

27 August 2009

888 Holdings Public Limited Company
(“888” or the “Company”)
Half Yearly Report for the six months ended 30 June 2009

888, one of the world’s most popular online gaming entertainment companies, announces its half yearly report for the six months ended 30 June 2009.

Financial Summary[†]

US\$ million	H1 2009	H1 2008
Revenue		
B2C		
Casino	55.9	69.8
Poker	26.2	40.2
Emerging Offerings	11.4	4.6
	<hr/>	<hr/>
	93.5	114.6
B2B	24.3	17.0
Total Revenue	117.9	131.5
Other Operating Income	-	3.8
Total Operating Income	117.9	135.4
Operating expenses ¹	41.6	38.5
Research and development expenses	11.9	14.0
Selling and marketing expenses	35.3	43.5
Administrative expenses ^{2,3}	8.6	11
EBITDA^{1,2,3}	20.6	28.3
Finance Income exchange gains or losses and loss on sale of fixed assets	(1.7)	1.8
Depreciation and Amortisation	(3.9)	(3.8)
Profit Before Tax³	14.9	26.3
Basic EPS³ (cents)	2.3	5.5

[†] Totals may not sum due to rounding.

Financial Highlights

- Total Operating Income US\$118m, 13% decline driven by foreign currency effect and economic downturn
- Total Operating Income - B2C of US\$94m, 21% decline
- Total Operating Income - B2B up 42% to US\$24m
- Total Operating Income - B2C Emerging Offering up 151% to US\$11m
- EBITDA^{1,2,3} of US\$21m
- Cash as at 30 June at US\$103m
- Interim dividend of 1¢, plus a special dividend of 2.6¢ comprising a total dividend of 3.6¢

¹ Excluding depreciation of US\$3.3 million (H1 2008: US\$2.6 million) and amortisation of US\$0.6 million (H1 2008: US\$1.3 million)

² Excluding exchange loss of US\$1.9 million (H1 2008: loss of US\$0.1 million) and capital gain/loss on sale of fixed assets of US\$nil million (H1 2008: loss of US\$0.1 million)

³ Excluding share benefit charges of US\$5.1 million (H1 2008: US\$5.2 million)

Operational Highlights

- B2B division launched in its own right as “*Dragonfish*”
- Number of B2B deals signed including the UK's Racing Post, launched in record time, also deals with:
 - Phumelela Gold Enterprises in South Africa
 - Loper Gate Ltd in the Balkans
 - Probability Plc for global mobile lottery services
- New Bingo TV campaign launched in the UK
- Innovative televised poker tournament Poker Ashes tournament launched
- Two large scale poker leagues launched in the UK and Australia
- Live casino targeted at European customers launched
- Soft games/quick play games tab suite launched
- New Poker version launched incorporating 25 features and design changes
- Continued momentum with sports betting products, now offering a new in-play betting application

Gigi Levy, Chief Executive Officer of 888, commented:

“The first six months of trading for 888 in 2009 have demonstrated the strength of the combined business model that comprises a world class B2C operator and an innovative and comprehensive B2B service provider. While consumer sentiment is still weak and currencies remain volatile, we are trading solidly.

The B2C side to our business showed initial recovery in Q2, and we have reason to believe that subject to no further significant economic deterioration, we will see the typical seasonal patterns return, namely a broadly flat Q3 and growth in Q4.

Our B2B business, Dragonfish, has grown revenues by 42% year-on-year, and we have the structure in place to enable us to realise the division's full benefits over the next 18 months and beyond.

We believe more than ever in our business model, and are given comfort in our strategy that a number of competitors have begun to emulate this model offering both B2B and B2C businesses. We believe it is key to growth in the online gaming market in the coming years and that our first-mover advantage and innovative approach have ensured we are well positioned to benefit and grow the business further.”

<ends>

Analyst and Investor Conference Call

Gigi Levy, Chief Executive Officer and Aviad Kobrine, Chief Financial Officer, will be hosting an analyst and investor conference call at 9.30 am (BST) today.

Dial-in number: +44(0)20 7138 0823
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This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These statements contain the words "anticipate", "believe", "intend", "estimate", "expect" and words of similar meaning. 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. All statements, other than statements of historical facts included in this announcement, including, without limitation, those regarding 888's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to 888's products and services) are forward-looking statements that are based on current expectations. Such forward-looking statements are based on numerous assumptions regarding 888's operating performance, present and future business strategies, and the environment in which 888 will operate in the future. 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 of the UK Listing Authority 888 expressly disclaims any obligation or undertaking, to disseminate any updates or revisions to any forward-looking statements, contained herein to reflect any change in its expectations, with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Past performance cannot be relied upon as a guide to future performance.

