

**CryptoLogic Limited**  
**2007 Fourth Quarter Results Conference Call**  
**March 18, 2008**

**Operator:** Good morning ladies and gentlemen. Welcome to the Fourth Quarter and Year End 2007 Financial Results Conference Call. Your host for today will be Mr. Brian Hadfield. Please go ahead, Mr. Hadfield.

**Brian Hadfield:** Ladies and Gentlemen, welcome to CryptoLogic's 2007 Fourth Quarter and Year End Conference Call.

I'm Brian Hadfield, President and CEO of CryptoLogic, and here with me in Dublin is Steve Taylor, our Chief Financial Officer.

Obviously, there has been a management change since last quarter's conference call and I'd like to take a moment to express my thanks to Javaid Aziz for his significant contribution to the company as our CEO, and to wish him all the best in his plans to retire from corporate life and enjoy time with his family.

As for me, I'm delighted to have the first of many conversations with analysts and investors today. I'm honoured by the board's confidence and excited about the opportunity.

When CryptoLogic approached me to join the board as a non-executive director last year, they liked my background as a technology executive, my knowledge of software development, and my track record in building large and successful international businesses. I believe that just as these qualities made me a good fit for the board in 2007 they make me a great fit for the CEO's job in 2008.

But the real story isn't about me; it's about CryptoLogic. I strongly believe in this company, its rich history, its expert employees, its solid fundamentals for today and its smart strategy for tomorrow.

In the fourth quarter CryptoLogic demonstrated both resilience of its business - and the strength of its strategy.

Whether you look back one quarter or one year, we ended 2007 on a high note. Fourth quarter revenue was up 7% over the same period a year ago - and earnings were almost three times higher. We significantly exceeded the earnings guidance we established for the quarter last November - numbers which were very realistic at the time.

The biggest reasons for our growth are success in growing our casino business, and success in controlling costs. We are very pleased with the returns from our newest line-up of casino games released in October, and with the launch of the eagerly-anticipated Spider-Man and Fantastic Four slot games in December.

These results are particularly impressive when you consider the significant industry-wide impact of the U.S. prohibition of Internet gaming in late 2006.

With four consecutive quarters of growth, the company has done more than turn the corner; we've moved swiftly into the fast lane. Let me share a few thoughts about how we are going to stay there - and take this business into an even higher gear.

While CryptoLogic has a strong business and a smart strategy, we can't let our guard down. In fact, we need to be more aggressive, more adaptable, more reliable, and more responsive to our customers than ever before.

In our strategy you won't see a revolution but you will see an evolution. Let me explain.

There are four strategic imperatives for our business today: Innovating – with integrity. Expanding – both organically and through acquisition. Diversifying – with discipline. And, finally – executing with excellence.

Let's start with innovation, the key to industry leadership.

First and foremost, this is about releasing exciting games that people want to play - in our target markets.

How do we know we are leading the industry with our innovations? Because, most importantly, **players** tell us so. 2008 marks the third consecutive year that CryptoLogic has captured *Gambling Online Magazine's Top Casino Software Award*. Because the award is based on the votes of players from all over the world, it's widely considered one of the industry's highest honours.

Our recent casino game packs have quickly become fan favourites thanks to big excitement, big graphics, and big jackpots. CryptoLogic released 15 exciting new games in 2007 alone, culminating in the incredibly popular Spider-Man and Fantastic Four slot games.

So where do we go next? With some of the world's finest software development talent in house, CryptoLogic is a centre for innovation - and while I don't necessarily see us releasing more games, I do see us getting new games into customers' hands more often.

I also see us adopting a true "follow-the-sun" development strategy - which means development in North America, in Europe and in Asia -- around the clock, around the world. Our goal is that the sun will never set on CryptoLogic's capacity for innovation and delivery.

Finally, I see CryptoLogic continuing to use innovation to grow both core and emerging businesses. That means releasing innovative casino games; it means attracting new players and new liquidity to our licensees' shared poker room; and it means being innovators in mobile gaming and other emerging areas.

**The second strategic imperative is expansion.** That means continuing to broaden and deepen our relationships with blue-chip gaming and entertainment brands - both those in our stable today, and those who we intend to attract tomorrow.

