Note 6 to the H1 2018 financial statements. In addition, during the period the Group recorded a provision of US$10.4 million in respect of regulatory matters related to customers' activity in prior periods.

Profit before tax

Profit before tax was US$60.1 million (H1 2017: US$17.3 million loss). Adjusted Profit before tax increased by 13% to US$42.5 million (H1 2017: US$37.6 million).

Taxation and profit after tax

Taxation increased to US$4.7 million (H1 2017: US$0.6 million). The increase is primarily a result of the higher profit before tax during the period and the effect of foreign currency earnings following the strengthening of the USD against the ILS. Profit after tax increased significantly to US$55.4 million (H1 2017: loss after tax of US$17.9 million) as a result of higher EBITDA and the impact of the exceptional items outlined above.

Earnings per share

Basic earnings per share increased significantly to 15.4¢ (H1 2017: 5.0¢ loss per share). Adjusted basic earnings per share increased by 2% to 10.5¢ (H1 2017: 10.3¢). Further information on the reconciliation of adjusted basic earnings per share is provided in Note 5 to the H1 2018 financial statements.

1 As defined in the table set out on page 3.

2 Adjusted EBITDA margin is calculated using Revenue before VAT accrual release.

Dividend

Given the Group's performance and the Board's confidence in the outlook, it has declared an interim dividend of 4.2¢ per share (H1 2017: 4.0¢ per share).

Cash flow

Net cash generated from operating activities was US$16.1 million (H1 2017: US$43.9 million). The decrease is primarily explained by: an exceptional payment on account of historical VAT in Germany; higher UK POC duty described above; higher gaming duties in respect of H2 2017 driven by increase in trading activity and a reduction in customer deposits as a result of decrease in Poker activity.

Balance sheet

888's balance sheet remains strong, with no debt and ample liquid resources. The Group held cash at 30 June 2018 of US$143.6 million (31 December 2017: US$179.6 million). The decrease in the cash balance compared to 31 December 2017 is a result of the 2017 final dividend payment of US$41.4 million on 11 May 2018. Balances owed to customers were US$65.6 million (31 December 2017: US$71.7 million).

Strategic progress

888's growth strategy is aimed at achieving the Group's potential across a diverse range of products and markets by delivering organic growth as well as evaluating attractive M&A opportunities. Underpinning this strategy are 888's core strengths including world-class technology; a strong, dedicated management team; business analytics expertise; CRM capabilities and innovative marketing.

888 made further progress against the following key pillars of its strategy during H1 2018:

Development of 888's core B2C brands

B2C Revenue increased by 2% to US$246.7 million (H1 2017: US$242.6 million). This performance was driven by further progress in Casino, healthy Sport revenue growth excluding the UK of 34% and continued strong momentum in continental European markets. This was offset in part by a reduction in revenue from the UK resulting from the proactive and prudent customer protection measures 888 has taken amidst the market's heightened regulatory scrutiny as well as the re-deployment of marketing investment into other markets.

The contribution from mobile devices continued to increase in terms of revenue, deposits and customer recruitment across B2C verticals. The proportion of B2C revenue from mobile devices in the UK increased to 75% (H1 2017: 69%) with the proportion of customers recruited and depositing from mobile devices also on the rise.

Casino

Casino revenue increased by 10% to US$161.0 million (H1 2017: US$146.7 million). Outside of the UK, Casino revenue increased by an impressive 24% demonstrating the strengths of our innovative marketing, CRM and customer proposition, particularly on mobile devices. Average active days per Casino players increased by 9% year on year and average revenue per player increased by 7%.

Casino continued to benefit from effective cross-sell from other verticals, primarily Sport and Poker, as well as continued innovation to the product with 56 new games added across mobile and desktop platforms during the period. In addition, at the end of May, the Group successfully launched *Orbit,* 888's new cutting edge web-based Casino platform across the Group's .com markets. The new Flash-free platform provides a more personalised display and seamless experience for customers with login times reduced and the transition between games made smoother. In addition, the new platform enables 888 to better utilise its ever-increasing content suite with many more titles and games due to be introduced before the end of the year (both in-house developed games and third-party content). We are very pleased with the initial results since launch with conversion rates, bet volumes and deposits improving. We have also seen positive trends in active days per player as well as the average number of games played by customers. We plan to further enhance personalisation and launch the new platform in the second half of the year across a number of regulated markets including Italy, Denmark and Spain.

Sport

888Sport continued to deliver good growth driven by a strong performance during the FIFA World Cup (which continued post the period end), effective and innovative marketing campaigns, a wider portfolio of events for customers to bet on, enhanced live betting options and increased personalisation for customers. This resulted in revenue increasing by 11% to US$37.5 million (H1 2017: US$33.7 million) despite the strong comparatives in the prior year and the negative impact of some exceptional horse racing wins during the period. Outside of the UK, Sport revenue increased by 34%.

We continue to invest in our Sport proposition across both product and marketing. 888 is in advanced stages of developing a new 888Sport "front-end" to improve functionality and the customer experience, integrate artificial intelligence tools and increase customer personalisation. We are confident that this will further differentiate 888's sports product from competitors and support the fast-growing 888Sport brand proposition.

Poker

Poker experienced a challenging first half with a revenue decrease of 28% to US$30.6 million (H1 2017: US$42.5 million). This outcome reflects the decision to exit several markets (primarily Australia) during the comparable prior period, the continued challenges of the overall poker market and the negative impact of the FIFA World Cup at the end of the period. Revenue generated from poker players "cross-sold" into other verticals increased by 14% and therefore total revenue generated from the Poker vertical, including cross-sell into other products, declined significantly less overall by 8%. When adjusted for markets that 888 closed and excluding the UK, this revenue stream increased slightly year over year.

Poker remains a very important acquisition tool and the flow of poker players also playing Casino and Sport continued to be an important element of the business. Poker revenue from mobile devices continued to increase reflecting 888's product development focus over recent years on recreational play. We are continuing to invest in and develop our Poker proposition and, in January 2018, we launched Poker in Italy with great success. In addition, we are developing *Poker 8*, a new and improved cross-territory Poker platform. We have worked with and taken feedback from our players and the new platform will improve the display of the tables, functionality in the lobby and enhance graphics to provide an even more engaging and modern poker experience. We are excited about this launch which we plan to commence a phased roll-out of by the end of the year. In addition, during the second half of the year, we plan to launch more and even larger tournaments and events than ever before, supported by incremental marketing efforts, that we are confident will inject new momentum to our Poker offer.

Bingo

The Group recorded Bingo revenue of US$17.6 million (H1 2017: US$19.7 million) representing an 11% reduction year on year. However, average revenue per player increased by 12% reflecting the Group's effective CRM. While the Group's brands continue to benefit from regular new content, in-house developed games, fresh 3rd party content, innovative features and enhanced shared liquidity, the overall Bingo performance reflects a continued highly competitive UK bingo market as well as the proactive steps 888 has taken to address the tighter regulatory environment in the UK.