Chief Executive Officer's Review

Introduction

The first six months of trading in 2009 have demonstrated the strength of 888's combined business model that comprises both a world class B2C operator and an innovative and comprehensive B2B service provider.

The first quarter of 2009 was a good example of the balance the two divisions of our business are creating. B2C remained under pressure from the weak economic environment and challenging exchange rates. By contrast, B2B continued to show good growth with a number of new deals signed, including a strategic partnership with the renowned Racing Post. Whilst the second quarter has seen good growth in both divisions reflecting the ongoing investment and innovation in both B2C and B2B, Total Operating Income was lower than expected at \$118 million. This in turn, coupled with flat overheads and broadly similar marketing to revenue cost ratio impacted EBITDA*, 27% lower at \$21 million.

Our financial position remains strong as ever and due to the continued cash generative nature of the business, our cash position as at 30 June 2009 was US\$70 million net of customers' liabilities. We will therefore be paying an interim dividend of 1.0 cent per share in accordance with our stated dividend policy and an additional special dividend of 2.6 cents per share, comprising a total dividend of 3.6 cents per share. We remain committed to further M&A transactions as part of the ongoing industry consolidation and achieving our strategic goals.

Delivering on our strategy

We have internally restructured our organisation to completely split the B2C and B2B businesses with each division run as an independent business unit with its own Managing Director. The separation of these divisions guarantees a clear and consistent focus on each of the businesses and a credible proposition for our current and future B2B clients.

B2C

The market has remained challenging but we have maintained our focus on constantly innovating our B2C offering in all aspects: exciting visuals, increased interactivity, more community focus and a new customer loyalty programme.

Sensitive to our customers needs, we have introduced various 'recession friendly' products and promotions which allow people to enjoy the same 'entertainment value' for less money, so while households' disposable incomes are under pressure we have sought to remain the destination of choice for online gamers, even if they spend less. We have also introduced new social networking features which make the playing environment more customer friendly, such as chat rooms and daily blogs. These efforts resulted in growth in our active casino and poker customer figures in Q2, growing 7% in Q2 from the lowest point in Q1.

During H1 2009 a new Bingo TV campaign was launched in the UK to stimulate Bingo growth. The innovative 'Poker Ashes' tournament was launched and televised both in Australia and the UK featuring celebrities such as Shane Warne and Darren Gough. Additionally, two large-scale poker leagues were launched in the UK and Australia in hundreds of pubs. These and additional marketing activities have fuelled the positive Q2 results.

** Excluding share benefit charges of \$5.1 million (H1 2008: \$5.2 million), exchange loss of \$1.9 million (H1 2008: \$0.09 million).*

Following the success of our Live Dealer offering in Asia Pacific, a Live casino product targeted at European customers was launched during H1 2009. This product includes the popular Roulette, Blackjack and Baccarat on a web based platform which is fully integrated into 888's back office. A soft games/quick play games tab suite was also launched, offering many casual games. A new Poker version was launched incorporating 25 features and design changes. This poker version was developed following extensive consultation with customers and business partners including time bank, quick seat, hand history and money transfer between accounts. We have also launched a new 'best of breed' poker loyalty programme.

Sports betting, a relatively new product to the Group, continued growing and is gaining momentum. With the recent introduction of a new in-play betting application, we foresee further growth once the new football season begins. A new Managing Director, Mrs Adi Soffer Teeni, was appointed to lead the B2C division. The business unit is currently extremely focused on leveraging these new products and marketing campaigns to deliver further growth.

B2B

Our fast-growing B2B business is now one of the leading providers in the industry and a significant growth driver of our business. B2B now represents more than 20% of our Total Operating Income for the first time ever and this proves that our B2B strategy is a key to the future growth of the business.

In March, we reached an important milestone in the transformation of our B2B business when we launched it under its own "Dragonfish" brand. This separate brand recognises its separate function within 888 and differentiates Dragonfish's B2B offering from our traditional B2C products. The new brand is indicative of 888's intention to become a major player in the B2B market and highlights the division's status as an independent entity.

'Total Gaming Services' is the strap line that underpins Dragonfish's unique positioning and reflects the opportunity for clients to benefit not only from 888's decade of experience in technology, operations and E-payments but also to utilise advanced marketing services, through the provision of offline/online marketing, management of affiliates, SEO, CRM and business analytics.