Marvel is a great example; a mainstream entertainment brand that's entered the Internet casino realm - with CryptoLogic.

Another example is World Poker Tour. As you may have seen, yesterday we extended and expanded our relationship with this exciting global gaming brand. CryptoLogic will be WPT's exclusive provider of online casino and poker software through 2011. In addition to adding Spanish and German language poker capabilities, WPT has also opted to upgrade to a full casino suite with more than 200 games.

In 2008 you'll see us target both new and organic business growth. You'll see us seek new licensees in both Europe and Asia. And you'll see us achieve even greater leverage from CryptoLogic's new, robust and scalable technology platform. The great thing about our business model is that new licensee revenue goes directly to the bottom line.

You will also see us continue to pursue growth through acquisitions. As we've all seen, GTECH's acquisition of Boss Media - at 100% premium shows that the public markets have not yet recognized the true value of companies in our sector.

At CryptoLogic we know an investment opportunity when we see one. That's why in the wake of U.S. prohibition decision, 2007 was our most active year ever in acquisitions.

In Asia, that led to investments in 568 Inc. and Mikoishi. In both cases we have a minority stake with the right to acquire a majority position in the future.

In Europe, we made significant investments including the acquisition of Parbet.com, a popular Scandinavian poker brand, and Casino.co.uk, a popular gaming portal.

In 2008, we will use our strong balance sheet to be proactive in pursuing opportunities to enhance earnings for our shareholders - particularly in Asia, where the price of entry remains low and the potential for success is high. We will be highly selective; our goal is that every investment and every acquisition be accretive to earnings - in both the short- and long-term.

**The third element of our strategy is diversification - into new places and new products - in a highly disciplined way.**

You see both types of diversification in CryptoLogic's new relationship with Singapore-based Mikoishi Studios, one of Asia's better-known game development and design companies. Not only does this give us expanded capabilities in Asia, but it also gives us some exciting exposure into the explosive growth of the Asian mobile gaming market.

CryptoLogic also took a major financial interest in 568 Network Inc., a developer and distributor of online casual games to the Chinese market. 568 is doing very well, with player numbers growing from 200,000 to just under 2 million in eight months.

In 2008, you'll see us move beyond China and Singapore into other markets. We are looking at exciting opportunities in markets such as Korea, which has one of the world's highest levels of Internet penetration. And, of course the other massive market with immense potential is India.

And while our move to Asia is exciting, we will never take our eyes off our core markets and blue-chip customers in Europe. We see particularly exciting potential in offering our software and services in more languages - to achieve both reach and relevance to more players.

The final strategic imperative is probably the one I'm most passionate about, and that is **execution**. Execution, for me, is executing with excellence, and it requires a relentless focus on our customers - not just on their satisfaction but on the quality of their **experience**.

It means bringing new offerings to the market faster than ever before. It means being global, but also being local. It means making our offerings available in new languages and adapting them to new cultures. And it means finding more ways to "wow" every licensee and every player. It means being easy to do business with. And, it means every employee in our organization realizing the positive impact they can have on our customers.

This philosophy will drive every step we take - and every move we make - in 2008 and beyond.

I'll now call on Steve, who will provide you with more insight on this year's financial results.

**Steve Taylor:**  
CryptoLogic.

Thank you, Brian, and I'd like to say welcome to

I'm pleased to report on a quarter in which we significantly enhanced our profitability and exceeded our earnings guidance.

We are reporting our year-end earnings several weeks later than in prior years – and this is because of three unique circumstances:

- Our first certification process under Sarbanes-Oxley;
- Our first reporting year as a European company;
- And the increased complexity of our income taxes this year due to the migration of our licensees to Malta.

We very much appreciate your patience, and believe these strong results are worth the wait.

I'd once again like to remind listeners that CryptoLogic continues to report in US dollars.

As Brian mentioned, in light of the considerable industry-wide impact of the U.S. prohibition of Internet gaming, we believe that quarter-over-quarter growth and balance sheet strength are the most meaningful short-term indicators of relative performance. And so I will focus principally on these comparisons today.

