

CryptoLogic Inc.
Conference Call
September 25, 2006

Operator: Good morning, ladies and gentlemen. Welcome to the CryptoLogic conference call for September 25th, 2006. I would like to turn the meeting over to Mr. Lewis Rose, President and Chief Executive Officer. Please go ahead, Sir.

Lewis Rose: Thank you. Welcome, ladies and gentlemen. Thank you for joining us to discuss today's exciting strategic announcement. I'm Lewis Rose, President and Chief Executive Officer of CryptoLogic. With me today are Stephen Taylor, our Chief Financial Officer, and Nancy Chan-Palmateer, our Director of Communications.

I'll start by speaking about the key points of our strategic decision announced today, following which we'll be happy to answer any questions you may have.

Four years ago, we set a strategy to increase our international business. Since then, we have focused on the world's most trusted bluechip gaming organizations in international markets that embrace Internet gaming. We've been rewarded with a geographically-diversified business and record-breaking performance.

Today, two-thirds of CryptoLogic's business is international, and so we take the next logical steps to base our global headquarters in Ireland, while maintaining our commitment to our outstanding teams and expertise that we've developed in Canada, Cyprus and the U.K.

For CryptoLogic, there are many strategic benefits for locating in Europe.

- 1. We move closer to the world's most lucrative markets for Internet gaming - and therefore, closer to our key customers, major investors and new prospects.**
- 2. We can offer a fuller range of marketing and brand management services in a gaming-friendly-environment.**
- 3. We can pursue broader strategic acquisition opportunities; and**
- 4. By making AIM in London our primary listing, we align ourselves with our peers in the U.K.**

Before I speak of the specifics of the strategic proposal, which we'll put before our shareholders later this year, let me say that we remain committed to our North American shareholders. We intend to continue to be listed in Toronto and on Nasdaq.

First, the specifics of our plan.

Ireland is an excellent gateway to both Europe and the U.K. - the global center for safe, secure and regulated Internet gaming - with a sophisticated infrastructure and skilled personnel to support our growth. We already have a strong presence in Ireland with important components of our systems already located there.

Over the past year, we conducted an extensive review of our strategy to determine how best the company can maintain and strengthen our market leadership. We concluded that a European-based headquarters would enable us to better leverage our expertise and to offer more player-centric services to our customers to accelerate our collective growth.

This includes offering our customers a wider range of marketing support and brand management services. In fact, it's this marketing expertise that has proven to be a competitive advantage for CryptoLogic.

Major organizations look to us to help grow their brands. For example, InterCasino, our largest customer, has benefited from our marketing support. It's now one of the largest and most acclaimed online casinos, including having been chosen as the Top Online Casino by Gambling Online Magazine for the past five years.

It's the same reason why Playboy selected CryptoLogic. We'll be working closely with Playboy to develop and execute its marketing plans in Europe and extend the Playboy brand in non-U.S. markets.

A European base also situates us in a gaming-friendly environment from which to drive the strategic direction of the company. It brings us closer to key customers and the U.K. investment community as well as future prospects, and it broadens the company's strategic acquisition opportunities.

Now, let's speak about the effects of this proposal. The new CryptoLogic PLC will be headquartered in Dublin.

The headquarters will include the CEO, CFO, Vice President of Human Resources, Business Development, Investor Relations and a small finance team responsible for CryptoLogic's public reporting.

I am committed to continue on as President and CEO into 2007 to ensure a smooth transition until a new CEO based in Ireland can be recruited. For family reasons, I'm unable to move to Ireland permanently. We've retained an executive search firm in Europe who already has presented us with a list of potential candidates.

Stephen Taylor, our Chief Financial Officer, will be based in Dublin. The rest of the senior management team, including Mike Starzynski, our Chief Technology Officer, will continue in their current positions and in their current locations.

All other operations in Canada, Cyprus and the U.K. remain unaffected. It's business as usual.

Our Chairman remains in place, and the Board of Directors continue until some Directors may be succeeded by new European non-executive Directors to reflect our growing focus in that market.

Our primary listing on AIM in London will help enhance our profile with U.K. investors and reflect our increasingly European-oriented business.