New entrants to the online gaming market require a technology platform to work with, expertise in setting up and maintaining their operations and, above all, knowledge of how to leverage their assets to create a viable online gaming business and to target new gaming consumers. 888's long experience through operating its own successful B2C businesses makes it best positioned to partner with these new entrants to mutual advantage — a unique proposition, not offered by any other B2B provider in the market today.

Dragonfish has its own Managing Director, Mr Gabi Campos, who is responsible for several departments focused entirely on B2B activities: Sales & Business Development, Programmes & Integrations, Client Executive Unit, Client Marketing & Operations, B2B Marketing and PR and B2B Finance.

A number of deals were signed during H1 2009 including the partnership to provide the Racing Post with a comprehensive online gaming operation for casino and poker services, including market-leading gaming and back-end software, customer support and payments processing services.

Other deals during the period have opened up new territories for us: Phumelela in South Africa where we are providing a comprehensive sportsbook offering; poker and casino in the Balkans with Loper Gate; and with Probability to develop and execute opportunities for mobile gaming and mobile Lottery services in a number of territories including China, and South and Central America.

We also recently announced three new bingo partners, MoonBingo, BingoHollywood and Costa Bingo, cementing our position as a global leader in the provision of bingo services. These deals, coupled with a very healthy pipeline, including some major industry players, mark an extremely successful H1 for our B2B division, with 42% growth year on year.

Regulation and General Regulatory Developments

The regulatory framework of online gaming in different countries around the world remains as dynamic and rapidly evolving as ever. While some jurisdictions have moved to curtail the activities of online gaming sites, many others are currently contemplating liberalisation and regulation of the industry and some have already proceeded down this route. 888 remains committed to monitoring closely and addressing regulatory changes as they occur and to fostering, so far as possible, the trend towards liberalisation and regulation of online gaming throughout the world.

EU

The European Commission is challenging the online gambling and betting regulatory regimes of various European States, as the Commission holds that as regards EU licensed companies such as 888, these regimes might infringe the enshrined freedom to provide services, the freedom of establishment and the concept of mutual recognition. This effort is reflected in, inter alia, the infringement proceedings initiated against several EU States. Should these Member States fail to supply adequate reasoning of their gambling legislation and fail to rectify what is required from them by the EU Commission, the Commission may refer the issue with each Member State to the European Court of Justice. While these proceedings may, in the end, cause the EU Member States to liberalize their gambling markets, it should be noted that it could be a very long time before resolutions or judgments are reached (if at all). However, the pressure exerted by the EU Commission has resulted in several EU Member States contemplating and, in some cases advancing, a liberalised gaming sector: these Member States include Spain, France, Sweden, Greece and Denmark. Other EU Member States such as Ireland, Cyprus, Belgium, Estonia and the Czech Republic are also considering (or are already in the process of) revising their gaming laws so as to possibly regulate online gaming.

In France, a draft law is being reviewed by Parliament, which will authorize issuing French online gambling licences, limited to the spheres of poker, sports betting and horserace wagering. While the draft legislation is still being structured, and several aspects of it are still being discussed with the EU Commission, 888 is watching closely these developments so as to be in a position which will allow it to apply for an online gambling licence in France. Another draft law which will liberalize, inter alia, the online gambling market, is being debated in the Belgian Parliament. However, the draft, as it is currently structured, will allow issuance of online gambling licences only as an extension of an existing terrestrial gambling licence; therefore, if approved in its current form, pure online gambling operators may face difficulties in obtaining online gambling licences in Belgium. In Denmark, the government announced that it will introduce legislation which will regulate and license online gambling activities in the spheres of casino, poker and sports betting. Finally in Italy, where the Company holds an online gambling license, current and future legislation will expand the scope of the games allowed to be offered under the license (e.g. casino games), and will also relax some of the requirements posed to licensee (including, inter alia, the spheres of taxation and establishment in Italy). It is envisioned that the judgment of European Court of Justice in the Portugal-BWIN case (which is expected during September 2009) will further clarify the interaction between EU laws and the Member States' gambling laws.

In addition to these infringement proceedings, the EU Commission is involved in other instances in which the online gambling and betting regulatory regimes appear to contravene rights and freedoms of online gambling and betting operators (e.g. issuing detailed opinions against the enactment of prohibitive legislation, and intervening in the WTO process described below).

US

In the USA, several bills have been introduced into the 111th Congress, which focus on online gambling issues. One of these bills creates an online gambling licensing regime that will allow for a Federal online gambling licence to be issued (subject to various conditions, limitations and possible exclusions); the bill has yet to be advanced in Congress. Another bill aims to delay the implementation date of the UIGEA regulations to 1 December 2010. In parallel, several US States (including California and Florida) are reviewing the possibility to license some form of intra-state online gambling activities.