Also, as with last quarter, you will see a reference to “minority interest” on our balance sheet and income statement. This reflects the June reorganization CryptoLogic carried out as part of the relocation of its head office to Europe.

As part of that process, approximately 9% of CryptoLogic shareholders received exchangeable shares - called CEC shares - instead of shares in CryptoLogic Limited. These shares were issued to Canadian shareholders so as to permit a deferral of Canadian tax.

CEC shares are the economic equivalent of CryptoLogic Limited shares in that they enjoy the right to equal dividends and liquidation treatment and may be exchanged at any time for CryptoLogic Limited shares on a one-for-one basis.

They also enjoy voting rights in CryptoLogic Limited through a voting trust arrangement. They have no other economic rights. They have a natural expiry of a seven-year term from the date of the reorganization, at which point they must be exchanged for CryptoLogic Limited shares.

Until this occurs, the interests of these shareholders will be shown as a minority interest on our statements.

Now let's talk about the numbers.

In the fourth quarter CryptoLogic increased its revenue from \$17.5 million in the third quarter to \$20.4 million in the fourth. We attribute this increase largely to the positive impact of revenue from new games launched earlier this year. CryptoLogic also benefited from the release of contingency funds totalling \$2 million; however, even without this benefit quarterly revenue would still be 4.8% higher than the third quarter.

Thanks to the hard work of the entire CryptoLogic team, stronger gaming revenue, and continued cost control, the company achieved earnings before minority interest for the quarter of \$5 million or \$0.36 per fully diluted share.

There were some noteworthy items in the quarter including a recovery of tax of \$700,000 and a write-off of \$1.75 million of program costs. Without the tax recovery the company still enjoyed a profit of \$4.3 million or \$0.31 per fully diluted share.

In the third quarter, we experienced very strong growth from Internet casino, with an impressive rise in revenue from \$10.2 million in Q2 to \$11.4 million in Q3 to \$11.9 million in Q4. With the release of the contingency funds, Q4 revenue reached \$14.0 million in casino. We are still on track to catch up to the levels we were at before the U.S. prohibition, which is very good news for our shareholders.

Poker revenue for the fourth quarter remained flat - \$4.6 million, down slightly from \$4.8 million in Q3. We recognize that the only way to increase this number is through new licensees and are aggressively working towards this as a top priority.

Operating expenses were \$12.7 million in Q4 including the previously-mentioned \$1.7 million amount. This compares with \$16.9 million a year ago. We continue to be diligent in controlling expenses with lower operating costs, lower software development expenses, and lower e-cash processing fees.

CryptoLogic continues to have a very strong balance sheet, with more than \$77.5 million in net cash or \$5.57 per diluted share. This is a reduction of \$7.9 million from the third quarter,

largely due to the acquisition of a significant stake in Mikoishi Studios of Singapore. The company continues to be debt free.

CryptoLogic's working capital at December 31, 2007 was \$68.2 million or \$4.90 per diluted share. This compares with \$73.7 million, or \$5.31 per diluted share on September 30.

For the first time this quarter, you will notice that we have \$20 million in restricted cash. This relates to licensing arrangements with the government of Malta. The good news, however, is that in February this restriction was reduced from \$20 million to \$5 million.

Cash flow generated by our operating activities was essentially neutral in the fourth quarter.

As a reminder, in line with market trends and the practices of European public companies, the company does not intend to provide regular guidance on anticipated quarterly revenue and earnings going forward.

In 2008, CryptoLogic expects continued growth based on several strategies:

- CryptoLogic will continue to grow its core businesses by developing and distributing **innovative** new casino games, tournaments, and other innovations to help engage, attract, and retain loyalty and liquidity to its customer's shared poker room.
- We will continue to target new licensees to **expand** our customer base of blue-chip entertainment brands. In fact, we are in active discussions with various candidates. Thanks to the excellent leverage of CryptoLogic's scalable technology platform, new licensee revenue goes directly to the bottom line.
- CryptoLogic will continue its **diversification** into Asia, and into promising new segments of the Internet gaming market;
- And finally, CryptoLogic expects its recent **investments and acquisitions** to be accretive to earnings in 2008.

I'd now like to turn the call back to Brian.

