

INTERIM



REPORT 2008

888.com



POKER ♦ CASINO ♦ BINGO ♦ SPORT

—Enjoy the game—

Highlights

Total Operating Income



EBITDA^{2,3,4}



NGR¹



NGR: Casino



Profit Before Tax^{2,3}



NGR: Poker



¹ Net Gaming Revenue ("NGR")

² Continuing operations relates to all non-US facing operations

³ Excluding share benefit charges of US\$5.2 million (H1 2007: US\$4.1 million)

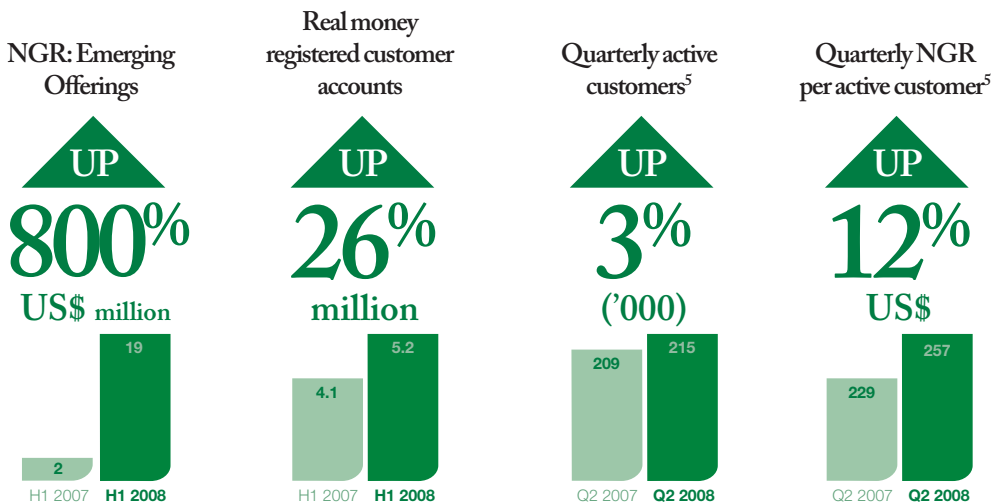
⁴ Excluding exchange loss (gain) of US\$(0.1) million (H1 2007: US\$0.7 million) and capital loss on sale of fixed assets of US\$0.1 million (H1 2007: nil)



888.com is the proud sponsor of twice UEFA champions Sevilla FC.



British celeb icon, Vic Reeves, in the successful launch campaign of 888ladies.



⁵ Excluding Emerging Offerings

At 888 we believe that entertainment is the spark that completes our lives; that, after the challenges and routine that occupies our daily lives, everyone seeks fun and enjoyment...

At 888 we want people to 'Enjoy The Game' so everything we do is dedicated to making sure they get the most enjoyment out of the time they spend with us. Some play to win and some play to play, whether they are here to win big or small, here to have fun or simply here to meet like-minded new friends we want people to 'Enjoy The Game'

Our dream is to become the biggest community of people who enjoy playing online for money.

We believe that our primary responsibility is to provide the best gaming experience to our customers. This means the most entertaining, innovative and relevant games and the most exciting and rewarding entertainment opportunities to win in a responsible yet fun environment.

Our strategy is to achieve profitable growth through the acquisition and retention of valuable customers by providing our customers a differentiated, intentional customer experience in a safe, secure, trustworthy and responsible environment.

Chief Executive Officer's Review

The first half of 2008 was very successful for 888 Holdings as our innovative strategy, enhanced offering and strong brand enabled us to achieve record half year results and a seventh consecutive period of quarter on quarter growth. Despite an increasingly competitive global market, we have reported Total Operating Income of US\$135 million (H1 2007: US\$97 million) and Profit Before Tax¹ of US\$26 million (H1 2007: US\$19 million). Our Total Operating Income for the first half of 2008 is only 14% short of our entire revenue (US\$157 million) in 2006, and is 40% up year on year, which demonstrates the pace of growth we can generate.

Pleasingly, we have achieved this increase in Total Operating Income with significant profit growth. Profit Before Tax¹ has increased to US\$26 million in the first half of the year (H1 2007: US\$19 million). Basic earnings per share¹ of 7.1 cents is 37% above H1 2007 (5.2 cents per share) and demonstrates clearly that with significant revenue growth we can also expand our margins and ensure further profitability.

