7 November 2006

FireOne Group plc

("FireOne" or the "Company")

FireOne Announces Third Quarter 2006 Results

FireOne today announces its results for the third quarter and nine months ended 30 September 2006. Upon the enactment of the United States Unlawful Internet Gambling Enforcement Act of 2006 (the "Act") on 13 October 2006, the Company ceased to process settlement transactions originating from United States consumers that may be viewed as related to online gambling. As previously announced, this event will have a significant negative impact on the business and results of operations of the Company as approximately 85% of our revenues originated from United States consumers. The following statements should be considered in this context.

Key points

- At 30 September 2006, the Company recorded a non-cash, impairment of goodwill and intangible assets in the amount of $78.4 million.
- Exceptional provisions of $4.0 million have been recorded in the third quarter 2006 pertaining to the increased risk associated with customer losses resulting from the enactment of the Act.
- The Company has embarked upon a restructuring of its operations and cost base. Restructuring costs are currently estimated to be $1.5 million and will be recorded in the fourth quarter of 2006.
- Cash and cash equivalents, cash and short-term investments held as reserves, short-term investments and settlement assets net of customer reserves and security deposits amounted to $46.9 million at 30 September 2006.
- In spite of recent events, the Company will continue to offer its multi-currency credit and debit card and FirePay electronic wallet processing to the online gambling industry originating from non-U.S. consumers and not prohibited by the Act. The Company is currently evaluating its opportunities and will continue to update shareholders as and when appropriate.

Chief Executive Officer's Statement

Upon the enactment of the Act on 13 October 2006, the Company ceased to process settlement transactions originating from United States consumers that may be viewed as related to online gambling. As previously announced, this event will have a significant negative impact on the business and results of operations of the Company as approximately 85% of revenues originated from United States consumers. As a result, the Company has embarked upon a restructuring of its operations and cost base. In addition, the Company recorded an impairment related to goodwill and intangible assets, as well as exceptional provisions pertaining to customer losses. The following statements should be considered in this context.

FireOne will continue to offer merchants and consumers secure and efficient payment solutions while evaluating its opportunities. A key feature of the FireOne offering is the ability to present merchants and consumers with various payment options. The primary options currently offered are direct credit and debit card processing and the Company's proprietary electronic wallet, FirePay. FirePay has proven to be a successful offering for online merchants and consumers in need of a secure and efficient payment alternative.

Payment Volume

Three months ended 30 September (in US$ million)	2006	2005	*% Change*
Firepay – Guaranteed	179	91	*97%*
Firepay – Non-Guaranteed	93	105	*(11%)*
FirePay – Total	272	196	*39%*
Credit Card	112	120	*(7%)*
	384	316	*22%*

Nine months ended 30 September (in US$ million)	2006	2005	*% Change*
Firepay - Guaranteed	471	181	*160%*
Firepay – Non-Guaranteed	306	334	*(8%)*
FirePay – Total	777	515	*51%*
Credit Card	346	345	*0%*
	1,123	860	*31%*

Financial Results

Third quarter 2006 revenue increased by 31% to $26.2 million compared to third quarter 2005 as we experienced revenue growth from our FirePay wallet offering. The increased penetration of value-added services such as our guaranteed FirePay wallet offering resulted in revenue growth which outpaced payment volume growth.

Revenues

Three months ended 30 September (in US$ million)	2006	2005	*% Change*
FirePay	20.3	13.7	*48%*
Credit Card	5.9	6.3	*(6%)*
	26.2	20.0	*31%*

Nine months ended 30 September (in US$ million)	2006	2005	*% Change*
FirePay	58.0	34.3	*69%*
Credit Card	18.2	18.1	*1%*
	76.2	52.4	*45%*

Gross profit, defined as revenue less transaction processing costs, as a percentage of revenue continued to improve in the period as a result of a higher proportion of volume being derived from the FirePay wallet offering as compared to our direct credit/debit card solution.