**Brian Hadfield:**

Thank you, Steve, for your comments - and also for your continued excellent management of our finances.

In closing I'd like to share a few words about how I'd like CryptoLogic to be seen in the months and years to come.

I want CryptoLogic to be an exceptional example of a business that leads through innovation. A company that understands the market and commits itself to its employees, its customers and its shareholders.

I want CryptoLogic to play its own game - watching the competition, but never worrying about them. I want CryptoLogic to be admired by competitors, welcomed by customers and supported passionately by players.

I want its management team to be a team of leaders who communicate early and often with those who follow our business. A team that explains clearly where it's going and then goes there. I'd like you to judge us not by what we say - but rather by what we do.

To be successful in this market, it's not about being the strongest. It's about being the most flexible and responsive to change. That's what I want CryptoLogic to be.

And I believe we can do it. We have the history, the financials, the strategy and most of all, the people to make it happen.

We'd now be delighted to take your questions.

**Operator:** Thank you. We will now take questions from the telephone lines. If you have a question and you are using a speakerphone, please lift your handset before making your selection. If you have a question, please press star one on your telephone keypad. If at any time you wish to cancel your question, please press the pound sign. Please press star one at this time if you have a question. There will be a brief pause while the participants register. Thank you for your patience.

The first question is from Todd Eilers of Roth Capital.

**Todd Eilers:** Given the decline in the stock price here over the last several quarters, it looks like you guys have got the business moving in the right direction with growth resuming both on the top- and bottom-line. I know you are considering various investments/acquisitions; however, given where the stock is at right now can you talk a little bit about the potential for a stock buy back or a share repurchase and just what your thoughts are on that issue?

**Steve Taylor:** Todd, that's a good question. As you know, we have a mechanism in place where we can go back into the market and acquire stock. That was renewed was November of 2007. It is a topic that is discussed at every board meeting. We are aware of the trends in the stock market, especially vis-à-vis our own shares. We have been

unable to do anything over the last 75 days, because we've been in a black-out period. I think we're just going to leave as saying it has been considered, it has been discussed, and we'll be monitoring the situation very carefully.

**Todd Eilers:** My next question is more on the outlook going forward for '08. I know you aren't providing guidance, but in the past you've indicated that your goals have been at least 20% top-line growth and 20% margins and return on equity. Is that still the case? Are those still the goals for the company on an annual basis going forward?

**Steve Taylor:** We had said and we continue to say that the 20/20 guideline is something that we think is achievable for the company over the longer run. Certainly our expenses are very much in line at the moment and we think we will experience real double-digit growth on the revenue line ahead of where the rest of the industry is for 2008. And in terms of profitability, because we have got costs so well under control we think that the percentage increase in numbers on the bottom line will be bigger than just double digit.

**Brian Hadfield:** We are taking a serious look at bolstering our new business development team as well, so we've done some work in that area already, and that's an area of focus for me certainly on a go-forward basis.

**Todd Eilers:** Okay, great. I know you are not providing guidance, but can you talk a little bit about just what you've seen so far to the start of the year or any general kind of top-level trends? Should we expect similar strong casino revenue? And I guess what are your expectations for poker? Should we see that stabilize? Maybe a little more colour on what you are seeing to the start to the year.

**Steve Taylor:** We have seen continued trends into the first quarter that follow on from the revenue levels that we were experiencing in Q4. Some of the new games that we've introduced, the Spider-Man games, the Marvel games that we came up with at the end of last year, carried us well into the first quarter of this year. We do have some other opportunities, people that we are talking about bringing on board. Those are not likely to have much of an impact on Q1 but I think I am fairly confident that the momentum that we had coming out of 2007 that we will be able to build upon that as we move through the quarters of 2008. Subject, of course, to the usual summer months where it seems to tend to slow down as people are outside doing other activities as opposed to online gaming.

**Operator:** Thank you. The following question is from Todd Coupland of CIBC.

**Todd Coupland:** Good morning everyone. I just want to make sure I have the one-time items straight. So if you net the reversal and the write-off, that should be about \$200,000 or so after tax that earnings are overstated or about \$0.015. Is that about right?