WTO

Following a complaint filed in 2007 by Remote Gaming Association, the European Commission decided to open an investigation into whether the United States is in breach of its WTO obligations in the sphere of gambling (in relation to the period prior to the planned withdrawal of its commitment). In March 2009, the investigation was concluded with a report issued by the EU Commission, which stated that the US measures taken against EU based online gambling operators breach the WTO commitments of the US. The EU commission stated that it will seek to reach a settlement with the US in this respect; trade discussions between the US and the EU have dealt with, inter alia, this issue but no decision has been made as of yet.

Responsible Gaming

In line with our stated responsible gaming objective and continued investment in promoting these values, we have also translated our market leading website 888responsible.com into three additional languages enabling French, German and Spanish speakers to learn more about dealing with responsible gaming and preventing under-age gambling. In the second half of the year we also plan to launch the second phase of our successful Observer tool, which will enable us to flag clients who might be at risk of becoming problem gamblers at an earlier stage.

TRUSTe Web Privacy Seal

In March 2009, we were awarded the TRUSTe Privacy seal of approval for all our websites. As a result of a rigorous audit we are the first online gaming company to be awarded Web Privacy Seal, a clear indication of the importance we place on being a highly trustworthy operator.

TRUSTe runs the world's largest privacy seal programme, with more than 2,000 organisations certified. It helps millions of consumers identify trustworthy online organizations through its Web Privacy Seal, Email Privacy Seal and Trusted Download Programmes. TRUSTe ensures online privacy and protects confidential user information on more than 2,400 Websites and many of the most highly trafficked, including Yahoo, AOL, Microsoft, Disney, eBay, Intuit, and Facebook.

H2 2009 Focus

We will continue to invest in B2C to drive growth, building on the Q2 improvement over the low base position we experienced in Q1. H2 will see many new products, new marketing campaigns and a new branding initiative which we believe to be a material evolution for the business. We will also be re-launching our second-brand Reef Club Casino, launching a new bingo brand aimed at a different consumer segment and offering an innovative casino opportunity to customers worldwide. In poker, we have seen our liquidity grow and will focus on delivering further improvement in H2.

Our B2B business - under the new Dragonfish brand - will focus on its business development strategy aimed at the three main sources of new B2B partners: existing online gaming operators looking to strengthen their existing gaming suite or service offering; media companies looking to monetise their brands; and land-based casinos and Lottery companies seeking an experienced online gaming partner, with a heritage of successful business delivery and strong responsible gaming systems and capabilities, that can facilitate a smooth transition from leadership in land-based gaming to a successful online gaming operation. The second half of the year will see us focusing on securing additional major deals as well as successfully delivering on all the recently signed partnerships.

Outlook

Whilst consumer sentiment is still weak and currencies remain volatile, we are trading solidly. Our focus is on growth in both lines of our business and we remain confident in that strategy. B2C showed initial recovery in Q2, and we have reason to believe that, subject to no further significant economic deterioration, we will see the typical seasonal patterns return, namely a broadly flat Q3 and growth in Q4.

We will continue to expand Dragonfish organically but will also seek to acquire B2B technology enablers to accelerate the growth and expect to announce more deals in the next

six months. We are still to enjoy the full benefits from the B2B business, as not all signed deals have yet to convert to revenue and the business's set-up costs are still impacting its operating margin. We have made, and continue to make, significant investment in infrastructure and technology and more recently in implementation, all of which will serve to improve margins in the coming years. The structure is now in place to enable us to realise the benefits from Dragonfish over the next 18 months and beyond.

We believe more than ever in our business model and are given comfort in our strategy as we see that a number of our competitors have begun to emulate this model, offering both B2B and B2C businesses. We believe it is key to growth in the online gaming market in the coming years and that our first-mover advantage and innovative approach have ensured we are well positioned to benefit and further grow our business.