Bingo B2C revenue from mobile devices continued to increase and represented 74% of revenue (H1 2017: 66%). The Bingo product pipeline has a number of innovative features to help restore growth including new bingo variants and the recently launched - and very well received - "mystery" jackpot feature, soon to be deployed across all brands on the platform.

B2B

Revenue from Dragonfish, 888's B2B division, decreased by 4% to US$26.5 million (H1 2017: US$27.5 million) reflecting the challenges seen across the UK bingo market and the gradual reduction in marketing investment by Cashcade, one of Dragonfish's Bingo partners who has taken the decision not to extend its agreement with Dragonfish and is currently in the process of migrating its brands to its own proprietary platform. We anticipate that this will have a small negative impact on Group EBITDA in FY 2019.

13 new skins joined the platform during the period. We continue to develop the Dragonfish customer offer with 109 new games introduced to the portfolio during the first half and a pipeline of new features and functionalities, including additional games and enhanced personalisation and optimisation tools, planned for the remainder of the year.

Regulated markets

888 remains focused on growing in sustainable, regulated markets where the Group can leverage its full marketing expertise to capture growth opportunities. The global regulatory landscape continues to develop and the Group remains focused on examining new markets on a case by case basis dependent on the strategic and economic viability of the regulation.

Revenue from regulated markets continued to represent the significant majority of Group revenue with revenue from regulated and taxed markets representing 70% of revenue (H1 2017: 70%).

Continental Europe

Regulated markets in Continental Europe continued to experience healthy growth with a revenue increase of 28% (H1 2017: 23%). This outcome reflects strong progress driven by Sport and Casino .Poker was a main driver in Italy as detailed below.

In Spain, the Group's second largest market, the Group continued to benefit from successful marketing investment and healthy momentum in Sport resulting in a revenue increase of 21% to US$33.5 million (H1 2017: US$27.7 million). Spain represented 12% (H1 2017: 10%) of total revenue.

888poker.it launched in January 2018 and supported 888's continued progress in the Italian market. However, the potential industry-wide gambling advertising ban in Italy announced by the new Government will reduce the opportunities for continued growth for all operators.

UK

UK revenue decreased by 18% compared to the same period last year to US$86.5 million (H1 2017: US$105.2 million). This was driven in part by revisions to our practices to align with the stricter regulatory environment across the market as well as the decision by the Group to redeploy marketing investment and focus on the areas of the business that are generating the highest returns. The actions that 888 is taking in the UK market include tightening anti-money laundering processes and increasing customer due diligence and protection. These actions are not only the right thing to do but also position the Group for long-term development and with a clear competitive advantage in what remains the world's largest regulated online gaming market. As a result of the developments in the UK as well as the strong progress delivered across continental European markets, revenue from the UK represented only 32% of total revenue (H1 2017: 39%).

US

In May, we were pleased by the US Supreme Court's decision to repeal PASPA, thereby clearing the path for US states to regulate sports betting and marking a major landmark in the development of regulated online gambling in the United States. Having been in the regulated US market since 2013 and as the only operator in all three states where legal online betting is currently underway, 888 enjoys a strong and truly unique position in the US market. With 888's experience, strategic positioning and established partnerships, the Board is excited by the potential for 888 in the United States and the Group is currently focused on investing behind delivering these potentially significant medium to long-term growth opportunities for the business.

[1] EMEA (excluding the UK and Spain) geographical segment, was previously presented as 'Europe other' geographical segment,

888 has continued to develop its position in the US during the period and, in May, we were pleased to announce the successful extension of 888's unique interstate poker network to pool poker players across all three currently regulated US states. Since March 2015, the network has successfully connected players across Nevada and Delaware and, with the addition of New Jersey, the largest regulated US state, customers playing with 888's brands and our B2B partners are now able to enjoy a greater choice of cash games and tournaments. The tri-state interstate network launched with a host of new exciting tournaments and prizes, including a guaranteed weekly US$100,000 Sunday Tournament, and we are pleased with the performance to date. This investment further demonstrates 888's commitment to the regulated US online gaming market and we hope to see additional states join our unique poker network in the future.

In May we were also pleased to announce an extension of our contract with the Delaware Lottery to continue powering the state lottery platform for a further two years.

In June we announced an extended partnership with Evolution Gaming a leading provider of Live Casino solutions in New Jersey as we continue to invest in and improve our offering in the state. Post the period end, 888casino launched a comprehensive Live Casino suite of products to New Jersey customers including American Roulette, Slingshot Roulette, Baccarat, Poker and Blackjack with a "Bet Behind" feature and side bets including 21+3, Perfect Pairs, Ultimate Texas Hold'Em and Three Card. The new Live Casino games are available to customers on desktop via the 888casino website and on mobile through the 888casino apps available for Android and iOS.

888 has extended its contract with Kambi to include markets and functionalities for the US market. During September 2018, 888 launched its Sport offering in New Jersey.

Enhancing efficiencies

In the dynamic and rapidly developing global online gaming industry, the 888 Board and management team remain focused on maximising operational efficiencies and maintaining cost control by ensuring that 888 has the right structure, teams and operations for success across our global markets.

Continue to protect our customers and act responsibly

888's objective, above all else, is to ensure that all those who visit our sites can do so with confidence and safety. We invest a great deal of time, resources and energy ensuring that our customers have access to a safe and secure gaming environment, our employees and suppliers enjoy an ethical and rewarding workplace, and that the wider community - including our shareholders - benefit from our success. We continue to maintain a close dialogue with relevant stakeholders and are committed to working together to continually improve operating standards across the industry.

Our approach to preventing problem gambling and keeping underage players away is underpinned by our proprietary technology as well as the expertise of our highly trained customer care team. During the period we continued to develop the algorithms that power our 'Observer' system to better predict and identify problematic or potentially problematic gambling and invested in further training for our customer service and responsible gaming teams. As mentioned above, we also continued to optimise our processes particularly around customer checks, addiction and anti-money laundering to ensure that our players continue to enjoy 888's entertainment in a safe environment and that our business is well-positioned for the future.

Going concern

In considering the going concern basis, the directors reviewed the Group's operations, its financial position, its forecasts and the Group's financial risk management. The directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that it is, therefore, appropriate to adopt the going concern basis in preparing these financial statements.

Current trading and outlook

Underpinned by the Group's diversification across products and markets as well as its technology leadership and first-class team, the Board continues to believe that 888 is very well positioned for future growth.

The online gaming market continues to develop at great pace with regulatory changes continuing to shape the future direction of the industry. In some cases, such as in the UK (where there is heightened scrutiny on operators as well as a potential increase to remote gaming duty anticipated), Italy (where a blanket ban on marketing has been announced) and Denmark (where certain new customer protection measures are expected in 2019) these changes present headwinds for growth. In other markets, more positive progress is anticipated with Sweden and the Netherlands both at various stages of regulating online gaming and 888 has a proven track record of launching in regulated markets and quickly growing market share.

One of 888's significant strengths remains its proven ability to react and respond to challenges. Underpinned by the Group's first-class technology, 888 is a highly agile business and we have a number of significant growth opportunities across products and geographies. In addition, as part of our stated strategy, the Group will continue to evaluate and explore new avenues for growth, including M&A.