These are very good results and in accordance with our stated dividend policy set out at the time of our 2005 flotation, we will be paying an interim dividend of 2.5 cents per share representing a 39% increase on H1 2007 (1.8 cents per share).

Delivering on our strategy

Our continued success in the first half of 2008 was based upon our ability to deliver on all aspects of our strategy, reaping the results from strategic investments made in 2007 both in our offering and brand, which have generated significant growth. In the first half, we made additional strategic investments which we expect to deliver further growth in the second half of this year and in 2009.

The most recent development in our growth strategy has been the parallel process of integrating third party games into our platform and leveraging our assets to become a leading business-to-business (B2B) provider to other operators. This has proved very successful so far and will be an increasingly large contributor to our growth over the medium term.

The most important achievement in the first half of 2008 was the enormous change in our product offering. From being a provider of Casino, Poker and partially Bingo in 2007, we are now a comprehensive provider of all gaming segments, including the four cornerstones of online gaming (Casino, Poker, Sportsbetting and Bingo) and additional niche products (Live Dealer Casino and Backgammon). This expansion and diversification of our offering can be seen in the huge growth in our "Emerging Offerings" segment (including Bingo, Sportsbook, Live Dealer Casino and Backgammon) from only US\$2 million in H1 2007 to US\$19 million in H1 2008. This market leading offering will continue to be the foundation of our future growth.

Further significant developments in our offering have included opening our platform to integration with games from other vendors. We have invested heavily both on the technical side in

building our integration framework, and in signing games-integration contracts with more than ten different providers, giving us access to more than 1,000 games. We launched the first group of these games in Q2, and plan to launch many more in H2. We believe this innovative approach will increase customer loyalty and life-time value, as well as assisting us in customer acquisition. In parallel we continue to develop our core platform as well as launching additional games built in-house. This dual approach will remain our core strategy as we aim to continue building 'blockbusters' in-house whilst generating a 'long tail' of games through integration. This will also enable us to introduce games easily with a local flavour in our target markets.

H1 2008 also saw the launch of various new initiatives surrounding our brand and marketing. As part of the launch of our new offerings we have launched two new sub-brands under our 888.com umbrella brand. These are "888ladies", aimed at the female segment, and "888sport", our designated brand for sport fans. We have also continued to promote our traditional "888casino" and "888poker" brands in more than 30 countries globally. H1 2008 was also the first period in which we have invested resources in promoting our brand and offering via TV advertising in the UK. This high profile campaign, especially the award-winning "888ladies" advertisement featuring Vic Reeves, has proved to be very successful and is a blueprint for greater TV advertising in the future.

The period also included more local marketing activities and campaigns than ever before ranging from significant offline campaigns to direct response online marketing. This has been complemented by an additional focus on Customer Relationship Management and loyalty programmes. These marketing efforts have helped us to achieve our highest number of active customers in the second quarter of the year, typically a weaker period. We are most satisfied with this growth across all our various markets and will continue investing in localised, integrated marketing and Customer Relationship Management in the second half of the year, as we penetrate new markets.

As previously stated, our most significant strategic move in 2007 was the move from a pure business-to-consumer (B2C) model to a combined approach which includes working with carefully selected strategic partners who are aiming to become online gaming 'virtual' operators. Given the current regulatory landscape, we expect new market participants in regulated jurisdictions and feel we are well positioned to partner with these new entrants to our mutual advantage. In 2007 we launched our first three partnerships; with Rileys in the UK, Tower Torneos in Latin America and Kamay in Central Europe. We continued the development of this new line of business in the first half of the year and, as illustrated by the recently announced deal with Sportech and partnership with PokerDome, we see this as a key growth area.