**Steve Taylor:** That's a fair statement, Todd.

**Todd Coupland:** Then the only other thing that needs to be done is the \$700K or \$0.05? Is that about right?

**Steve Taylor:** I think the important thing on the \$700K is if you look at the overall tax rate for 2007 it's roughly in line with our 15% tax rate that we have always talked about. So there have been some swings and roundabouts, but that's roughly about where our taxes are likely to fall out.

**Todd Coupland:** Okay. Around 15% for modeling purposes?

**Steve Taylor:** Correct.

**Todd Coupland:** On a revenue basis, \$18.4 million, and roughly \$11 million in operating expenses is kind of the run rate (inaudible).

**Steve Taylor:** That's the run rate we are at at the moment, Todd.

**Todd Coupland:** I think you mentioned that you thought your operating expenses were about where they're going to be at, so if you do continue to see casino growth you should get some operating leverage. I guess that's the main message here?

**Steve Taylor:** That is the message that we are delivering. As we bring new incremental revenues on board, as we've said in the past, a significant portion of it will fall to the bottom-line.

**Todd Coupland:** What's happening on Holland Casino? I know you've attempted to get some things going there. Maybe just give us an update?

**Steve Taylor:** There's a limited amount as to what we can say. Obviously we have to be respectful of the agreement that we have in place with Holland. Basically, what we can say is that we have done everything from our perspective in terms of getting the casino and the poker room ready. It's been tested by their government certification people. It's like the limousine sitting outside the building idling waiting to go. We are all set to

go. It's going through the legislative process in the Netherlands. All of that is fairly public forum and as soon as they come to a resolution of the legislative process in the Netherlands and in the EU, then we're all set to go. It's one of those things that it will unfold over time, we just need to be patient and wait of it to run its natural course.

**Todd Coupland:** Just going back to the accounting questions for another quick minute, have you cleaned up the balance so we shouldn't see any R&D write-offs in '08?

**Steve Taylor:** I am not anticipating anything else.

**Todd Coupland:** And in '08 do you expect to capitalize on any R&D?

**Steve Taylor:** We will continue for the first half of the year with the programs that we have underway to build our new gaming platform. Brian made reference before to us bringing product to market a lot more quickly. The gaming platform we are building at the moment will allow us to do that and we will still have some capitalized costs in the first half of '08.

**Todd Coupland:** About what will that be?

**Steve Taylor:** It's not an overly material amount of money. I believe that you will see capitalization of all CapEx and capitalization in '08 will trend more towards a number that's almost equal to what our depreciation and amortization is.

**Todd Coupland:** That's great. Thanks a lot.

**Operator**

The following question is from Walter Ramsley of Walrus Partners. Please go ahead.

**Walter Ramsley:** Thank you. Congratulations. Excellent year. I had a couple of accounting questions of my own. The CEC shares that you were talking about, are they included in the share count or not?

**Steve Taylor:** Yes, they are included in that 13.9 number.

**Walter Ramsley:** And the Mikoishi acquisition; did that have an impact on the earnings in the quarter? Did they make any money or not?

**Steve Taylor:** That acquisition only actually funded toward the end of the year and it hasn't had any impact on the quarter.

**Walter Ramsley:** Do you expect it to be a drag on earnings for a while or how is that going to affect things?

**Steve Taylor:** We don't expect that to be a drag on earnings. It's a tremendous little business and it is progressing in accordance with our expectations and we think it's tremendous news for CryptoLogic.

**Walter Ramsley:** Okay, good. And the stock option expense, that continued to narrow in the fourth quarter; can you give us some idea what you expect that to be in '08? Is that going to continue at a lower rate or will it bounce back up again or what's the prognosis?

**Steve Taylor:** We expect it will continue at a rate roughly equivalent to what it is in Q4 of '07.

**Walter Ramsley:** The \$2 million contingency that was released, can you tell me what the background of that was?

**Steve Taylor:** We regularly set aside for certain things a portion of CryptoLogic's revenue to address potential issues related to intellectual property challenges in the future.