We are very encouraged with the early results from the introduction of our innovative new Casino product which we will roll-out across a number of major regulated markets during the second half of the year. In addition, we have exciting plans for 888's Sport, Poker and Bingo, all of which we are confident will offer our customers truly market-leading experiences and support the Group's continued growth.

Trading during the second half of the financial year to date has been in line with the Board's expectations with average daily revenue excluding the UK 6% higher year on year, 4% lower overall and an encouraging 9% increase in Group new customers acquisition.

In summary, 888 is an agile business with an adaptable and entrepreneurial culture. We have several exciting growth opportunities ahead and the Board remains confident that the profit outlook for the full year will be in line with market expectations.

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Itai Frieberger
Chief Executive Officer

Principal risks and uncertainties

In addition to the risks faced by businesses generally and online businesses in particular, the Group is exposed to specific regulatory risks, taxation risks, technology risks, compliance risks, political risks and business partnership risks arising from its operations.

The key principal risks and uncertainties remain consistent with those included on pages 19-23 of the 2017 Annual Report and Accounts and have been updated below:

1. Regulatory Risk

The regulatory framework of online gaming is dynamic and complex. Certain jurisdictions have regulated online gaming, and in many of those jurisdictions the Group holds licences. In some cases, lack of clarity in the regulations, or conflicting legislative and regulatory developments, mean that the Group may risk failing to obtain an appropriate licence, having existing licences adversely affected, or being subject to other regulatory sanctions including internet service provider blocking, payments blocking, black-listing and fines. Furthermore, legal and other action may be taken by incumbent gaming providers in jurisdictions which are seeking to regulate online gaming, in an attempt to frustrate the grant of online gaming licences to 888. Finally, changes to either the regulatory framework or enforcement policy relating to online gaming in certain markets may effectively force the Company out of certain markets where it currently operates. The Group manages its regulatory risk by routinely consulting with legal advisers in the jurisdictions where its services are offered or are accessible, where necessary obtaining formal legal opinions from local counsel, and by routinely monitoring changes in the law that may be applicable to its operations. 888 has also implemented organisational changes in order to strengthen regulatory compliance oversight, as well as to improve co-operation between the different departments and streamline processes of settling any conflicts between them, ensuring that 888's regulatory requirements and duty to uphold the licensing objectives always take priority over commercial interests. Finally, 888 blocks players from certain "blocked jurisdictions" using multiple technological methods as appropriate.

In Germany, the ruling by the Federal Administrative Court upholding a prohibition order issued against a subsidiary of the group as well as the validity of the German regulatory framework, along with continued administrative enforcement efforts by several German states, could result in restrictions on the Group's ability to offer its services in all or part of Germany. Additional restrictions in this market have arisen as a result of changes to German AML legislation, which the Group has implemented in consultation with its local advisors. The reluctance of payment processors to process payments for the Group in jurisdictions such as Germany, Russia and Canada could impose burdens on the Group's provision of services in such jurisdictions. A recent ruling by a first instance court in Germany, finding that a gambling-related charge cannot be enforced by a credit card company, may deepen the reluctance of some processors to process deposits for the industry in this jurisdiction.

2. Taxation Risk

The Group's taxation risk arises both due to gaming duties and taxes to which it may be subject in jurisdictions in which it holds regulatory licences, as well as to corporate level taxes, value added taxes and the like. As with regulatory matters, lack of clarity in local regulations may give rise to disagreements between the Group and taxation authorities as to the amount of duties or taxes payable. In addition, whilst the Group aims to ensure that each legal entity within the Group is a tax resident of the jurisdiction in which it is incorporated and has no taxable presence in any other jurisdiction, certain jurisdictions may seek to tax the Group's activity whether due to an alleged presence of the Group in such jurisdiction due to the presence of customers of the Group in such jurisdiction or due to other factors, including revised definitions of the permanent establishment concept.

The likelihood of scrutiny of tax practices by tax authorities in relevant jurisdictions and the aggressiveness of tax authorities continues to increase, with 888 recording a provision in 2017 in respect of a legacy VAT matter in Germany which has been partially released. The Company's Israeli subsidiary entered into an Assessment Agreement with the Israeli Tax Authority in 2016, in which the subsidiary's transfer pricing remuneration was agreed with regard to tax years ending in 2015. The Company's Israeli subsidiary is presently undergoing a routine Israeli tax audit regarding 2014-2016 tax years. The Company believes that the remuneration attributed for tax purposes to its Israeli subsidiary complies with the arm's length standard, and therefore continues to rely on the transfer pricing agreement with regard to tax years following 2015, however the agreement has not been renewed. As such, and in light of the developments in taxation rules internationally, including in the field of transfer pricing pursuant to which new methodologies are gaining prominence, the Israeli Tax Authority may seek to increase the level of remuneration attributed to the Israeli subsidiary for tax purposes commencing from the 2016 tax year, which could have material financial consequences to the Company.

888 consults with tax advisers not only in jurisdictions in which its Group companies are incorporated and in which it has personnel, but also in major markets in which it has customers, in order to comply with its legal obligations whilst taking such action as it is necessary to prevent the improper imposition of unlawful or double taxation.

3. Technology Risk

The Group's technology risks arise due to the dependence of the Group on the reliable performance of its IT systems, which may be affected by unauthorised access, cyber attacks, DDoS, theft or misuse of data by internal or external parties, or disrupted by increases in usage, human error, natural hazards or disasters or other events. In order to manage its technology risk, the Group uses multiple technical solutions and common standards, as well as investing in technologies and procedures aimed at monitoring and protecting its networks from malicious attacks and other such risks, and its systems are routinely subjected to internal and external security scans and assessments as well as independent audits. The Group furthermore has a disaster recovery site to ensure full recovery in the event of disaster, with all critical data replicated to the disaster recovery site and stored off-site on a daily basis, in addition to full network infrastructure redundancy, whilst regularly reviewing its service providers. As part of its Brexit planning, the Group is establishing a new data center in Ireland. This is a complex exercise which could cause some level of business interruption.

The Group processes a large quantity of personal customer data, including sensitive data such as name, address, age, bank details and gaming/betting history. Such data could be wrongfully accessed or used by employees, customers, suppliers or third parties, or lost, disclosed or improperly processed in breach of data protection regulations. In particular, the European General Data Protection Regulation ("GDPR") entered into force in May 2018 and has had a significant effect on the Company's privacy and data protection practices, as it introduced various changes to how personal information should be collected, maintained, processed and secured. Non-compliance with the GDPR may result in fines of up to EUR 20 million or 4% of the Company's annual global turnover, and the Company will be particularly exposed to enforcement action in light of the amount of customer data it holds and processes. The Company could also be subject to private litigation and loss of customer goodwill and confidence. 888 has undergone a robust and risk-oriented GDPR preparation project, pursuant to a designated GDPR Gap Analysis that was prepared for that purpose in coordination with its legal advisers.