Regulation

The first six months of 2008 saw some further developments from

¹ Excluding share benefit charges of US\$5.2 million (H1 2007: US\$4.1 million).

the regulatory perspective. In Europe, we witnessed continued pressure from the EU Commission on EU Member States to liberalise their gaming markets. This culminated in the EU Commission initiating two new infringement proceedings against Sweden and Germany and two "Reasoned Opinions" to Greece and the Netherlands. These moves signify positive progress towards a legal framework that will allow EU licensed operators like 888 to work openly in the EU. This pressure has resulted in several EU Member States contemplating and, in some cases advancing, a liberalised gaming sector. These Member States include France, Spain, Sweden, Greece and Denmark. Other EU Member States such as Ireland, Cyprus, Belgium, Estonia, the Czech Republic and Bulgaria are also considering revising their gaming laws to potentially regulate online gaming.

Outside Europe we see initial progress towards greater regulation in Asia Pacific, Latin America and South Africa. Progress in these jurisdictions could permit us to work in a properly-licensed environment. We still believe that the formation of a regulatory framework is the most sensible evolution for the online gaming and entertainment industry. We will continue monitoring the regulatory landscape and look for opportunities to operate in regulated markets.

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 remains too early to assess any particular outcome of these discussions.

Responsible gaming

The first half of 2008 saw ongoing investment in our responsible gaming initiatives and further focus on the prevention of problem and underage gambling. We have invested significant resources in developing further automated tools enabling us to detect problematic gambling activity and hope these tools will strengthen our leading performance in this critical area. In addition, our educational efforts via the launch of a responsible gambling site, "888responsible.com", have increased further. This site now features a film aimed at helping parents detect underage gambling.

H2 2008 — Focus

The second half of 2008 will see the ongoing execution of our strategy with additional innovation around both our B2C and B2B activities.

We will continue to improve our offering, extend our platform, leverage our integration capabilities and sign exciting contracts with game-providers. We expect to launch our first wave of new games in the coming months with a focus on local games, which will materially enhance existing customers' loyalty and help us to acquire new customers in new territories.

On the B2C side of the business, we will continue investing in the promotion of our brand and services and plan to focus special marketing activities and promotions on the seasonally strong fourth quarter. We have already launched our partnership with PokerDome and plan to launch the new Sportech offering to customers in the coming months. Finally, we have a strong pipeline of deals and expect to be able to close more deals in the second half of the year.

Outlook

The third quarter has started as expected, led by the Emerging Offerings as well as stronger Poker Net Gaming Revenue following the lower activity we saw throughout June and the Euro 2008 football championship. This is very reassuring given that Q3 is traditionally one of the seasonally weaker periods of the year and leads us to believe that we will see additional growth throughout H2.

Our Emerging Offerings will continue to be a main growth driver during the second half whilst we also expect to see growth in our core products of Casino and Poker. There will be many new game launches in H2 based on our integration platform and the deals announced with ten separate games providers.

Our B2B business is continuing to grow. The PokerDome and Sportech deals are on track and coupled with our pipeline of new deals makes us certain that B2B will become an increasingly important contributor to our H2 growth and in years to come.

Given current trading, the continuous growth in our Emerging Offerings, our successful B2B business, and our clear business strategy, we remain confident of delivering future growth in 2008.



Gigi Levy
Chief Executive Officer
28 August 2008



Best operator of the year – 2007



Condensed Consolidated Balance Sheet

at 30 June 2008

	30 June 2008 US\$'000 (unaudited)	30 June 2007 US\$'000 (unaudited)	31 December 2007 US\$'000 (audited)
Assets			
Non-current assets			
Intangible assets	42,211	41,746	40,656
Property, plant and equipment	17,019	15,526	16,496
Financial assets	344	–	654
Deferred taxes	654	672	537
	60,228	57,944	58,343
Current assets			
Cash and cash equivalents	87,931	87,285	104,308
Trade and other receivables	22,840	12,847	19,530
	110,771	100,132	123,838
Total assets	170,999	158,076	182,181
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	3,115	3,084	3,097
Share premium	43	–	–
Available for sale reserve	(415)	–	(105)
Retained earnings	96,716	71,515	89,735
Total equity attributable to equity holders of the parent	99,459	74,599	92,727
Liabilities			
Current liabilities			
Trade and other payables	39,075	60,584	63,040
Customer deposits	32,465	22,893	26,414
Total liabilities	71,540	83,477	89,454
Total equity and liabilities	170,999	158,076	182,181

The financial statements on pages 4 to 17 were approved and authorised for issue by the Board of Directors on 28 August 2008 and were signed on its behalf by:



Gigi Levy
Chief Executive Officer



Aviad Kobrine
Chief Financial Officer

Condensed Consolidated Statement of Changes in Equity

for the period ended 30 June 2008

	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 2007	3,073	–	–	83,929	87,002
Net profit for the period	–	–	–	13,533	13,533
Dividend paid	–	–	–	(30,082)	(30,082)
Issue of shares	11	–	–	(11)	–
Share benefit charges	–	–	–	4,146	4,146
Balance at 30 June 2007	3,084	–	–	71,515	74,599
Valuation losses of available for sale investments	–	–	(105)	–	(105)
Net profit for the period	–	–	–	20,702	20,702
Dividend paid	–	–	–	(6,123)	(6,123)
Issue of shares	13	–	–	(13)	–
Share benefit charges	–	–	–	3,654	3,654
Balance at 1 January 2008	3,097	–	(105)	89,735	92,727
Valuation losses of available for sale investments	–	–	(310)	–	(310)
Net profit for the period	–	–	–	18,874	18,874
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
Balance at 30 June 2008	3,115	43	(415)	96,716	99,459

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 Cash Flows

for the period ended 30 June 2008

	Six month ended 30 June 2008 (unaudited) US\$'000	Six month ended 30 June 2007 (unaudited) US\$'000	Year ended 31 December 2007 (audited) US\$'000
Cash flows from operating activities			
Profit before income tax	21,117	14,870	37,434
Adjustments for			
Depreciation	2,556	1,864	4,192
Loss on sale of property, plant and equipment	74	–	–
Amortisation	1,252	–	1,550
Interest received	(2,205)	(2,959)	(5,434)
Share benefit charges	5,183	4,146	7,800
	27,977	17,921	45,542
Decrease/(increase) in trade receivables	2,278	(1,669)	(7,241)
Increase in other accounts receivables	(5,588)	(1,509)	(2,620)
Increase in trade payables	1,733	1,508	2,186
Increase in member deposits	6,051	222	3,743
(Decrease)/increase in other accounts payables	(844)	464	7,663
Cash generated from operations	31,607	16,937	49,273
Income tax paid	(2,069)	(1,424)	(3,075)
Net cash generated from operating activities	29,538	15,513	46,198
Cash flows from investing activities			
Acquisition of assets comprising of the online bingo business of Globalcom Limited	(25,145)	(11,104)	(17,142)
Purchase of property, plant and equipment	(3,182)	(4,357)	(7,574)
Development of intangible assets	(2,807)	–	–
Proceeds from sale of property, plant and equipment	29	–	–
Interest received	2,205	2,959	5,434
Acquisition of available for sale assets	–	–	(759)
Net cash used in investing activities	(28,900)	(12,502)	(20,041)
Cash flows from financing activities			
Exercise of share options	43	–	–
Dividends paid	(17,058)	(30,082)	(36,205)
Net cash used in financing activities	(17,015)	(30,082)	(36,205)
Net decrease in cash and cash equivalents	(16,377)	(27,071)	(10,048)
Cash and cash equivalents at the beginning of the period	104,308	114,356	114,356
Cash and cash equivalents at the end of the period	87,931	87,285	104,308

Notes to the Condensed Consolidated Financial Statements

1 Basis of preparation

The consolidated interim 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 ended 31 December 2008 which 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 2007. In respect of development costs, the Group continues to follow the guidance of IAS 38 *Intangible Assets* in respect of capitalization of these costs. During the period, the Group have put in place processes and placed procedures that enable it to ascertain technological feasibility before development costs are incurred and therefore be in a position to capitalize costs incurred after that point. The Group estimates the useful life of these assets as between 3 and 5 years.

The Group has adopted IAS 34 in the preparation of the interim 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 2007 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 7.

The condensed 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 2007 Annual Report was published and still continue to represent risk during the remaining six months of the financial year.