Gross Profit

Three months ended 30 September (in US$ million)	2006	2005	*% Change*
FirePay	15.0	10.6	*42%*
Credit Card	1.6	1.4	*14%*
	16.6	12.0	*38%*
As a % of Revenues	*63.5%*	*59.9%*	

Nine months ended 30 September (in US$ million)	2006	2005	*% Change*
FirePay	45.2	27.0	*67%*
Credit Card	4.4	3.9	*13%*
	49.6	30.9	*59%*
As a % of Revenues	*65.1%*	*59.0%*	

Selling, general and administrative expenses increased by $2.2 million in the third quarter of 2006 as compared to the third quarter of 2005. The increase is as a result of various factors including the establishment of our Irish operations, the enhancement of FirePay customer service and the geographic expansion of FirePay.

Exceptional provisions pertaining to customer losses of $4.0 million were recorded in the third quarter of 2006. This provision results from additional financial exposure that has resulted from the enactment of the Act.

Stock-based compensation expense represents the non-cash expense attributable to restricted share units issued under the terms of the Company's restricted share unit plan.

In the current quarter, the Company recorded a non-cash, impairment of goodwill and intangible assets in the amount of $78.4 million. This impairment is as a result of the significant negative impact that the Act will have on the Company's operations.

The Company incurred a net loss for the third quarter of 2006 of $72.4 million or $1.40 per share, which is stated after allowing for an impairment of goodwill and intangible assets of $78.4 million or $1.52 per share, exceptional provisions of $4.0 million or $0.08 per share, foreign exchange loss of $0.1 million or nil per share and stock-based compensation of $0.4 million or $0.01 per share, compared to net profit of $2.9 million for the same period last year, after allowing for amortisation of intangibles of $2.0 million, foreign exchange loss of $0.1 million and stock-based compensation of $0.9 million. For the nine months ended 30 September 2006, the net loss was $56.3 million or $1.10 per share, which is stated after allowing for an impairment of goodwill and intangible assets of $78.4 million or $1.53 per share, exceptional provisions of $4.0 million or $0.08 per share, foreign exchange loss of $1.0 million or $0.02 per share and stock-based compensation of $0.6 million or $0.01 per share, compared to net profit of $11.0 million for the same period last year, after allowing for amortisation of intangibles of $2.0 million, foreign exchange loss of $0.1 million and stock-based compensation of $1.6 million.

Outlook

As a result of the enactment of the Act, our revenues will be significantly less than our historical revenues. The Company has embarked upon a restructuring of its operations and cost base. Restructuring costs are currently estimated to be $1.5 million and will be recorded in the fourth quarter of 2006.

In spite of recent events, the Company will continue to offer its multi-currency credit and debit card and FirePay electronic wallet processing to the online gambling industry originating from non-U.S. consumers and not prohibited by the Act. The Company is currently evaluating its opportunities and will continue to update shareholders as and when appropriate.

Ben Dalfen
Chief Executive Officer

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Notes to editors:

About FireOne Group

FireOne Group plc (London Stock Exchange (AIM): FPA) is a provider of payment processing services, providing merchants and consumers with a secure, convenient and cost-effective system to transfer funds. FireOne Group and its subsidiaries process transactions through the use of credit and debit cards, electronic debit and through FirePay (www.firepay.com), a leading stored-value, electronic wallet.

On 2 June 2005, the ordinary shares of FireOne commenced trading on the AIM market of the London Stock Exchange following the placing by Optimal Group Inc. of 10 million ordinary shares representing 20% of the issued share capital of the Company on a non-diluted basis. Optimal Group Inc. holds 40 million ordinary shares in the Company representing approximately 76% of the issued share capital.

Historical Performance

On 11 May 2005, FireOne and its subsidiaries acquired the online gaming processing business from a subsidiary of Optimal Group Inc. (NASDAQ: OPMR). To help illustrate the Company's historical comparative trading performance prior to 11 May 2005, pro forma results have been provided. All financial references are in U.S. dollars unless otherwise indicated.