4. Compliance Risk

Underage, AML and problem gaming are inherent risks associated with the online gaming industry. The Group devotes considerable resources to putting in place prevention measures coupled with strict internal procedures designed to prevent underage players from accessing its real money sites. In addition, the Group promotes a safe and responsible gaming environment to its customers supplemented by its corporate culture. Further to the Group's engagement with the UKGC, the Group has implemented far reaching upgrades and adaptations to its compliance policies to address potential compliance gaps. However, there remains a certain risk that interactions with players prior to these changes may not have been conducted in accordance with current policies, and that this historical gap will result in compliance failures not presently known to the Group. Since many UK players became customers of the Group prior to the UK regulatory reform, at a time when the Group offered its services in the UK under its Gibraltar license, such players may have historically been handled in accordance with compliance policies that differ from those presently applicable in the UK. The Group continues to work diligently to mitigate legacy compliance gaps.

Additionally, as the Group relies strongly on technological solutions, both proprietary and third party provided solutions, to undertake various compliance functions, there is the risk that technical failure or malfunction could result in a breach in the Group's compliance.

5. Political Risk

The Group is exposed to political and regulatory risk as regards "Brexit". The UK formally notified the EU of its intention to withdraw in March 2017, which commenced a negotiation period which will conclude in March 2019 (unless all parties to the negotiations agree otherwise) with the United Kingdom ceasing to be a member of the EU. The status of Gibraltar as a result of "Brexit" remains unclear. European Union guidelines provide Spain a veto right with respect to the application to Gibraltar of transitional arrangements agreed with the United Kingdom, which increases the risk of a "hard Brexit" for Gibraltar. If 888 were to remain registered, licensed and operating in Gibraltar in these circumstances, its ability to rely on EU freedom of services/establishment principles in supplying its services within the EU will be limited; furthermore, it may become ineligible to continue to hold regulatory licences in certain EU jurisdictions. "Brexit" may also adversely impact economic and market conditions in the United Kingdom and the rest of Europe. The Group continues to monitor this risk and is engaged with the Government of Gibraltar and Gibraltar online gaming industry bodies in managing the Group's response to this process. In parallel, 888 is proceeding with its backup plan of obtaining a gaming licence in Malta and establishing a server farm in Ireland so that it can continue to serve European markets with no disruption to its business.

6. Business Partnership Risk

In line with its strategy, the Group has consolidated its position in the B2B market to be focused on fewer, larger B2B contracts. However, this strategy also gives rise to commercial risks in that the Group is more exposed to non-renewal or termination of existing contracts. The main method of mitigation is therefore to maintain commercial relevance in terms of the functionality and technology of the B2B platform offered, competitive pricing, maintaining an ongoing relationship with B2B partners, and ensuring that 888 has a good understanding of the needs of its B2B partners and their owners.

Condensed Consolidated Income Statement

For the six months ended 30 June 2018

	Note	Six months ended 30 June 2018 US$ million (unaudited)	Six months ended 30 June 2017 US$ million
Revenue before VAT accrual release	2	**273.2**	270.1
VAT accrual release	11	**10.7**	-
Revenue		**283.9**	270.1
Operating expenses		**(80.5)**	(78.2)
Gaming duties	3	**(37.8)**	(37.4)
Research and development expenses		**(16.6)**	(17.2)
Selling and marketing expenses	3	**(82.7)**	(85.4)
Administrative expenses		**(18.3)**	(17.7)
Exceptional items	4	**12.0**	(50.8)
Operating profit before exceptional items and share benefit charge		**53.0**	38.3
Exceptional items		**12.0**	(50.8)
Share benefit charges		**(5.0)**	(4.1)
Operating profit (loss)	3	**60.0**	(16.6)
Finance income		**0.3**	0.3
Finance expenses		**(0.1)**	(1.0)
Share of post-tax loss of equity accounted joint ventures and associates	8	**(0.1)**	-
Profit (loss) before tax		**60.1**	(17.3)
Taxation		**(4.7)**	(0.6)
Profit (loss) after tax for the period attributable to equity holders of the parent		**55.4**	(17.9)
Earnings (loss) per share	5		
Basic		**15.4¢**	(5.0¢)
Diluted		**15.0¢**	(5.0¢)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2018

	Six months ended 30 June 2018 US$ million (unaudited)	Six months ended 30 June 2017 US$ million
Profit (loss) for the period	**55.4**	(17.9)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**(0.2)**	1.0
Re-measurement of severance pay liability	**0.5**	-
Total other comprehensive income for the period	**0.3**	1.0
Total comprehensive (loss) income for the period attributable to equity holders of the parent	**55.7**	(16.9)

Condensed Consolidated Balance Sheet

At 30 June 2018

	Note	30 June 2018 US$ million (unaudited)	31 December 2017 US$ million (audited)
Assets			
Non-current assets			
Goodwill and other intangible assets	10	**160.2**	159.8
Property, plant and equipment		**8.4**	9.0
Investments	8	**1.2**	1.3
Non-current receivables		**0.7**	0.8
Deferred tax assets		**1.6**	1.5
		172.1	172.4
Current assets			
Cash and cash equivalents		**143.6**	179.6
Trade and other receivables		**44.5**	43.1
Income tax receivables		**-**	1.1
		188.1	223.8
Total assets		**360.2**	396.2
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital		**3.3**	3.3
Share premium		**3.6**	3.5
Foreign currency translation reserve		**(1.8)**	(1.6)
Treasury shares		**(1.2)**	(0.7)
Retained earnings		**127.9**	108.7
Total equity attributable to equity holders of the parent		**131.8**	113.2
Liabilities			
Current liabilities			
Trade and other payables	11	**125.6**	156.9
Provisions	4,6,11	**28.3**	47.0
Income tax payable		**6.0**	4.1
Severance pay liability		**2.9**	3.3
Customer deposits		**65.6**	71.7
Total liabilities		**228.4**	283.0
Total equity and liabilities		**360.2**	396.2

The condensed financial statements on pages 15 to 23 were approved and authorised for issue by the Board of Directors on 27 September 2018 and were signed on its behalf by:

Itai Frieberger
Chief Executive Officer

Aviad Kobrine
Chief Financial Officer

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

	Share capital US$ million	Share premium US$ million	Treasury shares US$ million	Retained earnings US$ million	Foreign currency translation reserve US$ million	Total US$ million
Balance at 1 January 2017 (audited)	3.2	3.3	-	159.5	(2.4)	163.6
Loss after tax for the period attributable to equity holders of the parent	-	-	-	(17.9)	-	(17.9)
Other comprehensive income for the period	-	-	-	-	1.0	1.0
Total comprehensive (loss)/income	-	-	-	(17.9)	1.0	(16.9)
Dividend paid	-	-	-	(56.1)	-	(56.1)
Equity settled share benefit charges	-	-	-	4.1	-	4.1
Issue of shares to cover employee share schemes	0.1	-	-	-	-	0.1
Balance at 30 June 2017 (unaudited)	3.3	3.3	-	89.6	(1.4)	94.8
Balance at 1 January 2018 (audited)	**3.3**	**3.5**	**(0.7)**	**108.7**	**(1.6)**	**113.2**
Profit after tax for the period attributable to equity holders of the parent	-	-	-	55.4	-	55.4
Other comprehensive income/(loss) for the period	-	-	-	0.5	(0.2)	0.3
Total comprehensive income/(loss)	-	-	-	55.9	(0.2)	55.7
Dividend paid	-	-	-	(41.4)	-	(41.4)
Equity settled share benefit charges	-	-	-	5.0	-	5.0
Acquisition of treasury shares	-	-	(0.8)	-	-	(0.8)
Exercise of deferred share bonus plan	-	-	0.3	(0.3)	-	-
Issue of shares to cover employee share schemes	-	0.1	-	-	-	0.1
Balance at 30 June 2018 (unaudited)	**3.3**	**3.6**	**(1.2)**	**127.9**	**(1.8)**	**131.8**

The following describes the nature and purpose of each reserve within equity.