There have been some changes in the law, principally in the UK, that has affected the possible outcomes in the future of any sort of challenge on intellectual property and therefore, every quarter we have to go and look at those amounts that we've set aside and see whether they're reasonable or not. And we had amounts set aside on the balance sheet in Q4 that were no longer deemed to be necessary, so because they came out of revenue in the first place they went back into revenue as they rolled back into the P&L.

**Walter Ramsley:** So basically that went in as revenue at 100% profit margin in the quarter?

**Steve Taylor:** Yes, the \$2 million went back in unburdened by any cost related to that.

**Walter Ramsley:** And then you subtracted the \$1.75 million on the software write-off and that pretty much offset each other?

**Steve Taylor:** That's correct.

**Walter Ramsley:** And the tax rate in the upcoming year is expected to be 15%? Is that what you said to the previous caller?

**Steve Taylor:** That is correct.

**Operator:** The following question is from Terry Babe of ThinkEquity Partners. Please go ahead.

**Terry Babe:** You talked about the Holland Casino launch. Any specifics or thoughts around when that actually happens? I know it's probably a little vague at this point, but do you think it's likely to be a Q2 event or Q3 event?

**Brian Hadfield:** I don't think we know for sure at this point in time. It certainly is going to be later in the year I think rather than earlier.

**Terry Babe:** And was there any contribution to the fourth quarter in terms of revenue?

**Steve Taylor:** No.

**Terry Babe:** And then just looking at the casino growth in the quarter sequentially, how much of that was driven by the new games that you mentioned?

**Steve Taylor:** I think it's probably fair to say, as in prior years, prior quarters and prior years, that a good portion of the growth we achieved in casino in the fourth quarter was the result of the success of new game launches. This has been a historical thing that CryptoLogic has.

This last year, 2007, we did two game releases plus the release of the two games towards the end of the year, so we did three game releases. We normally do two. And we will be smoothing out those revenue increases going forward as we move toward releasing the same number of games more frequently throughout the year.

**Brian Hadfield:** That's a key element for us is the ability to get these new games into the market on a regular and faster basis.

**Terry Babe:** And then how should we think about your minority interest line and share count going forward?

**Steve Taylor:** The share count is not likely to change that dramatically. The minority interest calculation, there are some unique elements of it that directly held subsidiaries of CryptoLogic Limited in the Irish company are not included in the minority interest calculation, so I can't prognosticate at this point in time how that number is likely to move. But that's not really that important because the earnings are shared by all shareholders whether they're CEC or Limited shareholders, and that's the point you need to focus on.

**Terry Babe:** The baseline should be that roughly 14 million share count going forward?

**Steve Taylor:** That's correct.

**Terry Babe:** The contingency release in the quarter, are you expecting any near-term releases of similar magnitude?

**Steve Taylor:** This is a process that's ongoing all the time in terms of these discussions on intellectual property and its something we have to look at each quarter. We constantly have discussions about this and if and when things settle up and numbers appear not be warranted any more then we have to bring them back into income. So it's something that—I can't say it's never going to happen again.

**Operator:** The following question is from David Herra of Dorsia Group

**David Herra:** What's your current perspective on the UIGA?

**Steve Taylor:** To be quite honest, we haven't been paying a lot of attention to the United States because in our view the law is quite clear cut at the moment. In an election year where the economy is not doing all that well I think the social issue of online gambling is not likely to be right at the forefront of the legislative agenda. We are keeping an eye on it, we are watching it, but right now it doesn't factor in our plan.

**Brian Hadfield:** The key for us is a strategy that is going to evolve over time. For us, the importance is can we continue to focus effectively or more effectively on our current customers, can we strengthen the relationships with them, and can we execute this growth strategy that we want.

So we'll keep an eye on it, but we need to be focused very firmly on where we want to go and, candidly, if anything changed there that would be potentially be some upside if it changed in the right direction, but we're firmly focused on developing and growing our business in the areas that we know we can have influence and control.

**David Herra:** That being said, if something does change in it are you guys prepared at all in having any conversations with any North American land-based casinos that may or may not be in Macau?

**Steve Taylor:** Brian made reference to the point before that we've strengthened and enhanced our business development capabilities. This is not that big an industry and everybody is always talking to everybody, so the answer is yes, we have the contacts, we continue to meet with people, but we're not placing a tremendous amount of effort on U.S.-facing things at this point in time. It's just too unclear.