Our current listings on the Toronto Stock Exchange, Nasdaq and the LSE allow us to easily fast track onto a primary market on AIM without going through a new admission process.

By doing this, we join a broad peer group that are listed on the AIM and researched extensively by U.K.-based analysts, and continue to have access to this key capital market for CryptoLogic. In addition, we intend to maintain our North American listings.

All the common shares of CryptoLogic Inc. will be exchanged for shares in the new CryptoLogic PLC.

The proposed share exchange will be on a tax deferred basis for shareholders and is intended to maintain liquidity. We are finalizing the details of the share exchange which will be described in materials to be mailed to shareholders.

There will be no change to shareholders' economic, voting and dividend rights. However, we expect that this will improve CryptoLogic's investment profile in the U.K.

A special shareholders' meeting is planned for late November or early December. Subject to receiving all regulatory and shareholder approvals, this reorganization will be effective in January 2007 along with the opening of CryptoLogic's new Irish headquarters.

We believe that the strategic benefits and the broader growth opportunities for our business are expected to yield a significant return to shareholders.

Naturally, there will be incremental one-time and annual costs which are described more fully in the press release.

We believe that the strategic benefits of a decision to locate our headquarters in a gaming-friendly environment are expected to yield a significant return on investment by positioning the company well for the future.

With record results to date, we have the financial strength to make this strategic investment in our future, - one that will facilitate the continued growth of our business for many years to come.

Today's strategic decision was the result of almost a year of careful analysis and planning, and provides the important next steps to strengthen our market leadership on the international stage.

For CryptoLogic, this is about being closer to our customers and to the world's most thriving Internet gaming markets.

It's about strengthening our European presence to give us the flexibility to pursue all strategic growth options, and to more effectively support our customers with a fuller range of services in a gaming-friendly environment.

We're now happy to take any questions you may have.

Operator: Thank you. We will now take questions from the telephone lines. If you do have a question, please press star 1 on your telephone keypad. If you are using a speakerphone, please lift up the handset and then press star 1. If at any point you wish to cancel your question, you may press the pound key. Please press star 1 at this time if you have a question. There will be a brief pause while participants register. The first question is from Brian Kinstlinger of Sidoti Company. Please go ahead.

Brian Kinstlinger: Now that you will be located in January in Dublin, will your marketing dollars be more focused on the U.S. or Europe and how will that play out?

Lewis Rose: As a software provider, the bulk of our services go towards technology and providing the best solutions for our customers. Having said that, one of the advantages of being located in Europe is that we can extend the range of marketing support and brand management services that we offer our licensees including, for example, Playboy.

The actual marketing expenditure is essentially up to our licensees in terms of the decision making, but clearly being based in Europe we are much closer to our customers and closer to the markets that have provided us with our growth over the last number of years.

Brian Kinstlinger: Because if you're in Dublin it's easier to market into the U.S. or just feel you're closer so that helps marketing?

Lewis Rose: We'll be much closer to our customers. One of the disadvantages being based in North America, Brian, is the time zone difference and the fact that we have to get on an airplane to meet with customers and look at acquisition opportunities and look at new licensee opportunities. Being located in Ireland is a huge advantage. We'll be much more in the flow in terms of new licensee opportunities, in terms of acquisition opportunities, and much more aware of the market. From an investor relations point of view, having our primary listing on AIM will put us in the same peer group of others in the industry, and we believe as a result of that the following in the city will be much greater too.

Brian Kinstlinger: In terms of the costs, it sounds like there will not be any lay-offs?

Lewis Rose: There is a handful of positions that will be affected. The CEO and the CFO will move to Ireland. Steve Taylor, who is the CFO, will be moving to Ireland. The vast majority of employees will be unaffected; it's business as usual. The VP of HR, Business Development, and Investor Relations functions will move to Ireland. So there's just a handful of people that are not going to be able to move to Ireland and they've been notified and they're aware of the situation.

The rest of the senior executive team, including the Chief Technology Officer, will continue in their current positions in Canada, Cyprus and the U.K. The entire management team and the Board are fully committed to this move. In terms of the folks in Canada, they're committed to Canada. We're one year into a 10-year lease of new premises in Toronto and we have about 250

people in Canada. So Canada as the global development center has been very good to us and we will expect that that will continue.