Share capital - represents the nominal value of shares allotted, called-up and fully paid.
Share premium - represents the amount subscribed for share capital in excess of nominal value.
Treasury shares - represent reacquired own equity instruments. Treasury shares are recognised at cost and deducted from equity.
Retained earnings - represents the cumulative net gains and losses recognised in the consolidated statement of comprehensive income and other transactions with equity holders.
Foreign currency translation reserve – represents exchange differences arising from the translation of all Group entities that have functional currency different from US$.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Note	Six months ended 30 June 2018 US$ million (unaudited)	Six months ended 30 June 2017 US$ million (unaudited)
Cash flows from operating activities			
Profit (loss) before tax		**60.1**	(17.3)
Adjustments for:			
Depreciation		**2.5**	3.0
Amortisation		**7.6**	6.3
Interest income		**(0.3)**	(0.3)
Share of post- tax loss of equity accounted joint ventures and associates		**0.1**	-
Share benefit charges		**5.0**	4.1
		75.0	(4.2)
Decrease in trade receivables		**1.3**	1.5
Increase in other receivables		**(4.2)**	(2.6)
Decrease in customer deposits		**(4.5)**	(4.3)
(Decrease) increase in trade and other payables		**(30.8)**	10.7
(Decrease) increase in provisions		**(18.7)**	45.3
Cash generated from operations		**18.1**	46.4
Income tax paid		**(2.0)**	(2.5)
Net cash generated from operating activities		**16.1**	43.9
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(1.9)**	(1.9)
Interest received		**0.3**	0.3
Acquisition of intangible assets		**(1.5)**	(1.3)
Internally generated intangible assets	10	**(6.5)**	(6.0)
Net cash used in investing activities		**(9.6)**	(8.9)
Cash flows from financing activities			
Issue of shares to cover employee share schemes		**0.1**	0.1
Acquisition of treasury shares		**(0.8)**	-
Dividends paid	9	**(41.4)**	(56.1)
Net cash used in financing activities		**(42.1)**	(56.0)
Net decrease in cash and cash equivalents		**(35.6)**	(21.0)
Net foreign exchange difference		**(0.4)**	1.4
Cash and cash equivalents at the beginning of the period		**179.6**	172.6
Cash and cash equivalents at the end of the period[1]		**143.6**	153.0

[1] Cash and cash equivalents includes restricted short-term deposits of US$1.2 million (H1 2017: US$1.2 million).

Included in net cash generated from operating activities are amounts paid during the period in respect of exceptional items of US$5.7 million (H1 2017: nil).

Notes to the Condensed Consolidated Financial Statements

1 Basis of preparation and accounting policies

1.1 Basis of preparation

The condensed consolidated half-yearly financial information of the Group has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the EU ('IAS 34') and with the Disclosure and Transparency Rules of the Financial Conduct Authority. The interim condensed consolidated financial statements do not include all the information and disclosures required in the Group's annual audited consolidated financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 December 2017.

The financial information is presented in US Dollars (US$ million) because that is the currency the Group primarily operates in.

The comparatives for the year ended 31 December 2017 are not the Group's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies in Gibraltar and is also available from the Company's website. The auditor's report on those accounts was unqualified and did not contain statements under Section 257(1) (a) and Section 258(2) of the Gibraltar Companies Act.

The condensed consolidated set of financial statements included in this half-yearly financial report is unaudited and does not constitute statutory accounts.

1.2 New standards, interpretations and amendments adopted by the Group

The accounting policies and methods of computation adopted in the condensed consolidated half-yearly financial information are consistent with those followed in Group's full financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018.

The Group applies, for the first time, IFRS 15 - Revenue from Contracts with Customers and IFRS 9 - Financial Instruments that require restatement of previous financial statements.

Several other new and amendments to existing International Financial Reporting Standards and interpretations, issued by the IASB and adopted by the EU, were effective from 1 January 2018 and have been adopted by the Group during the period with no significant impact on the consolidated results or financial position of the Group.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the full retrospective method of adoption with no material impact on the financial statements of the Group:

(a) Casino, Bingo and Sports

The Group's income earned from Casino, Bingo and Sports does not fall within the scope of IFRS 15. Income from these online activities is disclosed as revenue although these are accounted for and meets the definition of a gain under IFRS 9.

(b) Poker and B2B revenue
Poker revenue represents commission charged from each poker hand in ring games and entry fees for participation in Poker tournaments less the fair value of certain promotional bonuses and the value of loyalty points accrued. In Poker tournaments certain promotional costs are accounted for, and entry fee revenue is recognised when the tournament has concluded. IFRS 15 adoption did not have impact on Group's Poker revenue.
Revenue from B2B is mainly comprised of services provided to business partners and brand licensing on third party platforms. IFRS 15 adoption did not have an impact on Group's B2B revenue recognition policy including assessment whether the Group is acting as principal or agent in the relevant contracts.
The Group applies judgement in determining whether it is acting as a principal or an agent where it provides services to business partners through its business to business unit. In making these judgements the Group considers, by examining each contract with its business partners, identifying the specified services and determine which party controls such services before they are transferred to the customer. If control assessment is not clear, the Group considers the principal indicators such as which party has the primary responsibility for providing the services and is exposed to the majority of the risks and rewards associated with providing the services, as well as if it has latitude in establishing prices, either directly or indirectly.

(c) Presentation and disclosure requirements
The Group disclosed disaggregated revenue recognised from contracts with customers and revenue from other online activities in note 2 Segment Information.

IFRS 9 - Financial Instruments
IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.
The Group has applied IFRS 9 retrospectively with no material impact on the financial statements of the Group.

(a) Classification and measurement
The Group's income earned from Casino, Bingo and Sports falls within the scope of IFRS 9, which did not result in material impact on accounting or presentation of this income. There were no changes in classification and measurement of other financial assets and liabilities.

(b) Impairment
The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward looking expected credit loss (ECL). IFRS 9 application did not result in material changes to Group's financial statements.

Trade receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost and principally comprise amounts due from credit card companies and from ePayment companies. The Group has applied the standard's simplified approach and has calculated the ECLs based on lifetime of expected credit losses. This did not result in material changes to Group's financial statements. Bad debts are written off when there is objective evidence that the full amount may not be collected.