**David Herra:** So is that a no then?

**Steve Taylor:** No, that's not a no. We are saying, as Brian said, we're focused on the things that we're focused on with our own customers and largely in Asia Pacific and in Europe.

**Brian Hadfield:** I think from a company and shareholder perspective we would always want to be in a position whereby we were looking at the markets, we were looking at potential opportunities in the market, but we need to focus in areas where we can actually have influence and grow. We've been quite religious in our approach to the fact that we think that Internet gaming should be regulated. It should be done the right way, and at the moment that's the big issue in the U.S. So whilst we will continue to be aware of the market, we will continue to observe what's going on, our focus has to be delivering on customer and shareholder value, and that's the world in which we live today.

**David Herra:** Speaking to that, shareholder value, in terms of acquisitions, has there been any discussion or thought on acquiring any of your actual licensees and maybe, since you are now based in Ireland, getting involved in something that can add to value that's a little more lucrative like sports betting?

**Brian Hadfield:** We'd be silly to say that we would not look at things in the future. At the moment we're fairly committed to the things that we do want to look at. Without trying to do anything other than just be absolutely clear, our current focus is to develop and enhance the businesses that we have and to approach new markets with things similar to what we have today.

**David Herra:** So currently there's no thoughts on getting involved in sports wagering?

**Brian Hadfield:** At this time there is no commitment to do it, but we will constantly evaluate the market in general, and if we thought that is something we could be successful at and it would add value to the company and it would be considered with all the other things that we look at, that would be a possibility, but right at this moment in time we are not looking at that.

**Operator:** Thank you. The following question is from Ali Mogharabi with B. Riley & Company. Please go ahead.

**Ali Mogharabi:** Actually my questions were answered. Just to let you know, great quarter.

**Steve Taylor:** Ali, thanks a lot.

**Operator:** Thank you. The following question is from Murray Baker with MoneySmarts. Please go ahead.

**Murray Baker:** Yes, I was wondering in terms of the somewhat abrupt departure Javaid no doubt to spend more time with the family, can you comment on change of direction that you see under your administration or leadership right now in terms of the direction of the company and the strategy going forward?

**Brian Hadfield:** Javaid and the board worked closely together and so we were executing a company strategy that was agreed across the board. I certainly don't have any plans to radically change that. From my perspective the key is I'm heavily focused on the concept of the customer experience, because in order to develop a sustainable business we want people to really enjoy both working with us, enjoy the games that we distribute on a regular basis, etcetera. So I would like to take the focus, that execution focus that I talked about earlier, to a slightly higher level or a higher level. Employee engagement is also critical, so there will be a focus on that.

But with regard to the markets and the development of the markets, that will continue pretty much as it was before. We want to strengthen our position in Europe, we want to add liquidity to the poker room, and we want to expand in Asia, knowing that the Asian market is a huge market, and we shouldn't look at Asia as one market, we should look at it as several markets. It will evolve at different rates and for us we want to be at the forefront of the legislation changes, we're extremely well positioned. So I'd like us to do a few things better. Employee engagement. I really want every employee to understand the positive impact they can have on the customers and as a by-product of that the shareholders. I'd like our execution model to tighten up so that people really do want to do business with us and I'd like to execute the growth strategy we outlined before.

**Murray Baker:** You mentioned also in terms of continuing talks, do you have any targets in terms of number of new licensees you are looking over the next 6 to 12 months?

**Brian Hadfield:** I'd certainly like us to get three or four new licensees on board in 2008. I did mention earlier that I put more focus on new business development. I think that's an area where we can expand, I think it's an area that can add huge value to us both short and long term, but the simple answer is I'd like us to have three to four new licensees in 2008.

**Murray Baker:** And finally, the last question, you mentioned in terms of the, you referred to the consolidation going on in the industry; in light of CryptoLogic's declining share price could you comment maybe in terms of your acquisition strategy or whether in fact CryptoLogic may be in danger of being acquired itself at these levels?

**Brian Hadfield:** I can talk about our acquisition strategy, because we had a balance sheet that says that we have the ability to go out into the market and find synergistic companies that can materially add to our strength and shareholder value. And I would be focused on that.