FireOne Group plc
Unaudited Consolidated Income Statement Data
For the three months and nine months ended 30 September 2006 and 2005
(all amounts in thousands of U.S. dollars)

This information does not form part of the statutory financial statements of FireOne Group plc. It is unaudited and has been prepared to enable the Group to present its historical trading record.

Before its acquisition by the Group on 11 May 2005, the online gaming payments activities were part of the payments processing business of Optimal Payments Inc. The online gaming payments activities comprised operations accounted for by various companies within Optimal Group Inc. group of companies, and therefore no financial statements were prepared on a stand-alone basis. The pro forma results for the nine months ended 30 September 2005 have been prepared on the same basis as set out in FireOne Group's Annual Report for the period ended 31 December 2005.

	Three Months Ended 30 September		Nine Months Ended 30 September	
	2006	2005	2006	2005
	$	$	$	$ Pro forma
Revenue	26,204	19,968	76,193	52,442
Expenses				
Transaction processing	9,568	8,001	26,610	21,502
Selling, general and administrative	5,583	3,391	17,286	9,167
Finance income	1,343	51	3,463	150
Profit before undernoted items	12,396	8,627	35,760	21,923
Stock-based compensation expense	427	929	641	1,595
Depreciation of equipment	43	10	126	45
Amortisation of intangibles	1,272	1,992	3,815	1,992
Foreign exchange loss	99	94	980	86
Exceptional provision for customer losses	3,959	-	3,959	-
Impairment of intangibles and goodwill	78,371	-	78,371	-
(Loss)/profit before tax	(71,775)	5,602	(52,132)	18,205
Income tax expense	575	2,696	4,211	7,193
(Loss)/profit for the period	(72,350)	2,906	(56,343)	11,012

FireOne Group plc
Condensed Consolidated Interim Income Statements
For the three months ended 30 September 2006 and 2005, the nine months ended 30 September 2006 and for the period of 12 April to 30 September 2005
(all amounts in thousands of U.S. dollars, except per share amounts)
(unaudited)

	Notes	Three Months Ended 30 September 2006	Three Months Ended 30 September 2005	Nine Months Ended 30 September 2006	12 April to 30 September 2005*
		$	$	$	$
Revenue		26,204	19,968	76,193	29,959
Expenses					
Transaction processing	**8 (a)**	9,568	8,001	26,610	12,114
Selling, general and administrative	**8 (a)**	5,583	3,391	17,286	5,256
Finance income		1,343	51	3,463	59
Profit before undernoted items		12,396	8,627	35,760	12,648
Stock-based compensation expense		427	929	641	1,305
Depreciation of equipment		43	10	126	13
Amortisation of intangibles		1,272	1,992	3,815	1,992
Foreign exchange loss		99	94	980	86
Exceptional provision for customer losses	**2 (a)**	3,959	-	3,959	-
Impairment of intangibles and goodwill	**2 (b)**	78,371	-	78,371	-
(Loss)/profit before tax		(71,775)	5,602	(52,132)	9,252
Income tax expense		575	2,696	4,211	3,958
(Loss)/profit for the period		(72,350)	2,906	(56,343)	5,294
(Loss)/earnings per share					
Basic	**6**	(1.40)	0.06	(1.10)	0.11
Diluted	**6**	(1.40)	0.06	(1.10)	0.10

* FireOne Group plc was incorporated on 12 April 2005. The assets of the online gaming payments business were transferred on 11 May 2005 and thus operations commenced on this date representing 143 days of operations (note 1).