Investments available for sale
Under IFRS 9 available for sale investments are measured at fair value through other comprehensive income (FVOCI) without subsequent recycling to income statement. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, these were classified as available for sale financial assets. The impact is not material.

Financial liabilities
The accounting for Group's financial liabilities remains largely the same as it was under IAS 39.

1.3 New standards that have not been adopted by the Group as they were not effective for the year:

IFRS 16 – Leases
IFRS 16 Leases requires lessees to recognize right-of-use assets and lease liabilities for most leases.
A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets are initially measured at cost and depreciated by the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The cost of right-of-use assets comprises of initial measurement of the lease liability, any lease payments made before or at the commencement date and initial direct costs. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and subsequently measured at amortised cost with the interest expense recognised within finance income (expense) in the consolidated statement of income.

The new standard applies to annual reporting periods beginning on or after 1 January 2019. The Group has not early adopted IFRS 16.

In accordance with the transition provisions in IFRS 16, the Group is entitled to choose to apply the modified retrospective approach. Under this approach, a lessee does not restate comparative information and recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.

The Group consider that the adoption of this standard will likely result in recognition of interest expense on the lease liability and depreciation expense on the right-of-use asset on the income statement and an increase in the non-current assets (representing “right-of-use” assets) and a corresponding increase in liabilities, both current and non-current on the balance sheet of the Group. At this stage management are still assessing the full impact of IFRS 16.

2 Segment information

The management team continues to assess the performance of operating segments based on revenue and segment result.

	B2C					B2B	Consolidated
	Casino	**Poker**	**Sport**	**Bingo**	**Total B2C**		
Six months ended 30 June 2018	**US$ million (unaudited)**						
Segment revenue before VAT accrual release	161.0	30.6	37.5	17.6	246.7	26.5	273.2
VAT accrual release					10.7	-	10.7
Segment revenue					**257.4**	**26.5**	**283.9**
Segment result[1]					115.1	12.3	127.4
Unallocated corporate expenses[2]							(79.4)
Exceptional items							12.0
Operating profit							**60.0**
Finance income							0.3
Finance expenses							(0.1)
Share of post-tax loss of equity accounted joint ventures and associates							(0.1)
Taxation							(4.7)
Profit after tax for the period							**55.4**
Adjusted profit after tax for the period[3]							**37.8**
Assets							
Unallocated corporate assets							360.2
Total assets							360.2
Liabilities							
Segment liabilities					62.9	2.7	65.6
Unallocated corporate liabilities							162.8
Total liabilities							228.4

1 Revenue net of chargebacks, payment service providers' commissions, gaming duties, royalties payable to third parties and selling and marketing expenses.
2 Including staff costs, corporate professional expenses, other administrative expenses, depreciation, amortisation and share benefit charges.
3 As defined in note 5.

2 Segment information (continued)

Six months ended 30 June 2017	B2C Casino[1]	B2C Poker	B2C Sport	B2C Bingo	Total B2C	B2B	Consolidated
	US$ million (unaudited)						
Segment revenue	146.7	42.5	33.7	19.7	242.6	27.5	270.1
Segment result[2]					102.9	11.6	114.5
Unallocated corporate expenses[3]							(80.3)
Exceptional items							(50.8)
Operating loss							**(16.6)**
Finance income							0.3
Finance expenses							(1.0)
Taxation							(0.6)
Loss for the period							**(17.9)**
Adjusted profit after tax for the period[4]							**37.0**
Assets							
Unallocated corporate assets							365.2
Total assets							365.2
Liabilities							
Segment liabilities					64.5	7.3	71.8
Unallocated corporate liabilities							198.6
Total liabilities							270.4

1 Emerging Offerings segment, which included social games revenue, is now presented in the Casino segment. The comparative segment results for the period ended 30 June 2017 have been restated to reflect this change. Emerging Offerings revenue of US$0.7 million has been classified in the Casino segment.
2 Revenue net of chargebacks, payment service providers' commissions, gaming duties, royalties payable to third parties and selling and marketing expenses.
3 Including staff costs, corporate professional expenses, other administrative expenses, depreciation, amortisation and share benefit charges.
4 As defined in note 5.

Other than where amounts are allocated specifically to the B2C and B2B segments above, the expenses, assets and liabilities relate jointly to all segments. These amounts are not discretely analysed between the two operating segments as any allocation would be arbitrary.

Geographical information

The Group's performance can also be reviewed by considering the geographical markets and geographical locations within which the Group operates. This information is outlined below:

Revenue by geographical market (based on location of customer)

	Six months ended 30 June 2018 US$ million (unaudited)	Six months ended 30 June 2017 US$ million
EMEA (excluding the UK and Spain)[1]	**119.1**	105.9
UK	**86.5**	105.2
Spain	**33.5**	27.7
Americas	**26.5**	22.6
Rest of world	**7.6**	8.7
Revenue before VAT accrual release	**273.2**	270.1
VAT accrual release	**10.7**	-
Total Revenue	**283.9**	270.1

1 During the period the Group identified that the Europe Other Geographical segment should in fact be referred to as EMEA. Non-European revenue included in the segment during H1 2018 amount to US$22.1 million (H1 2017: US$16.5 million).

3 Operating profit

	Six months ended 30 June 2018 US$ million (unaudited)	Six months ended 30 June 2017 US$ million
Operating (loss) profit is stated after charging (crediting):		
Staff costs (including executive Directors)	**49.3**	51.9
Gaming duties	**37.8**	37.4
Selling and marketing expenses	**82.7**	85.4
Exceptional items	**(12.0)**	50.8
Depreciation (within operating expenses)	**2.5**	3.0
Amortisation (within operating expenses)	**7.6**	6.3
Chargebacks	**1.1**	1.4
Payment service providers' commissions	**12.2**	11.3

4 Exceptional items

The Group classifies certain items of income and expense as exceptional, as the Group considers that it allows for a better reflection of the underlying performance of the Group. The Group considers any non-recurring items of income and expense for classification as exceptional by virtue of their nature and size.

	Six months ended 30 June 2018 US$ million (unaudited)	Six months ended 30 June 2017 US$ million
UKGC - payments in lieu of a fine	**-**	5.5
Provision - regulatory matters	**10.4**	-
Historical VAT	**(22.4)**	45.3
Total exceptional items[1]	**(12.0)**	50.8

[1] Tax effect of the exceptional items is US$0.4 million (2017: US$1.3 million).

UKGC - payments in lieu of a fine

During 2017 and as announced in May 2017, the UK Gambling Commission (UKGC) conducted a review of the manner in which the Group has carried on its licensed activities in the United Kingdom.

As announced on 31 August 2017, the Group worked cooperatively with the UKGC throughout its review and took actions to address the concerns raised therein and entered into a voluntary regulatory settlement involving a payment in lieu of fine of US$5.5 million. In respect of this settlement, the Group recorded during 2017 exceptional items in the consolidated income statement of US$5.5 million. The payment was made on 26 October 2017.