Brian Kinstlinger: In the press release, Stephen, it says that there will be an additionalI think it's two and a half to three million, I could be wrong, but whatever that number is that you provide, how does it differ from the last conference call we had where it sounded like in the fourth quarter some possible tail-off from the regulatory costs added in the June and September quarter. How am I supposed to look at that heading into next year from where you might exit from a cost standpoint?

Stephen Taylor: Brian, the ongoing costs fall into effectively two buckets. We will have an additional premises and there is a bucket of costs related to that. As well, certain of the positions will be slightly more expensive to have the individual in Dublin than the function being performed in Toronto.

There was a change in Sarbanes Oxley requirements for us this year in that we will not have an audit requirement. The audit requirement on Sarbanes Oxley will kick in next year, so we will have costs related to that in 2007.

Brian Kinstlinger: If I take a look at your quarterly comments last quarter added to this... in your guidance of lowering some of the costs at the end of the year, that did not include looking into next year or looking... about adding a facility and some higher-expense people.

Stephen Taylor: We regularly only give guidance one quarter in advance. So in my comments at the last quarter, I was not making any reference to what we would be facing in 2007.

Brian Kinstlinger: Lewis, can you update us on how much stock you own and how many options additionally and what your plans will be next year with that chunk of shares?

Lewis Rose: I own about 150,000 shares, about 30,000 options and about 16,000 long-term incentive plan units. I'm going to be around for a while. I've made a commitment to the company, to the Board, to the Senior Management team that I will assist in the transition period, and I have no intention of selling the stock in the short term.

Brian Kinstlinger: Do you expect to remain on the Board afterwards?

Lewis Rose: We had a long discussion about that and I think the view is that when you bring in somebody new, you need to give them the elbow room. You don't want the old CEO breathing over their shoulder. So we've made a decision for me to stay on the Board until the new CEO is appointed. The new CEO will obviously be on the Board, and at that time the transition will occur.

Brian Kinstlinger: In terms of acquisitions, you mentioned it would make it easier if you were in the U.K. I'm wondering what's held you back in the U.S.? Is it the uncertainty from a law perspective? And when you go to the U.K., how might it impact how quickly you use your cash?

Lewis Rose: We believe that being in the U.K. we'll be much more in the flow of developments and news. We'll have access to information quicker and we'll have the ability to make contacts for relationships quicker. So physically being located in the same time zone as the rest of the online gaming industry will assist us in gaining access to those opportunities. There's been no question that we've actually been held back. It's just we think that we could be much more pro... even more proactive going forward.

Operator: Thank you. The next question is from Greg Harris from Canaccord Adams. Please go ahead.

Greg Harris: Thank you. Lewis, you were mentioning a broadening range of strategic acquisitions. What areas do you anticipate going into? And can you help me understand, in the move towards being an Irish company, does this get you away somewhat from some requirements around the Criminal Code of Canada and thereby enabling you to perhaps take on the outright operator role?

Lewis Rose: You asked two questions, Greg, so let me deal with the first one.

The acquisition criteria remains the same. We want to strengthen our core business, to accelerate our growth in areas where we believe we have a competitive advantage. That may be new technologies, new channels that will emerge in game areas. We've been very specific to date in focusing on our core areas of online casino and online poker. That's where we believe our core strengths and our success to date come from.

Geographic expansion is logical. We're looking at opportunities in Asia. For example, we've recently hired a new Managing Director for Asia Pacific. His name is Shalesh Naik. He joins us

from Cisco Systems. We have reasonable expectations of the time it will take for us to develop a significant presence in Asia.

But geographic expansion is clearly on our mind. We would like an acquisition opportunity that's complementary to our strategy and synergistic in value and obviously accretive as well. In the intermediate term, we're going to continue to focus on developing great games and broadening the full-service brand-management services that we described.

In terms of the Canadian situation, is that any different? Was that a driving factor? You look at this in the whole. Four years ago we made a decision to expand our international business. At that time, about 30% of our business was international. Today it's close to two-thirds of our total licensee revenues, so international.