2 Segment information

Business segments

	Period ended 30 June 2008			
	Casino US\$'000 (unaudited)	Poker US\$'000 (unaudited)	Emerging Offerings US\$'000 (unaudited)	Consolidated US\$'000 (unaudited)
Net Gaming Revenue	70,474	41,659	19,398	131,531
Other operating income	2,405	1,421	–	3,826
Total operating income	72,879	43,080	19,398	135,357
Result				
Segment result	51,892	19,997	8,503	80,392
Unallocated corporate expenses ¹				61,252
Operating profit				19,140
Finance income				1,977
Tax expense				2,243
Profit for the period – continuing operations				18,874
Profit for the period – discontinued operations (Note 4)				–
Profit for the period				18,874
Assets				
Unallocated corporate assets				170,999
Total assets				170,999
Liabilities				
Segment liabilities – Poker ²				24,161
Segment liabilities – Casino ²				5,576
Segment liabilities – Emerging Offerings				2,728
Unallocated corporate liabilities				39,075
Total liabilities				71,540

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

² Included in segment liabilities are amounts owed in respect of discontinued operations. Poker US\$19,000 and Casino US\$3,000.

Notes to the Condensed Consolidated Financial Statements

2 Segment information continued

	Period ended 30 June 2007			Consolidated US\$'000 (unaudited)
	Casino US\$'000 (unaudited)	Poker US\$'000 (unaudited)	Emerging Offerings US\$'000 (unaudited)	
Net Gaming Revenue	53,852	40,808	2,156	96,816
Other operating income	–	–	–	–
Total operating income	53,852	40,808	2,156	96,816
Result				
Segment result	33,051	21,547	1,494	56,092
Unallocated corporate expenses ¹				43,974
Operating profit				12,118
Finance income				2,600
Tax expense				(1,337)
Profit for the period – continuing operations				13,381
Profit for the period – discontinued operations (Note 4)				152
Profit for the period				13,533
Assets				
Unallocated corporate assets				158,076
Total assets				158,076
Liabilities				
Segment liabilities – Poker ²				16,608
Segment liabilities – Casino ²				6,215
Segment liabilities – Emerging Offerings				70
Deferred acquisition liability – Emerging Offerings				30,643
Unallocated corporate liabilities				29,941
Total liabilities				83,477

¹ Including share benefit charges of US\$4,146,000.

² Included in segment liabilities are amounts owed in respect of discontinued operations. Poker US\$288,000 and Casino US\$102,000.

2 Segment information continued

	Year ended 31 December 2007			Consolidated US\$'000 (audited)
	Casino US\$'000 (audited)	Poker US\$'000 (audited)	Emerging Offerings US\$'000 (audited)	
Net Gaming Revenue	118,120	80,817	14,446	213,383
Other operating income	2,111	1,452		3,563
Total operating income	120,231	82,269	14,446	216,946
Result				
Segment result	74,061	41,814	5,547	121,422
Unallocated corporate expenses ¹				88,393
Operating profit				33,029
Finance income				4,957
Tax expense				(3,199)
Profit for the year – continuing operations				34,787
Loss for the year – discontinued operations (Note 4)				(552)
Profit for the year				34,235
Assets				
Unallocated corporate assets				182,181
Total assets				182,181
Liabilities				
Segment liabilities – Poker ²				20,013
Segment liabilities – Casino ²				5,533
Segment liabilities – Emerging Offerings				868
Deferred acquisition liability – Emerging Offerings				25,145
Unallocated corporate liabilities				37,895
Total liabilities				89,454

¹ Including share benefit charges of US\$7,800,000.

² Included in segment liabilities are amounts owed in respect of discontinued operations. Poker US\$82,000 and Casino US\$13,000.

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.

Notes to the Condensed Consolidated Financial Statements

2 Segment information continued

Geographical segments

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

	Net Gaming Revenue Period ended 30 June 2008 US\$'000 (unaudited)	Other operating income Period ended 30 June 2008 US\$'000 (unaudited)	Total operating income Period ended 30 June 2008 US\$'000 (unaudited)	Total operating income Period ended 30 June 2007 US\$'000 (unaudited)	Total operating income Year ended 31 December 2007 US\$'000 (audited)
UK	53,988	1,627	55,615	41,199	93,001
Europe	58,907	1,924	60,831	40,062	90,067
Americas (excluding USA)	10,655	275	10,930	8,100	18,028
Rest of World	7,981	–	7,981	7,455	15,850
Total operating income	131,531	3,826	135,357	96,816	216,946