Provision - regulatory matters

During the six months ended 30 June 2018, the Group recorded a provision of US$10.4 million (2017: nil) in respect of regulatory matters related to customers' activity in prior periods. This amount represents management's best estimate of probable cash outflows related to these matters, which are closely monitored by the Group. See also note 6.

Historical VAT

During 2017, the Group recorded a provision for exceptional items of US$45.3 million in respect of historical value added tax relating to the provision of gaming services in Germany prior to 2015. During January 2018 the Group paid US$5.7 million on account of this provision. Following receipt of tax assessments from the Tax Authorities in Germany, the Group released US$22.4 million of the provision as described in note 6 below. Provision balance as at 30 June 2018 is US$17.9 million, as detailed in note 11 below.

5 Earnings per share

Basic earnings per share
Basic earnings per share ('EPS') has been calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of shares in issue during the period.

Diluted earnings per share
The weighted average number of shares for diluted earnings per share takes into account all potentially dilutive equity instruments granted, which are not included in the number of shares for basic earnings per share. Certain equity instruments have been excluded from the calculation of diluted EPS as their conditions of being issued were not deemed to satisfy the performance conditions at the end of the reporting period or it will not be advantageous for holders to exercise them into shares, in the case of options. The number of equity instruments excluded from the diluted EPS calculation is 2,271,372 (H1 2017: 1,526,965).
The number of equity instruments to be included in the diluted EPS calculation consist of 9,888,265 ordinary shares (H1 2017: 8,813,801) and 28,146 market-value options (H1 2017: 91,566). However, for the six months ended 30 June 2017, these shares and options are antidilutive due to the net loss generated in the period.

	Six months ended 30 June 2018 (unaudited)	**Six months ended 30 June 2017**
Profit (loss) for the period attributable to equity holders of the parent (US$ million)	**55.4**	(17.9)
Weighted average number of Ordinary Shares in issue	**359,594,601**	359,101,639
Effect of dilutive Ordinary Shares and share options	**9,916,411**	-
Weighted average number of dilutive Ordinary Shares	**369,511,012**	359,101,639
Basic	**15.4¢**	(5.0¢)
Diluted	**15.0¢**	(5.0¢)

Adjusted earnings per share
The Directors believe that EPS excluding VAT accrual release, exceptional items, share benefit charges and share of post-tax loss of equity accounted joint ventures and associates ("Adjusted EPS") better reflects the underlying performance of the business and assists in providing a clearer view of the performance of the Group.

Reconciliation of profit/(loss) to profit/(loss) excluding VAT accrual release, exceptional items, share benefit charges and share of post-tax loss of equity accounted joint ventures and associates ("Adjusted profit"):

	Six months ended 30 June 2018 US$ million (unaudited)	**Six months ended 30 June 2017 US$ million**
Profit (loss) for the period attributable to equity holders of the parent	**55.4**	(17.9)
VAT accrual release	**(10.7)**	-
Exceptional items (see note 4)	**(12.0)**	50.8
Share benefit charges	**5.0**	4.1
Share of post-tax loss of equity accounted joint ventures and associates	**0.1**	-
Adjusted profit	**37.8**	37.0
Weighted average number of Ordinary Shares in issue	**359,594,601**	359,101,639
Weighted average number of dilutive Ordinary Shares	**369,511,012**	359,101,639
Adjusted basic earnings per share	**10.5¢**	10.3¢
Adjusted diluted earnings per share	**10.2¢**	10.3¢

6 Provisions, contingent liabilities and regulatory issues

(a) The Group operates in numerous jurisdictions. Accordingly, and on the basis of tax advice obtained, the Group is filing tax returns, providing for and paying all taxes and duties it believes are due based on local tax laws and transfer pricing agreements and tax advice obtained. The Group is also periodically subject to audits and assessments by local taxing authorities. Other than as provided in the Group financial statements, the Board is unable to quantify reliably any exposure for additional taxes, if any, that may arise from the final settlement of such assessments and considers it unlikely that any further liability will arise.

(b) In 2017, in response to an inquiry from the tax authorities in Germany relating to a legacy VAT matter, the Group disclosed a contingent liability of US$ 18.5 million, relating to issues on which the Group considered that it has strong arguments but regarding which it remained possible that there would be a cash outflow. During the six months ended 30 June 2018 following further discussions with tax authorities in Germany culminating in the issuance of tax assessments, the Board, supported by their updated legal advice, considered that the risk of cash outflow in respect of these services is remote, and therefore the contingent liability is no longer required. The Board has reserved its position and all legal rights, based on the legal advice received. The foregoing is in addition to a provision of US$45.3 million (39.6 million Euro) recorded in the 2017 consolidated income statement, of which a portion amounting to US$22.4 million has been released in the current period.

(c) As part of the Board's ongoing regulatory compliance and operational risk assessment process, it continues to monitor legal and regulatory developments, and their potential impact on the business, and continues to take appropriate advice in respect of these developments.

Given the nature of the legal and regulatory landscape of the industry, from time to time the Group has received notices, communications and legal actions from a small number of regulatory authorities and other parties in respect of its activities. The Group has taken legal advice as to the manner in which it should respond and the likelihood of success of such actions. Based on this advice and the nature of the actions, for the majority of these matters the Board is unable to quantify reliably the outflow of funds that may result, if any. For matters where an outflow of funds is probable and can be measured reliably, amounts have been recorded in the financial statements. Except for the regulatory matters further described in note 4 these amounts are not material at 30 June 2018.

7 Related party transactions

The aggregate amounts payable to key management personnel, considered to be the directors of the Company, as well as their share benefit charges, are set out below:

	Six months ended 30 June 2018 US$ million (unaudited)	**Six months ended 30 June 2017 US$ million**
Short term benefits	**1.2**	1.1
Post-employment benefits	**0.1**	0.1
Share benefit charges – equity settled	**2.6**	2.0
	3.9	3.2

US joint ventures

During the period the Group charged the US joint ventures for reimbursement of costs US$1.3 million (H1 2017: US$1.0 million), of which the outstanding balance as at 30 June 2018 is US$0.6 million (31 December 2017: US$0.5 million).

8 Investments

The following entities meet the definition of joint ventures and associates and have been equity accounted in the consolidated financial statements:

Name	Country of incorporation	Effective interest 30 June 2018	Effective interest 31 December 2017
AAPN Holdings LLC	USA	47%	47%
Come2Play Ltd	Israel	20%	20%

Joint ventures

In 2013 the Group entered into a joint venture agreement (''JVA") with Avenue OLG Entertainment LLC (''Avenue") and other minority shareholders to form AAPN Holdings LLC (''AAPN"), under which the Group has a 47% interest in AAPN. AAPN has a 100% owned subsidiary, AAPN New Jersey LLC (''AAPN NJ"), which has a B2C gaming offering in New Jersey.

AAPN has been equity accounted for, reflecting the Group's effective 47% interest in their consolidated results and assets.

Group's investment in the US joint ventures had reduced to nil due to the US joint ventures cumulative losses exceeding the Group's investment. In the period ended 30 June 2018, the US joint ventures incurred further losses and, as a result, the Group's investment remained at nil. The Group did not recognise the losses of US$2.0 million in its consolidated income statement for the period ended 30 June 2018 (2017: US$1.1 million). The total amount of unrecognised loss as of 30 June 2018 is US$10.5 million (31 December 2017: US$8.5 million).