The U.S. legislation remains uncertain. The Canadian legislation is not necessarily much clearer. It makes sense for CryptoLogic to take the next logical step to create a platform for growth for the future in environments that are gaming-friendly and that embrace online gaming like Ireland where you're physically very close to the U.K.

As we continue to grow in Europe and the U.K., it's perfectly logical that we take the next step and develop our corporate headquarters in Dublin.

Greg Harris: Can you give a little clarity around the marketing support and brand management that you mentioned. What type of additional marketing support and brand management services will you be able to provide licensees by this move that you're not already providing through Ads Dot Com in the U.K.?

Lewis Rose: For those of you on the phone who may not be familiar, Ads Dot Com is a wholly-owned subsidiary which provides the marketing and brand management support to some of our more important customers, including the largest, InterCasino. They will also be providing the brand management support to Playboy and that's one of the reasons, we believe, that Playboy selected us. We believe that with the improved data-mining facilities and the technology tools that we have been able to upgrade and develop in our back-office, Ads Dot Com can offer a broader range of brand support and marketing services to licensees.

This is not something that has been as widely appreciated, but we want to get more involved in the marketing support and utilize the data-mining tools that we have now developed as a company much more effectively. Ads Dot Com being based in London, we'll be able to

leverage the tools and the analysis and the data-mining techniques that we've created at CryptoLogic to extend to our licensees as support.

Greg Harris: Will you look to expand on the brand portfolio that you are running out of London?

Lewis Rose: If opportunities arise, Greg, absolutely. We'd love to do that. If you look at CryptoLogic today, we offer a full turnkey solution. Initially, we were born as a technology service provider and, while that's still very much our core strength, we have evolved now to being able to offer our licensees a wide-range of services that extends into the marketing support and brand management.

Greg Harris: What are the tax implications for this move? It looks like you're running your licensing out of Cyprus and you'll have the cost plus in Canada. Is there any change to what we expect going forward?

Stephen Taylor: In the short to medium-term, you should continue on following the guidance that I've given in past quarters on the tax rate. I think it will be in the approximately 15% range over the next few quarters. I think one thing about Ireland is, longer term, it provides us access to a very tax-efficient tax regime and we will be exploring whatever possibilities exist to try and take advantage of that.

Greg Harris: Would you change where your licensing activities are being done?

Stephen Taylor: We haven't made any of those decisions yet, Greg, so I'll comment on those in each quarter as we investigate and make decisions on them.

Greg Harris: Okay. Thanks, guys.

Operator: Thank you. The next question is from Wojtek Nowak from Blackmont Capital. Please go ahead.

Wojtek Nowak: Thanks and good morning. Just had a question on the transition of executive positions. Aside from the CEO, will the other executives be staying on board until replacements are found or will there be a gap in the beginning of '07?

Lewis Rose: For the CEO, I will definitely be staying on until we find the best possible candidate for the role. The Chief Financial Officer will be moving to Dublin. The Chief Technology Officer will remain on in Toronto. Justin Thouin, Vice President of Casino Software Development and Andy Goetsch, Vice President of Poker Software Development will both stay on. They're not going anywhere. They're very much committed to the future of the business.

A.J. Slivinski, the Managing Director of the Cyprus office and Jon Salmon, the Managing Director of Ads Dot Com, are both staying on and very much committed. This is a decision that the management team has been aware of for quite some time and are committed to this move because it's the logical next stage in creating a platform for the next level of growth.

The people that will be replaced are the Chief Executive Officer, the Vice President of Human Resources because she's unable to move to Ireland, and Nancy Chan-Palmateer who I'm sure all of you are very well familiar with who's done an outstanding job as our Director of Investor Relations will be going on maternity leave. So we will be looking for an Investor Relations person. That function will be based in Ireland.

But just to reiterate, the key executives responsible for the strategic direction of the business and the product and service development are fully committed to CryptoLogic and they're not changing, and so the company will continue to be led by the same senior management team that has successfully grown the organization to the record results that we saw in 2005 and the record results that we've achieved so far in the early going of 2006.