FireOne Group plc
Condensed Consolidated Interim Balance Sheet
As at 30 September 2006
(all amounts in thousands of U.S. dollars)

	Notes	30 September 2006 (unaudited) $	31 December 2005 (audited) $
ASSETS			
Non-current assets			
Equipment		571	537
Goodwill	**2 (b), 8 (b)**	22,400	94,080
Intangibles	**2 (b)**	917	11,423
Total non-current assets		23,888	106,040
Current assets			
Deferred tax		44	-
Prepaids		550	347
Trade receivables		2,018	1,060
Receivable from a company under common control	**8 (c)**	-	34,965
Settlement assets		14,652	-
Short-term investments		23,567	35,614
Cash and short-term investments held as reserves		11,950	-
Cash and cash equivalents		79,235	50,241
Total current assets		132,016	122,227
Total assets		155,904	228,267
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	**7**	1,329	1,304
Share premium		114,575	114,575
Other reserves		9,208	6,948
(Deficit)/retained profit		(72,093)	7,425
		53,019	130,252
Non-current liabilities			
Deferred revenue		18	44
Deferred tax		219	1,752
Total non-current liabilities		237	1,796
Current liabilities			
Trade and other liabilities	**8 (c)**	6,588	3,062
Income tax payable		8,365	2,907
Customer reserves and security deposits		82,484	88,804
Provisions	**2 (a)**	5,135	1,370
Deferred revenue		76	76
Total current liabilities		102,648	96,219
Total liabilities		102,885	98,015
Total shareholders' equity and liabilities		155,904	228,267

FireOne Group plc
Condensed Consolidated Interim Statement of Changes in Equity
For the nine months ended 30 September 2006
(all amounts in thousands of U.S. dollars)
(unaudited)

	Notes	Share Capital - Ordinary Shares	Share Premium	Other Reserves	Deficit	Total
		$	$	$	$	$
Balance as at 31 December 2005		1,304	114,575	6,948	7,425	130,252
Exercise of restricted share units	**7**	25	-	(2,297)	2,297	25
Dividends	**10**	-	-	994	(22,550)	(21,556)
Appropriation by parent company for non-cash, stock-based compensation	**5 (a)**	-	-	2,922	(2,922)	-
Stock-based compensation expense for the period		-	-	641	-	641
Loss for the period		-	-	-	(56,343)	(56,343)
Balance as at 30 September 2006		1,329	114,575	9,208	(72,093)	53,019

FireOne Group plc
Condensed Consolidated Interim Cash Flow Statements
For the three months ended 30 September 2006 and 2005, the nine months ended 30 September 2006 and for the period of 12 April to 30 September 2005
(all amounts in thousands of U.S. dollars, except per share amounts)

(unaudited)

	Three Months Ended 30 September		Nine Months Ended	12 April to 30 September
	2006	2005	30 September 2006	2005*
	$	$	$	$
OPERATING ACTIVITIES				
(Loss)/profit for the period	(72,350)	2,906	(56,343)	5,294
Adjustments for:				
Stock-based compensation expense	427	929	641	1,305
Depreciation of equipment	43	10	126	13
Amortisation of intangibles	1,272	1,992	3,815	1,992
Impairment of intangibles and goodwill	78,371	-	78,371	-
Deferred revenue	(13)	(16)	(26)	(24)
Foreign exchange (gain)/loss	(58)	(138)	14	(157)
Finance income	(1,343)	(51)	(3,463)	(59)
Income tax expense	575	2,696	4,211	3,958
Operating profit before changes in working capital and provisions	6,924	8,328	27,346	12,322
Increase in prepaids	(271)	(404)	(203)	(404)
Decrease/(increase) in trade receivables	367	6,185	(513)	(6,597)
Increase in settlement assets	(4,734)	-	(14,652)	-
Increase in cash and short-term investments held as reserves	(342)	-	(11,950)	-
(Decrease)/increase in trade and other liabilities	(419)	466	3,526	1,325
Increase/(decrease) in customer reserves and security deposits	2,736	9,221	(6,320)	12,376
Increase in provisions	3,461	50	3,765	120
Cash provided by operations	7,722	23,846	999	19,142
Interest income received	1,444	51	3,018	59
Income taxes paid	(83)	-	(497)	-
Net cash inflow from operating activities	9,083	23,897	3,520	19,201
INVESTING ACTIVITIES				
Purchase of equipment	(46)	(183)	(160)	(279)
Decrease/(increase) in receivable from company under common control	-	(4,434)	34,965	549
Decrease in short-term investments	18,933	-	12,047	-
Net cash inflow/(outflow) from investing activities	18,887	(4,617)	46,852	270
FINANCING ACTIVITIES				
Cash acquired as part of acquisition of business	-	-	-	10,000
Dividend paid in cash	(11,969)	-	(21,556)	-
Proceeds from the exercise of restricted share units	4	1	25	1
Net cash (outflow)/inflow from financing activities	(11,965)	1	(21,531)	10,001
Effect of exchange rate changes on cash and cash equivalents	(7)	96	153	99
Net increase in cash and cash equivalents	15,998	19,377	28,994	29,571
Cash and cash equivalents, beginning of period	63,237	10,194	50,241	-
Cash and cash equivalents, end of period	79,235	29,571	79,235	29,571