Gigi Levy
Chief Executive Officer
27 August 2009

Condensed Consolidated Income Statement

For the period ended 30 June 2009

	Note	Six months ended 30 June 2009 US\$'000 (unaudited)	Six months ended 30 June 2008 US\$'000 (unaudited)	Year ended 31 December 2008 US\$'000 (audited)
Total revenue	2	117,878	131,531	256,862
Other operating income	2	-	3,826	5,692
Total operating income		117,878	135,357	262,554
Operating expenses		45,531	42,312	84,637
Research and development expenses		11,856	14,027	27,379
Selling and marketing expenses		35,275	43,510	80,155
Administrative expenses		15,611	16,368	33,069
Operating profit before share benefit charges		14,750	24,323	45,705
Share benefit charges		5,145	5,183	8,391
Operating profit		9,605	19,140	37,314
Finance income		153	1,977	2,928
Profit before tax before share benefit charges		14,903	26,300	48,633
Share benefit charges		5,145	5,183	8,391
Profit before tax		9,758	21,117	40,242
Taxation		1,697	2,243	3,057
Profit after tax for the period attributable to equity holders of parent		8,061	18,874	37,185
		Six months ended 30 June 2009 (unaudited)	Six months ended 30 June 2008 (unaudited)	Year ended 31 December 2008 (audited)
Earnings per share				
Basic		2.3¢	5.5¢	10.9¢
Diluted		2.3¢	5.4¢	10.7¢

Condensed Consolidated Balance Sheet

At 30 June 2009

	30 June 2009 US\$'000 (unaudited)	30 June 2008 US\$'000 (unaudited)	31 December 2008 US\$'000 (audited)
Assets			
Non-current assets			
Intangible assets	46,529	42,211	44,812
Property, plant and equipment	19,407	17,019	19,740
Financial assets	490	344	223
Deferred taxes	729	654	606
	67,155	60,228	65,381
Current assets			
Cash and cash equivalents	102,906	87,931	98,444
Trade and other receivables	18,337	22,840	18,673
	121,243	110,771	117,117
Total assets	188,398	170,999	182,498
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	3,143	3,115	3,115
Share premium	65	43	65
Available-for-sale reserve	(270)	(415)	(536)
Retained earnings	111,899	96,716	108,716
Total equity attributable to equity holders of the parent	114,837	99,459	111,360
Liabilities			
Current liabilities			
Trade and other payables	40,578	39,075	37,854
Customer deposits	32,983	32,465	33,284
Total liabilities	73,561	71,540	71,138
Total equity and liabilities	188,398	170,999	182,498

The financial statements below were approved and authorised for issue by the Board of Directors on 27 August 2009.

Condensed Consolidated Statement of Changes in Equity

For the period ended 30 June 2009

	Share capital US\$'000	Share premium US\$'000	Available-for-sale reserve US\$'000	Retained earnings US\$'000	Total US\$'000
Balance at 1 January 2008	3,097	-	(105)	89,735	92,727
Dividend paid	-	-	-	(17,058)	(17,058)
Issue of shares	18	-	-	(18)	-
Exercise of market value options	-	43	-	-	43
Share benefit charges	-	-	-	5,183	5,183
Total comprehensive income for the year	-	-	(310)	18,874	18,564
Balance at 30 June 2008 (unaudited)	3,115	43	(415)	96,716	99,459
Dividend paid	-	-	-	(8,570)	(8,570)
Exercise of market value options	-	22	-	-	22
Share benefit charges	-	-	-	3,208	3,208
Total comprehensive income for the year	-	-	(121)	17,362	17,241
Balance at 1 January 2009 (audited)	3,115	65	(536)	108,716	111,360
Dividend paid	-	-	-	(9,995)	(9,995)
Share benefit charges	-	-	-	5,145	5,145
Issue of shares	28	-	-	(28)	-
Total comprehensive income for the year	-	-	266	8,061	8,327
Balance at 30 June 2009 (unaudited)	3,143	65	(270)	111,899	114,837

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 for.

Share premium - represents the amount subscribed for share capital in excess of nominal value.

Available-for-sale reserve - represents the gain or loss arising from a change in the fair value of an available-for-sale financial assets.

Retained earnings - represents the cumulative net gains and losses recognised in the consolidated income statement.

Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 June 2009

	30 June 2009 US\$'000 (unaudited)	30 June 2008 US\$'000 (unaudited)	31 December 2008 US\$'000 (audited)
Profit for the period	8,061	18,874	37,185
Valuation gain (losses) of available-for-sale investments	266	(310)	(431)
Actuarial losses on defined benefit pension plan	-	-	(949)
Total comprehensive income for the period	8,327	18,564	35,805