Wojtek Nowak: Can you give us some colour as to how will the organization look in Toronto and how will it look in Ireland in terms of what departments will be there and the number of employees in each region?

Lewis Rose: The global development centre will continue on in Toronto. We're only looking at a handful of positions that actually change. In terms of the Irish office, we will be starting with about 11 people, growing to about 20 people. So it's very much the headquarters. The Toronto office will be largely exactly the same. There will be very little change at Toronto, or in Cyprus or the U.K. for that matter. Even Vancouver and our new Singapore office will be unaffected. It's only the headquarters, the very few functions that are specifically outlined in the press release.

Operator: Thank you. The next question is from David Shore from Desjardins Securities. Please go ahead.

David Shore: Thanks. Good morning. Lewis, I'm just a little confused as to why you'd be moving off the main exchange at the LSE to the AIM. Is there any cost differential in that?

Lewis Rose: There are a couple of reasons, David. First of all, the process by which we could get listed on AIM is much quicker and easier. There's a fast-track process which allows us to get onto the primary market without going through the new admission process. Secondly, our peers are substantially all on AIM. So really it's a matter of getting up and running as quickly as possible. We believe that AIM is an appropriate exchange for us at this stage of our growth, and we want it to be the primary market for us in the U.K. as it is for many of our peers.

David Shore: Is there any cost differential as far as the listing goes?

Stephen Taylor: I think in terms of accounting and regulatory, the cost estimates would have been higher if we had gone the main board London route as opposed to AIM. The primary reason is speed and also being on the same exchange as our peers.

David Shore: As far as the CEO search goes, how has that progressed and what can you tell us about that?

Lewis Rose: We've retained the international executive search firm of Heidrick and Struggles. They're based in London, but are global in their reach. They have tremendous experience in the online gaming sector. We believe that they are qualified and competent to assist us in providing the list of candidates and the selection criteria for the absolute best candidate for the company in the future. The process has begun and we believe that we will be able to find an excellent candidate to lead the company going forward.

I believe that the last four years has been an opportunity to put CryptoLogic on a platform for future growth. I think the company is in excellent shape financially. From a Senior Management point of view, I'm very proud of the group that we have here, competent, talented, professional executives, and I think that with a first-class CEO, the company will continue to flourish in markets that embrace online gaming.

We've begun the search, and in the meantime it's going to be business as usual. I'm committed to remain as President and CEO into 2007 to help CryptoLogic through the transition until our new CEO is recruited, and then based permanently in Ireland.

David Shore: Okay. Thanks very much, Lewis.

Operator: Thank you. The next question is from Todd Coupland from CIBC. Please go ahead.

Todd Coupland: Just in terms of the higher operating costs, should we just add that to the G&A costs as a step-up starting in the fourth quarter?

Stephen Taylor: I don't think it's appropriate necessarily to focus on the fourth quarter. Most of those increased costs will be incurred in 2007 after we've established the operation in Ireland. Substantially the majority of them will be in operating expenses. So our G&A will only increase marginally.

Lewis Rose: The idea is not to end up with an increased G&A. The idea is to end up with an increased profitable company. So we believe that the increase in revenue will substantially outweigh the increase in costs, by being located there.

Todd Coupland: Fair enough. Just going back to M&A, I wasn't sure if I heard specifically an answer to this question, this whole idea of being able to run your own site. Is that something that's now on the table, that you're in a legally-friendly environment?

Lewis Rose: What I said is that we have developed very substantial competitive tools to assist us in marketing more effectively, because those marketing tools and data-mining services that are now available to Ads Dot Com can be shared more effectively, not just with our existing licensees, but going forward with new licensees. And so in the range of services that we offer, we will be in a position to be able to offer marketing and brand-management services that extend beyond the traditional technology or software provider services. And being in Ireland, creates lots of different options that perhaps we can't even envisage today.

Todd Coupland: If you could update us on your thinking with respect to these couple of arrests that we've seen in the sector. What are your views on that and do you think that it has any spillover effect to CryptoLogic executives, whether they're in Canada or in Ireland?