* FireOne Group plc was incorporated on 12 April 2005. The assets of the online gaming payments business were transferred on 11 May 2005 and thus operations commenced on this date representing 143 days of operations (note 1).

1. General

FireOne Group plc ("the Company") was incorporated on 12 April 2005. The Company has three wholly-owned subsidiaries: FPA Processing Services Inc. ("FPA") and FirePay Ltd., which were incorporated in April 2005 and FirePay UK Ltd., incorporated in February 2006.

The notes refer to the Company and its subsidiaries (the "Group") unless otherwise stated.

Optimal Group Inc. ("OGI"), the Company's ultimate parent, and Optimal Payments Inc. ("OPI"), a company under common control, underwent an internal reorganisation whereby on 11 May 2005 OPI's online gaming payments business ("the Business") was transferred to the Group.

The transfer of assets and liabilities of the Business between the related parties indicated above resulted in share premium of approximately $114,575 (see Note 8(b)).

On 2 June 2005, OGI completed a flotation of 20% of its ownership in the Company on the London Stock Exchange's AIM Market.

2. Enactment of United States Unlawful Internet Gambling Enforcement Act of 2006

On 30 September 2006, the United States Congress passed the Unlawful Internet Gambling Enforcement Act of 2006 ("the Act"). The Act became law in the United States on 13 October 2006. The Act prohibits any person engaged in the business of betting or wagering from knowingly accepting any financial instrument in connection with unlawful Internet gambling. The Act does not define unlawful Internet gambling nor does it make unlawful any activities by financial institutions that are not themselves gambling businesses. The Act directs the United States Federal Reserve and the Department of the Treasury to develop regulations that would direct financial institutions to identify and block certain types of financial transactions connected with unlawful Internet gambling.

Upon the enactment of the Act, the Group ceased processing settlement transactions originating from United States consumers that may be viewed as related to online gambling, which represented approximately 83% and 84% of the Group's total revenue in the three and nine months ended 30 September 2006, respectively. The Group may not be able to identify and engage in other opportunities that will offset the lost revenue. The enactment of the Act has had and will have a significant negative impact on the Group's results as follows:

(a) Exceptional provision related to customer losses

As described in note 3(r), the Group records provisions for customer losses related to transactions that are disputed and cannot be recovered from merchants or consumers. As a result of the enactment of the Act, the Group recorded exceptional provisions for customer losses of $3,959 in the three and nine months ended 30 September 2006.

(b) Impairment of intangibles and goodwill

As a result of the enactment of the Act and the resulting significant negative impact on the Business, an impairment of intangible assets and goodwill has been recorded as at 30 September 2006.

The following impairment was recorded in the three and nine months ended 30 September 2006:

Goodwill	71,680
Customer contracts	6,691
	78,371

2. Enactment of United States Unlawful Internet Gambling Enforcement Act of 2006 (continued)

The impairment was calculated based on comparing the carrying value of the assets to their recoverable value as at 30 September 2006 in accordance with the policies detailed in notes 3(i) and 3(k). Recoverable amount was determined based on a value-in-use calculation, using cash flow projections prepared by management. Estimated future cash flows were discounted using a rate reflecting the uncertainty inherent in the continuing operations and the time value of money. Cash flow projections were based on management's estimates of expected cash flows from ongoing operations. Management believes that any reasonable possible change in the key assumptions on which the recoverable amounts are based would not cause the carrying amount to exceed the recoverable amount.