Associates

On 15 April 2015, the Group acquired 20% of the Ordinary Shares of Come2Play Limited for a cash payment of US$1.5 million. The carrying amount of the investment for 30 June 2018 is US$1.0 million (31 December 2017: US$1.1 million). Further disclosures have not been provided as the investment is not material to the Group.

The Group recognised losses of US$0.1 million in its consolidated income statement for the period ended 30 June 2018 (2017: nil)

Other investments

The Group holds available for sale investments of US$0.2 million at 30 June 2018 (31 December 2017: US$0.2 million).

9 Dividends

	Six months ended 30 June 2018 US$ million (unaudited)	Six months ended 30 June 2017 US$ million
Dividends paid	**41.4**	56.1

2017 final dividend of 5.9¢ per share and an additional one-off 5.6¢ was paid on 11 May 2018 (US$41.4 million).

During 2017, the 2016 final dividend of 5.1¢ per share and an additional one-off 10.5¢ per share were paid on 11 May 2017 (US$56.1 million) and the 2017 interim dividend of 4.0¢ per share was paid on 11 October 2017 (US$14.4 million).

The Board of Directors has declared an interim dividend of 4.2¢ per share, payable on 31 October 2018.

10 Goodwill and other intangible assets

	Goodwill US $ million	Acquired intangible assets US $ million	Internally generated intangible assets US $ million	Total US $ million
Cost or valuation				
At 1 January 2017	**146.1**	**18.8**	**69.4**	**234.3**
Additions	-	3.6	11.2	14.8
Disposals	-	(0.8)	-	(0.8)
At 31 December 2017	**146.1**	**21.6**	**80.6**	**248.3**
Additions	-	1.5	6.5	8.0
At 30 June 2018	**146.1**	**23.1**	**87.1**	**256.3**
Amortisation and impairments:				
At 1 January 2017	20.7	14.4	40.6	75.7
Amortisation	-	2.6	11.0	13.6
Disposals	-	(0.8)	-	(0.8)
At 31 December 2017	20.7	16.2	51.6	88.5
Amortisation	-	1.6	6.0	7.6
At 30 June 2018	**20.7**	**17.8**	**57.6**	**96.1**
Carrying amounts				
At 31 December 2017	**125.4**	**5.4**	**29.0**	**159.8**
At 30 June 2018	**125.4**	**5.3**	**29.5**	**160.2**

Goodwill – Bingo online business

Given sensitivity of the Goodwill to the GBP/US$ currency rate and evolving business and regulatory environment the Group carried out an impairment review as part of these half-year accounts.

Key assumption used and sensitivity analysis

Cash flow projections have been prepared for a five-year period, following which a long-term growth rate has been assumed.

Underlying growth rates, as shown in the table below, have been applied to revenue and are based on past experience, including the results in 2018 and 2017 and projections of future changes in the UK online bingo gaming market. B2B contract that will not be renewed was projected accordingly. Key assumptions in preparing these cash flow projections include moderate growth in revenue, a stable level of costs per customer acquisition and the expectation that the Group will continue to operate and be subject to gaming duties in its core jurisdictions. The pre-tax discount rate that is considered by the Directors to be appropriate is the Group's specific Weighted Average Cost of Capital, adjusted for tax, which is considered to be appropriate for the online Bingo cash generating units.

	Pre-tax discount rate applied[1]	Underlying growth rate[2] year 1	Underlying growth rate[3] years 2-5	Long-term growth rate year 6+	Operating expenses increase years 1-5	Operating expenses increase year 6+	GBP/US$ exchange rate used in the model for future periods[4]
At 30 June 2018	**9%**	**(2%)**	**3%**	**2%**	**1%**	**2%**	**1.30**
At 31 December 2017	9%	3%	1%	2%	1%	2%	1.35

1 The pre-tax discount rate is recalculated by taking into account prevailing risk free rates, equity risk premium and company beta and having regard to external data commenting upon the Weighted Average Cost of Capital applied to the Group.

2 The underlying growth rate in 2018 decreased compared to 2017, recognising the weakening of the average GBP/US$ exchange rate in 2018 compared to the average rate in previous year and the evolving business and regulatory environment.

3 The underlying growth rate for years 2 to 5 was calculated excluding the effect of a B2B contract, which will not be renewed and increased compared to 2017 reflecting measures undertaken by the Group to mitigate the regulatory headwinds.

4 Management recognises that a change in GBP/US$ currency rate can have a significant impact on available headroom. A reduction by 10% in the GBP/US$ currency rate would result in impairment.

The Directors have concluded that based on the key assumptions detailed above no impairment is required as at 30 June 2018.

11 Trade, other payables and provisions

	30 June 2018 US$ million	31 December 2017 US$ million
Trade payables	**33.9**	38.4
Accrued expenses[1]	**70.4**	87.3
Other payables	**21.3**	31.2
Total trade and other payables	**125.6**	156.9
Provisions[2]	**28.3**	47.0
	153.9	203.9

1 Following the receipt of tax assessments from the German tax authorities position in respect of 2015-2017 period the Group released US$10.7 million of accrual liability in respect of VAT due relating to this period.

2 Includes provisions in respect of historical value added tax relating to the provision of gaming services in Germany prior to 2015 of US$17.9 million and regulatory matters related to legacy customers' activity in prior periods of US$10.4 million.

The carrying value of trade and other payables approximates to their fair value given the short maturity date of these balances.

Movement in the provision during the period is as follows:

	Total US$ million
At 1 January 2018	47.0
Arising during the period	10.4
Paid during the period	(5.7)
Released to income statement during the period	(22.4)
Exchange rate	(1.0)
At 30 June 2018	**28.3**
Current	28.3
Non-current	-

12 Fair value measurements

Under IFRS 9 available for sale investments are measured at fair value through other comprehensive income (FVOCI) without subsequent recycling to income statement. At 30 June 2018 and 31 December 2017, the Group's available for sale investment is measured at fair value (level 3). For the remaining financial assets and liabilities, the Group considers that the book value approximates to fair value.

There were no changes in valuation techniques or transfers between categories in the period.

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge:

- The condensed set of financial statements, which has been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the IASB and adopted by the EU, gives a true and fair view of the assets, liabilities, financial position and profit of the company and the undertakings included in the consolidation as a whole.

- The interim management report includes a fair review of the information required by:

  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the 2017 Annual Report and Accounts.

The Directors of 888 Holdings plc are as listed in the 888 Holdings plc Annual Report and Accounts for 31 December 2017.

A list of the current Directors is maintained on the 888 Holdings plc website: http://corporate.888.com

By order of the Board of 888 Holdings plc.

Itai Frieberger Chief Executive Officer	Aviad Kobrine Chief Financial Officer

Independent Review Report to 888 Holdings plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related explanatory notes 1 to 12 that have been reviewed. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland), 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London, United Kingdom
27 September 2018