Lewis Rose: There's no question that the U.S. has created a situation of uncertainty and the tensions in the U.S. came as a surprise. But we believe that there's a substantial difference between CryptoLogic and any of the companies that have been involved

in the U.S. From our point of view, we focus very much on providing the software to casino and poker gaming organizations. We're not involved in sports book in any way in the U.S. We don't offer our services for sports book. Our customers don't offer sports book services to any U.S. players. So in our view it's quite a different scenario.

We've been publicly traded for 10 years as the pioneer and granddaddy in the industry. We're certified in Alderney. Both the senior officers, managers and directors have gone through probity, and in addition to that, our software has been certified to standards very similar to the land-based standards in Nevada. So the uncertainty does exist. It's a reality in the United States. From our point of view, by not being involved in any way, shape or form with online sports book, it's a substantial difference.

All of the uncertainty, just validates the decision which is a natural next step in our global strategy to continue on by locating the corporate office in Dublin. We started this strategy four years ago and at that time about 30% of our business was international. Today we're up to two-thirds of our business being international. So this is just the logical next step to grow that global strategy.

Todd Coupland: A lot of this has been focused on the U.S., but with the arrests in France last week, how does that change the playing field in the European countries and is there perhaps some regulatory risk in a few of those countries as well? Maybe just talk about your thinking on that.

Lewis Rose: In any fast-growing market, you'd expect an evolving of the landscape and that's exactly what we're seeing around the world, particularly in Europe. And in Europe the issue is very much country by country. Some countries have established state-owned monopolies and they're taking a protectionist approach with the intention of banning foreign online gaming operators. It's a very different issue than in the United States.

The United States is driven more by the morals, by the age restrictions and so on dealing with online gaming. But in Europe it's very much a monopolistic issue. And there's an ongoing tussle now between individual countries and the European Commission.

The uncertainty in Europe has driven us towards leveraging the strong U.K. presence that we have. We believe very much that regulation is the correct way for governments to proceed going forward. We believe that licensing, regulating and taxing is the most appropriate way to provide and create a secure, safe, responsible form of entertainment for all stakeholders, for players, for operators, for service providers, for financial service processes, etc., and we're just making a

logical decision to move the corporate headquarters into a European jurisdiction that embraces online gaming.

Todd Coupland:

Okay, great. Thanks a lot. Good luck, everyone.

Operator:

Thank you. The next question is from Ali Mogharabi from Diraeli (ph). Please go ahead.

Ali Mogharabi:

You conducted analysis on this move for about a year. I'm assuming you discussed this with your clients and, if so, could you give us an idea what the overall reaction has been?

Lewis Rose:

We did not discuss this with our clients because it would be inappropriate to discuss individual issues with our customers ahead of sharing with the public unless it had a material impact on them. We expect that our customers will be pleased with this decision because we'll be physically much closer to them, and it allows us to provide a broader range of services and at the end of the day being closer to our customers in the world's most lucrative markets for online gaming are logical.

I cannot say that some of our customers may not have suspected it because there is one particular customer who has had this discussion with me, suggesting that this is a logical move. We did not solicit their input to make the decision because it was the right decision for the company, it's the right decision from the Board's point of view and the Senior Management's point of view. We believe that our customers today will embrace this as being in their best interests.

Ali Mogharabi:

Do you think this might in any way affect your negotiations process with William Hill?

Lewis Rose:

I would believe in a positive way because if they're based in Leeds, Dublin to Leeds is a lot closer than Toronto to Leeds.

Ali Mogharabi:

Sounds good. Thank you.

Operator:

Thank you. The next question is from Brian Kinstlinger of Sidoti Company. Please go ahead.

Brian Kinstlinger: In the new CEO search, do you intend to find someone that is familiar and involved in the Internet gaming space or prefer going outside the industry and finding someone such as yourself when you came on improved the company?

Lewis Rose: Brian, when I joined CryptoLogic over four years ago, there wasn't a plethora of executives with online gaming experience. So at that time it made sense to find a person who had the right mix of experience. My background is in financial services, consumer products, entertainment, media and marketing. So that range of experience was appropriate for the company at the time.