(c) Restructuring

The Group has embarked upon a restructuring of its operations and cost base and will record a restructuring charge for associated costs, such as employee termination benefits and costs of leased premises no longer utilised. This charge will be reflected in the Group's fourth quarter results and is currently estimated to be approximately $1.5 million.

The Group will continue to offer its multi-currency credit and debit card and FirePay electronic wallet processing to the online gambling industry originating from non-U.S. consumers and not prohibited by the Act.

The Group derived a substantial portion of its revenue prior to 13 October 2006 from processing transactions for online gambling originating from United States consumers. Therefore the Group may be exposed to adverse consequences as a result of enforcement proceedings, governmental investigations or lawsuits initiated against it in jurisdictions where online gambling is or becomes restricted or prohibited. In the event that the United States government initiates enforcement proceedings, or that any adverse findings, rulings or judgements are rendered in any such investigations or lawsuits directed at the Group or at its customers or suppliers, it may have a significant negative impact on the operations of the Group's business. While best estimates have been used for reporting financial statement items subject to measurement uncertainty, management considers that it is possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recognised amounts of certain assets and liabilities. "Near term" is considered to be within one year from the date of the financial statements.

At the present time, the Group is not aware of any enforcement proceedings, governmental investigations or lawsuit initiated against it in relation to the processing of online gambling transactions.

3. Significant accounting policies

The condensed consolidated interim financial statements were authorised for issuance on 2 November 2006.

(a) *Basis of presentation*

The condensed consolidated interim financial statements have been prepared in accordance with accounting policies set out below which are based on the recognition and measurement principles of International Financial Reporting Standards ("IFRS"). The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent annual audited consolidated financial statements of the Group as at and for the period ended 31 December 2005.

The principal functional currency of the Group is U.S. dollars and accordingly the financial statements have been prepared in U.S. dollars, rounded to the nearest thousand. These condensed consolidated interim financial statements have been prepared on the historical cost basis except for the fair value of restricted share units. All interim results presented are unaudited and do not constitute statutory accounts within the meaning of the Companies Acts 1963 to 2005. All recognised gains and losses are recorded in the income statement.

3. Significant accounting policies (continued)

The unaudited condensed consolidated balance sheet as at 30 September 2006 and the unaudited condensed consolidated statements of income, changes in equity and cash flows for the three months and nine months ended 30 September 2006 reflect all adjustments which, in the opinion of management, are necessary to present a fair statement of the results of the interim period. The income and cash flows for any interim period are subject to variation and are not necessarily indicative of the income or cash flows for an entire year.

The accounting policies have been applied consistently by the Group entities.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(b) *Consolidation*

These consolidated financial statements include the accounts of the Company and enterprises controlled by the Company (its subsidiaries) as at year-end. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, FPA Processing Services Inc., FirePay Ltd. and FirePay UK Ltd. All intercompany transactions and balances between Group enterprises are eliminated on consolidation.

(c) *Revenue recognition*

Revenue is generated from merchant customers for payment processing services, as well as from consumers who utilise the Group's electronic wallet offering. Merchants are charged a fee, which is based upon the merchant’s charge volume and risk profile, and this fee is a percentage of the dollar amount of each transaction. The balance of revenue is derived from a variety of fixed transaction fees, including set-up fees, fees for monthly minimum charge volume requirements and fees for other miscellaneous services, such as handling chargebacks. Consumers who utilise the electronic wallet are charged various fixed transaction fees such as a fee for each deposit made to their account.

Discount and other fees related to payment transactions are recognised at the time transactions are processed.

Revenue from set-up fees is deferred and recognised over the expected term of the merchant relationship, which is estimated to be five years.