3 Operating profit

	Period ended 30 June 2008 US\$'000 (unaudited)	Period ended 30 June 2007 US\$'000 (unaudited)	Year ended 31 December 2007 US\$'000 (audited)
Operating profit is stated after charging:			
Staff costs	38,366	28,307	61,301
Audit fees	247	161	349
Other fees paid to auditors in respect of taxation services	8	–	26
Depreciation	2,556	1,864	4,192
Amortisation	1,252	–	1,550
Chargebacks and returned e-cheques	2,251	998	2,846
Exchange loss/(gains)	86	(741)	(1,117)
Capital loss on sale of fixed assets	74	–	–
Payment service providers' commissions	8,098	5,737	13,359
Share benefit charges – all equity settled	5,183	4,146	7,800

4 Discontinued operations

Condensed Consolidated Income Statement

	Period ended 30 June 2008 US\$'000 (unaudited)	Period ended 30 June 2007 US\$'000 (unaudited)	Year ended 31 December 2007 US\$'000 (audited)
Administrative expenses (income)	–	(152)	552
Profit/(loss) from discontinued operations	–	152	(552)

5 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 year.

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 year and it would not be advantageous for the holders to exercise the option. The number of options excluded from the diluted EPS calculation is 4,270,906 (2007: 4,194,206).

	Six months ended 30 June 2008 US\$'000 (unaudited)	Six months ended 30 June 2007 US\$'000 (unaudited)	Year ended 31 December 2007 US\$'000 (audited)
Profit from continuing operations attributable to ordinary shareholders	18,874	13,381	34,787
Weighted average number of Ordinary Shares in issue	340,627,981	338,097,734	338,837,328
Weighted average number of dilutive Ordinary Shares	347,363,994	344,209,550	346,069,425
Continuing operations			
Basic	5.5¢	4.0¢	10.3¢
Diluted	5.4¢	3.9¢	10.1¢
Discontinued operations (Note 4)			
Basic	0.0¢	0.0¢	(0.2)¢
Diluted	0.0¢	0.0¢	(0.2)¢
Total			
Basic	5.5¢	4.0¢	10.1¢
Diluted	5.4¢	3.9¢	9.9¢

Notes to the Condensed Consolidated Financial Statements

5 Earnings per share continued

Earnings per share excluding share benefit charges

Reconciliation of profit to profit excluding share benefit charges:

	Six months ended 30 June 2008 US\$'000 (unaudited)	Six months ended 30 June 2007 US\$'000 (unaudited)	Year ended 31 December 2007 US\$'000 (audited)
Profit from continuing operations attributable to ordinary shareholders	18,874	13,381	34,787
Share benefit charges	5,183	4,146	7,800
Profit excluding share benefit charges	24,057	17,527	42,587
Weighted average number of Ordinary Shares in issue	340,627,981	338,097,734	338,837,328
Weighted average number of dilutive Ordinary Shares	347,363,994	344,209,550	346,069,425
Continuing operations			
Basic earnings per share excluding share benefit charges	7.1¢	5.2¢	12.6¢
Diluted earnings per share excluding share benefit charges	6.9¢	5.1¢	12.3¢
Discontinued operations (Note 4)			
Basic earnings per share excluding share benefit charges	0.0¢	0.0¢	(0.2)¢
Diluted earnings per share excluding share benefit charges	0.0¢	0.0¢	(0.2)¢
Total			
Basic earnings per share excluding share benefit charges	7.1¢	5.2¢	12.4¢
Diluted earnings per share excluding share benefit charges	6.9¢	5.1¢	12.1¢

6 **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.

7 **Related party transactions**

During the period the Group paid US\$155,000 (2007: US\$115,000) in respect of rent and office expenses to companies of which Mr John Anderson is a Director. At 30 June 2008 the amount owed to those companies was US\$27,000 (2007: US\$nil).

Remuneration paid to the Directors during the period totalled US\$1,355,000 (2007: US\$1,326,000). 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\$1,247,000 (2007: US\$2,011,000).

Notes to the Condensed Consolidated Financial Statements

8 Acquisition made during the prior year

Online Bingo business

On 16 May 2007 the Group acquired the assets comprising the online Bingo business of Globalcom Limited ("Bingo Business") for an all cash consideration.