Condensed Consolidated Statement of Cash Flows

For the period ended 30 June 2009

	Six months ended 30 June 2009 (unaudited) US\$'000	Six months ended 30 June 2008 (unaudited) US\$'000	Year ended 31 December 2008 (audited) US\$'000
Cash flows from operating activities			
Profit before income tax	9,758	21,117	40,242
Adjustments for			
Depreciation	3,344	2,556	5,504
Loss on sale of property, plant and equipment	-	74	75
Amortisation	600	1,252	1,826
Interest received	(352)	(2,205)	(3,255)
Share benefit charges	5,145	5,183	8,391
	18,495	27,977	52,783
Decrease/(increase) in trade receivables	(1,451)	2,278	4,404
Decrease/(increase) in other accounts receivables	1,681	(5,588)	(3,441)
Increase in trade payables	471	1,733	810
(Decrease)/increase in member deposits	(301)	6,051	6,870
(Decrease)/increase in other accounts payables	1,949	(844)	(669)
Cash generated from operations	20,844	31,607	60,757
Income tax paid	(1,413)	(2,069)	(4,363)
Net cash generated from operating activities	19,431	29,538	56,394
Cash flows from investing activities			
Acquisition of assets comprising the online bingo business of Globalcom Limited	-	(25,145)	(25,311)
Purchase of property, plant and equipment	(3,010)	(3,182)	(8,852)
Proceeds from sale of property, plant and equipment	-	29	29
Interest received	352	2,205	3,255
Acquisition of intangible assets	-	-	(513)
Internally generated intangible assets	(2,316)	(2,807)	(5,303)
Net cash used in investing activities	(4,974)	(28,900)	(36,695)
Cash flows from financing activities			
Exercise of share options	-	43	65
Dividends paid	(9,995)	(17,058)	(25,628)
Net cash used in financing activities	(9,995)	(17,015)	(25,563)
Net increase/(decrease) in cash and cash equivalents	4,462	(16,377)	(5,864)
Cash and cash equivalents at the beginning of the period	98,444	104,308	104,308
Cash and cash equivalents at the end of the period	102,906	87,931	98,444

Notes to the Condensed Consolidated Financial Statements

1 Basis of preparation

The condensed consolidated half-yearly financial information of the Group has been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards ('IAS') and Interpretations (collectively 'IFRS'), adopted by the International Accounting Standards Board ('IASB') and endorsed for use by companies listed on an EU regulated market. The half-yearly report has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority.

These results have been prepared on the basis of accounting policies expected to be adopted in the Group's full financial statements for the year ending 31 December 2009 which, except as disclosed below are not expected to be significantly different to those set out in note 2 to the Group's audited financial statements for the year ended 31 December 2008.

During the period the Group has adopted IAS 1 (amended) 'Presentation of Financial Statements' and IFRS 8 'Operating Segments'. The effect of adopting these standards is presentational and has no impact on the reported profit or net assets of any period. The adoption of IAS 1 means that a statement of comprehensive income has been included for the first time in this half-yearly report. The adoption of IFRS 8 means the Group provides segmental information using the same categories of information the Group's chief operating decision maker utilizes.

The Group organizes the business segments by the following two distinct lines of business:

- B2C (Business to Consumer) which focuses its activities on the individual end customer through a wide range of product offering; and
- B2B (Business to Business) which offers Total Gaming Services under the Dragonfish trading brand. Dragonfish offers to its business partners use of technology, software, operations, E-payments and advanced marketing services, through the provision of offline/online marketing, management of affiliates, SEO, CRM and business analytics.

The Group complies with IAS 34 in the presentation of the half-yearly financial statements.

The financial information is presented in thousands of US dollars (US\$'000) because that is the currency the Group primarily operates in.

The comparatives for the year ended 31 December 2008 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 auditors' report on those accounts was unqualified but it referred to a matter concerning the regulatory position of the Group to which the auditors drew attention by way of emphasis without qualifying their report. The details concerning this matter are given in note 5.

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

The risks and uncertainties faced by the Group have not changed significantly since the 2008 Annual Report was published and still continue to represent risk during the remaining six months of the financial year.

2 Segment information

	Period ended 30 June 2009					
	B2C				B2B	Consolidated
	Casino US\$'000 (unaudited)	Poker US\$'000 (unaudited)	Emerging Offerings US\$'000 (unaudited)	Total B2C US\$'000 (unaudited)	US\$'000 (unaudited)	US\$'000 (unaudited)
Revenues	55,880	26,246	11,432	93,558	24,320	117,878
Other operating income	-	-	-	-	-	-
Total operating income	55,880	26,246	11,432	93,558	24,320	117,878
Result						
Segment result				55,432	14,406	69,838
Unallocated corporate expenses ¹						60,233
Operating profit						9,605
Finance income						153
Tax expense						(1,697)
Profit for the period						8,061
Assets						
Unallocated corporate assets						188,398
Total assets						188,398
Liabilities						
Segment liabilities - B2B						7,203
Segment liabilities - B2C						25,780
Unallocated corporate liabilities						40,578
Total liabilities						73,561

¹ Including share benefit charges of US\$5,145,000.