(d) *Share-based payments*

The Company may issue equity settled share options and restricted share units ("RSUs") to certain employees and directors of the Company and OGI and its affiliates. Any share options and RSUs are measured at the estimated fair value at the grant date. The fair value of any options issued are measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The estimated fair value determined at the grant date of the share option or RSU granted is amortised on a straight-line basis to the income statement over the vesting period, based on the Company's estimate of shares that will eventually vest.

RSUs granted to certain directors and employees of OGI are measured at their estimated fair value at the grant date and accounted for through reserves, as an appropriation of profit at that date.

3. Significant accounting policies (continued)

(e) *Income tax*

The income tax on the profit for the period comprises current and deferred tax.

Current tax is based on the profit for the period adjusted for items that are non-assessable or disallowed for tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary difference related to goodwill is not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(f) *Earnings per share*

Basic earnings per share is determined using the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is computed in a manner consistent with basic earnings per share, except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of options and RSUs, if dilutive. The number of additional shares is calculated by assuming that outstanding options and RSUs were exercised, and that the proceeds from such exercises are used to repurchase ordinary shares at the average market price during the reporting period.

(g) *Foreign currency translation*

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to U.S. dollars at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate prevailing at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to U.S. dollars at foreign exchange rates prevailing at the dates the fair value was determined.

(h) *Equipment*

Equipment is recorded at cost less accumulated depreciation. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method over the following periods:

Software	2 years
Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	Lease term

(i) *Goodwill*

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of amounts allocated to the assets acquired, less liabilities assumed, based on their fair values. Goodwill is allocated as of the date of the asset acquisition or business combination to the Group's reporting units that are expected to benefit from the synergies of the transaction.

3. Significant accounting policies (continued)

Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. If there is any indication of impairment, the recoverable amount is estimated. Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Recoverable amount is typically determined for the cash generating unit to which it belongs. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(j) *Intangibles*

Intangible assets acquired either individually or with a group of other assets are initially recognised and measured at cost. The cost of a group of intangible assets, including those acquired in a business combination that meet the specified criteria for recognition apart from goodwill, is allocated to the individual assets based on their relative fair values.

Intangible assets with finite useful lives are amortised using the straight-line method over the following periods:

Customer contracts	20 - 60 months
Acquired technology	24 months

(k) *Impairment of long-lived assets*

Long-lived assets, consisting of property and equipment and intangible assets with finite useful lives, are reviewed whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, which is established as the carrying amount of an asset to be held and used over the sum of the discounted cash flows expected from its use and disposal; the impairment recognised is measured as the amount by which the carrying amount of the asset exceeds its fair value.

(l) *Trade receivables*

Trade receivables are stated at their cost less impairment losses.

(m) *Settlement assets*

Settlement assets result from timing differences in the Group’s settlement process. These timing differences arise primarily as a result of settlement amounts due from financial institutions representing the card associations and debit networks. These amounts are typically funded to the Group within days from the transaction processing date.

(n) *Short-term investments*

Short-term investments include investments with maturities of less than a year, as well as investments with maturities greater than a year that can be promptly liquidated. Investments are classified as held to maturity and are carried at amortised cost less impairment losses.

(o) *Cash and short-term investments held as reserves*

The Group has agreements with various financial institutions for the settlement of payment transactions. Under the terms of these agreements, the Group is required to maintain certain amounts as reserves, which may be applied against any amounts for which the financial institutions would be entitled to reimbursement. Certain amounts charged by the financial institutions are charged to the Company's customers.

In certain instances, the reserves may be part of a pooled reserve with a company under common control. Should a financial institution apply amounts against the Group's share of a pooled reserve which relate to a company under common control, the Group would be entitled to reimbursement from the company under common control.

3. Significant accounting policies (continued)

(p) *Cash and cash equivalents*

Cash and cash equivalents consist of cash on hand and balances with financial institutions, and highly liquid debt instruments with original terms to maturity of three months or less.