Looking forward, we absolutely have every intention of finding the best candidate to move CryptoLogic into its next phase of growth. I think that there is now an appropriate pool of executives who have online gaming experience. Whether they're available, whether they're appropriate, whether they fit the bill, only time will tell. But clearly, we've embarked on a path of lists with online gaming experience and those without online gaming experience. Having online experience I think would be very helpful. Whether it's required that the person has online gaming experience I think is perhaps a little less relevant.

I would also just like to reiterate that the quality of our management team is first-rate, and so we already have a substantial depth of knowledge of online gaming from technology to marketing support to casino and poker, the financial area and right across the board, account management, brand management, we have deep online gaming experience. So I don't believe it's absolutely crucial that the CEO have online gaming experience, although it would be very helpful.

Brian Kinstlinger: I think it was this morning, Gaming VC announced that they were going to have some disappointing results because they hadn't seen a recovery from the softness that was expected in the market during the world series of poker. I'm wondering if at all this extends to you. I know you reiterated your guidance (ph) or anyone else in the industry on how you might perceive that.

Lewis Rose: I can't speak about the particular results of other companies, but I can certainly speak to ours, we had record results in 2005, we had record results in the second quarter of 2006. We've provided guidance for the third quarter which we've not changed. We continue to benefit from exceptional innovative new games in casino. Poker obviously, as you correctly point out, was affected initially by the World Cup of Soccer, then by the WSOP. But from our point of view, we've not changed our guidance for the third quarter.

Brian Kinstlinger: I was expecting that we would hear from William Hill by the end of the month. Now I hear that might not happen, I'm interested to hear where you stand right now and the events that are going on and if you're in negotiations, if there's been a downslide. Any kind of update that you're familiar with right now would be great.

Lewis Rose: William Hill is an important customer and everybody knows that the William Hill contract is up for renewal toward the end of the year. The discussions are ongoing, and that's about as much as I can tell you. I think if you look at the results of CryptoLogic and that our customers have achieved, you'll see that the licensees have performed well. And so I'll just leave it at that.

Brian Kinstlinger: Thanks very much, guys.

Operator: Thank you. The next question is from Greg Harris from Canaccord Adams. Please go ahead.

Greg Harris: Stephen, in the past we've talked about a capital expenditures for this year of somewhere around the 8 to 10% of revenue. You mentioned in the press release this morning about an additional \$1 million in capital expenditures related to the move to Ireland. Is this incremental? Was this million included? Is there any change to the previous guidance?

Stephen Taylor: The capital expenditure that was noted in the press release this morning is largely a 2007 item. So any guidance that has been given so far on capital expenditures for the 2006 year remains as is.

Greg Harris: So no change, you're still looking towards that 8 to 10% of revenue for 2006?

Stephen Taylor: That's correct.

Greg Harris: What's the rationale behind the moving the e-cash division to Ireland instead of it being run out of Toronto as previously.

Stephen Taylor: I think the reference in the press release was to the fact that we have e-cash processing. We actually have physical hardware in Ireland and that hardware has been in place for some number of months now, taking advantage of the excellent systems and facilities and bandwidth that's available in Ireland.

Greg Harris: still being driven out of Toronto?

Okay, but the team itself, or the bulk of the team is

Stephen Taylor:

We are constantly looking at ways to bring the most effective service level to the players of our licensees. Currently, our e-cash is predominantly processed in Cyprus and that trend will continue.

Greg Harris:

Okay. Thanks, guys.

Operator:

Thank you. There are no further questions registered at this time. Please go ahead, Mr. Rose.

Lewis Rose:

Thank you. CryptoLogic does business in a truly dynamic, fast-growing and global marketplace - and our ability to evolve and respond to the needs of the industry has been the key to our success.

Today we are building a platform for the future growth of CryptoLogic.

The European headquarters and primary listing in that market reflects our increasing European business, customer base and opportunities. It provides the perfect avenue to deepen customer relationships, broaden our services and pursue new strategies for growth.

We look forward to speaking with you again when we release our third-quarter earnings in November. Thank you all very much.

Operator:

Thank you. The conference has now ended. Please disconnect your lines at this time. We thank you for your participation and have a great day.