**Operator:** Thank you. The following question is from Mark Williams of Clarion Capital. Please go ahead.

**Mark Williams:** Just a follow-on question to the last question about the acquisitions; has anybody informally or formally approached CryptoLogic about buying CryptoLogic?

**Steve Taylor:** We haven't had any approaches, although, you know, it's a vibrant market out there, so we'll keep our ear to the ground, but we haven't had anything so far.

**Mark Williams:** The \$1.75 million write-off, was that due to your old system that's being written-off because you're developing a new one or was that some Holland Casino development costs that are now being written-off?

**Steve Taylor:** It's actually a number of different things that are related to development of new licensee programs over the course of '07, things that we thought needed to be cleaned up in the balance sheet at the end of the year.

**Mark Williams:** There was an \$800,000 roulette win that was done over a couple days by just one individual. Did that win come out of just the general pool or was it viewed as a design flaw and had to be paid for in its entirety by CryptoLogic?

**Steve Taylor:** It has nothing to do with any sort of design flaw. When you are in the casino business basically some days players end up winning and other days the hold rate to the house is much higher. This particular item is just one of those normal course business items.

**Mark Williams:** I walked away from the last conference call where Javaid was talking about several opportunities that were close to being announced but he didn't want to jinx them because he seems to think by doing so he would lose things. From lip to mouth I think was his phrase. I guess I never heard anything announced subsequent to that earnings call; was he indicating Boss Media that never happened or were there other opportunities that fell out cup to mouth?

**Brian Hadfield:** The fact of the matter is that with something like Boss in play there's no doubt that conversations took place. There are other opportunities that we are currently working on which we hope to make announcements imminently. To put it as succinctly as we can, whilst there may have been some hope on some of them closing quickly, it's taken a little longer. But the bottom line is that I am anticipating that we will have some positive news in the near future. And I will keep you apprised of what's going on.

**Mark Williams:** Javaid also had mentioned that he was in discussions with other governments in addition to the Holland folks. Are you still talking to some of these governmental entities or is it non-governmental entities that you are speaking to now?

**Brian Hadfield:** So far my current agenda is tied up on meeting non-government entities at this point in time. So that's what I see in the short term. And again, I can assure you that if anything were to change in future updates we'd talk about where we thought we were going. But at the moment, my plan over the next few months, other than talking to analysts and investors, is to talk to more commercially-oriented people. That's what my calendar looks like if you were to look at it today.

**Mark Williams:** From the last conference call Javaid said by the middle of 2008 that 10% of the revenue would come from Asia; are we still on track for that?

**Steve Taylor:** I think that's a little bit optimistic. The Asian investments are coming along very nicely. It's optimistic in terms of not in the quantum but in the timeframe. I don't think we are going to get there quite as quickly as you might have been led to believe.

**Mark Williams:** Can you give us an indication of what changed that timing?

**Steve Taylor:** It's just an area of the world where you have to have the right product and the right partners and be bringing it to the right market at the right time. Trying to actually prognosticate as to which quarter that's going to come in and have a big impact is very difficult. And, you know, it's a longer-term proposition for us and it will phase in as we move through the quarters of '08 and into '09.

**Brian Hadfield:** The other thing I would say to that is, culturally in that part of the world things tend to be viewed long term. So despite the fact there are a large number of people, which is an intuitive sort of exciting thing, things do tend to be viewed for the long haul and they do tend to take a little longer.

The one thing I would say is that 568, has gone from 200,000 players to 2 million comparatively quickly, so we are expecting to see traction, but I think Steve's comment is right and that is it's not going to accelerate at quite the same rate, but we will be positioned, we will be there, and it is an important part of our strategy.

**Operator:** Thank you. There are no further questions registered at this time. I'd like to turn the meeting back over to Mr. Hadfield.

**Brian Hadfield:** I'd like to thank you all for listening today. Hopefully when we talk to you next time we will continue with good news and the openness and transparency that we want from the business. So thank you for your time.

**Operator:** Thank you. The conference has now ended. Please disconnect your lines at this time. We thank you for your participation.