Other than where amounts are allocated specifically to the Casino, Poker and Emerging Offerings segments above, the expenses, assets and liabilities relate jointly to all segments. Any allocation of these items would be arbitrary.

2.Segment information-continued

	Period ended 30 June 2008					
	B2C				B2B	Consolidated
	Casino US\$'000 (unaudited)	Poker US\$'000 (unaudited)	Emerging Offerings US\$'000 (unaudited)	Total B2C US\$'000 (unaudited)	US\$'000 (unaudited)	US\$'000 (unaudited)
Revenues	69,750	40,222	4,553	114,525	17,006	131,531
Other operating income	2,408	1,342	-	3,750	76	3,826
Total operating income	72,158	41,564	4,553	118,275	17,082	135,357
Result						
Segment result				70,713	9,679	80,392
Unallocated corporate expenses ¹						61,252
Operating profit						19,140
Finance income						1,977
Tax expense						(2,243)
Profit for the period						18,874
Assets						
Unallocated corporate assets						170,999
Total assets						170,999
Liabilities						
Segment liabilities - B2B						1,980
Segment liabilities - B2C						30,485
Unallocated corporate liabilities						39,075
Total liabilities						71,540

¹ Including share benefit charges of US\$5,183,000.

2.Segment information-continued

	Period ended 31 December 2008				B2B	Consolidated
	B2C			Total B2C		
	Casino US\$'000 (unaudited)	Poker US\$'000 (unaudited)	Emerging Offerings US\$'000 (unaudited)			
Revenues	133,083	71,565	13,790	218,438	38,424	256,862
Other operating income	3,571	1,955	-	5,526	166	5,692
Total operating income	136,654	73,520	13,790	223,964	38,590	262,554
Result						
Segment result				137,480	21,844	159,324
Unallocated corporate expenses ¹						122,010
Operating profit						37,314
Finance income						2,928
Tax expense						(3,057)
Profit for the period						37,185
Assets						
Unallocated corporate assets						182,498
Total assets						182,498
Liabilities						
Segment liabilities - B2B						5,710
Segment liabilities - B2C						27,574
Unallocated corporate liabilities						37,854
Total liabilities						71,138

¹ Including share benefit charges of US\$8,391,000.

Notes to the Condensed Consolidated Financial Statements

2. Segment information-continued

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:

Total operating income by geographical market ¹

	Total operating income Period ended 30 June 2009 US\$'000 (unaudited)	Total operating income Period ended 30 June 2008 US\$'000 (unaudited)	Total operating income Year ended 31 December 2008 US\$'000 (audited)
UK	42,676	49,427	97,127
Europe	53,429	63,766	121,943
Americas (excluding USA)	10,652	13,981	26,220
Rest of World	11,121	8,183	17,264
Total operating income	117,878	135,357	262,554

¹ Allocation of geographical segments is based on Net Revenue Commission received by the Group.

3 Operating profit

	Period ended 30 June 2009 US\$'000 (unaudited)	Period ended 30 June 2008 US\$'000 (unaudited)	Year ended 31 December 2008 US\$'000 (audited)
Operating profit is stated after charging:			
Staff costs	36,008	38,366	74,695
Audit fees	116	247	381
Other fees paid to auditors in respect of taxation services	4	8	29
Depreciation (within operating expenses)	3,344	2,556	5,504
Amortisation (within operating expenses)	600	1,252	1,826
Chargebacks and returned e-cheques	3,087	2,251	4,816
Exchange loss	1,891	86	2,630
Capital loss on sale of fixed assets	-	74	-
Payment service providers' commissions	6,942	8,098	15,256
Share benefit charges — all equity-settled	5,145	5,183	8,391

4 Earnings per share

Basic earnings per share from continuing operations

Basic earnings per share have 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

In accordance with IAS 33, 'Earnings per share', the weighted average number of shares for diluted earnings per share takes into account all potentially dilutive shares and share options granted, which are not included in the number of shares for basic earnings per share. In addition, certain employee options have also been excluded from the calculation of diluted EPS as their exercise price is greater than the weighted averaged share price during the period and it would not be advantageous for the holders to exercise the option. The number of options excluded from the diluted EPS calculation is 5,063,067 (2008: Half year — 4,270,906, Full year — 3,117,110).