In calculating the goodwill arising on acquisition, the fair value of the net assets of the Bingo business has been valued by a professional valuation firm and recognised in accordance with IFRS 3 and adjustments from book value have been made where necessary. These adjustments are summarized as follows:

	Book Value on acquisition US\$'000	Fair value adjustments US\$'000	Fair Value US\$'000
Property, plant and equipment	81	–	81
Intangible assets	200	4,114	4,314
Net assets	281	4,114	4,395

The fair value relates to the recognition of customer lists (US\$888,000), royalty agreements (US\$1,113,000), licensing agreements (US\$2,113,000) and other intangible assets (US\$200,000) acquired as part of the acquisition. These intangibles are being amortised over their estimated useful economic lives of between three months and four years. All intangible assets on acquisition have been identified and fair valued. The remaining goodwill represents the access to future trade with the Bingo customers.

	US\$'000
Fair value of net assets acquired	4,395
Goodwill	37,892
Fair value of consideration including expenses	42,287
Which is represented by:	
Cash consideration to Globalcom Limited (paid during the year 2007)	10,723
Deferred cash consideration to Globalcom Limited (paid during the year 2007)	5,398
Deferred cash consideration to Globalcom Limited (paid during the year 2008)	16,095
Earn-out payment (paid during the year 2008)	9,050
Expenses & other costs	1,021
Total cash consideration	42,287

The revenue and operating profit generated from this acquisition in the post-acquisition period to 31 December 2007 were \$14.4 million and \$5.2 million, respectively. Had the business been owned for the entire year, the revenue and operating profit would have been \$20.2 million and \$8.3 million respectively.

9 Option to acquire controlling interest in a business partner

With effect from 4 January 2008, the Group has an option to acquire the entire issued share capital of a third party company and consequently has control of this company under IAS 27. The Group has not consolidated this company as it would have an insignificant impact on the results of the Group.

10 Dividends

	Period ended 30 June 2008 US\$'000 (unaudited)	Period ended 30 June 2007 US\$'000 (unaudited)	Year ended 31 December 2007 US\$'000 (audited)
Dividends paid	17,058	30,082	36,205

The Board of Directors has declared an interim dividend of 2.5 cents per share payable on 31 October 2008.

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 interim 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 2007 on page 32.

By order of the Board



Gigi Levy
Chief Executive Officer



Aviad Kобрine
Chief Financial Officer

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 2008 which comprises the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and related explanatory notes 1 to 10.

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, "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.

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 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 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 2008 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, and drawn attention to, the disclosures made in note 6 to the financial information 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 6 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 2008.



BDO Stoy Hayward LLP

Chartered Accountants and Registered Auditors

55 Baker Street
London W1U 7EU
United Kingdom
28 August 2008

Shareholder Information

Group websites

A range of shareholder information is available in the Investor Relations area of the Group's website, www.888holdingsplc.com including:

- Latest information on the Group's share price
- Information on the Group's financial performance
- News and events

The following websites can be also accessed through the Group's main web portal www.888.com or are available directly.

Casino:

888's Casino games are offered through its Casino-on-Net and Reef Club Casino offerings.

- www.Casino-on-Net.com
- www.ReefClubCasino.com

Poker:

888's Poker offering is through Pacific Poker.

- www.PacificPoker.com

Bingo

888's Bingo offering is through 888ladies.

- www.888ladies.com

888.it:

The Group's sports offering for the Italian market.

- www.888.it

Backgammon:

888's Backgammon offering is through 888backgammon.

- www.888.com/backgammon

Betmate:

Offers access to a betting exchange for non-USA members only, including sporting and non-sporting betting.

- www.Betmate.com

888.tv:

A portal for skill games allowing members to download games, open accounts and play tournaments.

- www.888.tv

888.info:

A website allowing members to practice their gaming skills for fun, through a number of key Casino and Poker games.

- www.888.info

888responsible:

The Group's dedicated site focusing on responsible gaming.

- www.888responsible.com

Shareholder Services

All enquiries relating to Ordinary Shares, Depository Interests, dividends and changes of address should be directed to the Group's Transfer Agent:

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
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BR3 4TU
Tel: 0870 162 3100
www.capitaregistrars.com

Further Information

For further information please contact:

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