	Six months ended 30 June 2009 US\$'000 (unaudited)	Six months ended 30 June 2008 US\$'000 (unaudited)	Year ended 31 December 2008 US\$'000 (audited)
Profit from continuing operations attributable to ordinary shareholders	8,061	18,874	37,185
Weighted average number of Ordinary Shares in issue	344,278,416	340,627,981	341,515,007
Weighted average number of dilutive Ordinary Shares	349,346,188	347,363,994	347,322,042
Total			
Basic	2.3¢	5.5¢	10.9¢
Diluted	2.3¢	5.4¢	10.7¢

Earnings per share excluding share benefit charges

Reconciliation of profit to profit excluding share benefit charges:

	Six months ended 30 June 2009 US\$'000 (unaudited)	Six months ended 30 June 2008 US\$'000 (unaudited)	Year ended 31 December 2008 US\$'000 (audited)
Profit from continuing operations attributable to ordinary shareholders	8,061	18,874	37,185
Share benefit charges	5,145	5,183	8,391
Profit excluding share benefit charges	13,206	24,057	45,576
Weighted average number of Ordinary Shares in issue	344,278,416	340,627,981	341,515,007
Weighted average number of dilutive Ordinary Shares	349,346,188	347,363,994	347,322,042
Total			
Basic earnings per share excluding share benefit charges	3.8¢	7.1¢	13.4¢
Diluted earnings per share excluding share benefit charges	3.8¢	6.9¢	13.1¢

5 Contingent liabilities

From time to time the Group is subject to legal claims and actions against it. The Group takes legal advice as to the likelihood of success of such claims and actions.

Regulatory issues

As part of the Board's ongoing regulatory compliance and operational risk assessment process, the Board 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.

Following the enactment of the UIGEA on 13 October 2006, the Group stopped taking any deposits from customers in the US and barred such customers from wagering real money on all of the Group's sites.

Notwithstanding this, there remains a residual risk of an adverse impact arising from the Group having had customers in the US prior to the enactment of the UIGEA. The Board is not able to identify reliably at this stage what if any liability may arise and accordingly no provision has been made.

On 5 June 2007 the Group announced that it had initiated preliminary discussions with the United States Attorney's Office for the Southern District of New York. It is too early to assess any particular outcome of these discussions.

6 Related party transactions

During the period the Group paid US\$123,939 (2008: Half year - US\$155,000, Full year - US\$296,176) in respect of rent and office expenses to companies of which Mr John Anderson is a Director. At 30 June 2009 the amount owed to those companies was US\$Nil (2008: Half year - US\$27,000, Full year - US\$Nil).

Remuneration paid to the Directors during the period totalled US\$1,036,000 (2008: Half year - US\$1,355,000, Full year - US\$3,079,000). These figures exclude provision for performance based bonuses which depend on full year results.

Share benefit charge in respect of awards granted to the Directors totalled US\$1,640,366 (2008: Half year - US\$1,247,000, Full year - US\$1,699,587).

7 Dividends

	Period ended 30 June 2009 US\$'000 (unaudited)	Period ended 30 June 2008 US\$'000 (unaudited)	Year ended 31 December 2008 US\$'000 (audited)
Dividends paid	9,995	17,058	25,626

The Board of Directors has declared a half-yearly dividend of 3.6 cents per share payable on 8 October 2009.

Statement of Directors' Responsibilities

The Directors confirm, to the best of their knowledge, that this condensed set of unaudited financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the half-yearly management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The Directors of 888 Holdings plc are listed in the Group's annual report and accounts for the year ended 31 December 2008 on page 34.

Independent Review Report to 888 Holdings Public Limited Company

Introduction

We have been instructed by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 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 related explanatory notes 1 to 7.

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.

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 Services 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, 'Half-Yearly 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.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements in respect to half-yearly financial reporting in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Half-Yearly 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 half-yearly 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 Ireland) 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 2009 is not prepared, in all material aspects, 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 Services Authority.

Emphasis of matter — Regulatory issues

In forming our review conclusion, which is not qualified, we have considered the adequacy of, and drawn attention to, the disclosures made in note 5 to the condensed set of financial statements concerning the residual risk of adverse action arising from the Group having had customers in the US prior to the enactment of the Unlawful Internet Gambling Enforcement Act. Note 5 includes a statement that the Group has not been able to quantify any potential impact of the regulatory uncertainty on the financial information for the period ended 30 June 2009.

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55 Baker Street
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United Kingdom
27 August 2009