(q) *Trade and other payables*

Trade and other payables, all of which are short-term, are not interest bearing and are stated at the amounts owed. The carrying amount of trade and other payables approximates to their fair value.

(r) *Provisions*

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Disputes between a consumer and a merchant periodically arise as a result of, among other things, consumer dissatisfaction with a merchant's services. Such disputes may not be resolved in the merchant's favour. In these cases, the transaction may be charged back to the merchant, which means the transaction amount is refunded to the consumer and, in certain instances, charged to the merchant. If the merchant has insufficient funds or the Group has indemnified the merchant against such losses, the Group must bear the credit risk for the full amount of the transaction. These are contracts which include financial guarantees that represent a form of insurance arrangement, and are accounted for as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee. Management evaluates the risk for such transactions and estimates the loss for disputed transactions based primarily on historical experience and other relevant factors.

The provision for losses is decreased by realised losses and is increased by provisions for losses, net of any recoveries. The net charge for the provision for merchant and consumer losses is included in selling, general and administrative expenses and transaction processing costs, respectively, except for the exceptional provisions as described in note 2(a). The provision for customer losses is included within current liabilities.

(s) *Segment reporting*

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

4. Comparative figures

Certain reclassifications have been made to the comparative financial statements for the period of 12 April 2005 to 30 September 2005 to conform to the current presentation.

5. Share-based payments

(a) Restricted Share Unit Plan ("RSU Plan")

The Company has an RSU Plan that provides for the granting of RSUs to any employee, director or officer or a former employee, director or officer of the Company or of OGI or any affiliates.

An initial award of RSUs in respect of an aggregate of 2,443,750 ordinary shares ("the Initial RSUs") was made to directors, officers and employees of the Company and of OGI and its affiliates in May 2005. The original vesting period of the Initial RSUs was one-third on the 90th day following admission to the AIM (2 June 2005), an additional one-third on the first anniversary of the award and the remaining one-third on the second anniversary of the award. The exercise price of the Initial RSUs is the nominal amount of the underlying ordinary share. No award under the RSU Plan may be exercised later than seven years after the date the award is made.

In November 2005, an aggregate of 56,248 RSUs were awarded to four non-executive directors of the Company.

In December 2005, the Company accelerated the vesting of all unvested RSUs previously awarded, resulting in the acceleration of compensation expense that would have otherwise been recognised in the Company's income statement with respect to these RSUs over the period ending May 2007. In order to prevent unintended personal benefits to RSU holders, the Company has imposed restrictions on any shares received through the exercise of accelerated RSUs. These restrictions prevent the sale of any shares obtained through exercise of an accelerated RSU prior to the earlier of the original vesting date or the individual's termination of employment. As a result of the accelerated vesting and the concurrent accelerated vesting of unvested OGI stock options held by employees of an affiliate who provide services to the Company, the Company recorded a one-time charge in its fiscal 2005 consolidated income statement, reflecting the unamortised portion of the fair value of the unvested RSUs and OGI stock options.

In May 2006, an aggregate of 1,299,000 RSUs were awarded to directors, officers and employees of the Group and of OGI and its affiliates ("the May 2006 RSUs"). The vesting period of the May 2006 RSUs is one-third on the first anniversary of the award, an additional one-third on the second anniversary of the award and the remaining one-third on the third anniversary of the award.

In May 2006, an aggregate of 73,116 RSUs were awarded to RSU holders as a dividend equivalent (note 10).

The May 2006 RSUs had an estimated fair market value of $8,049 on the grant date. Of this amount, the estimated fair market value of the May 2006 RSUs awarded to other than directors, officers and employees of the Group was estimated at $2,922 and was recorded as an appropriation by OGI. The estimated fair market value of the May 2006 RSUs awarded to directors, officers and employees of the Group was $5,127.

In August 2006, an aggregate of 126,788 RSUs were awarded to RSU holders as a dividend equivalent (note 10).

As at 30 September 2006, 2,303,331 RSUs remain unexercised.

5. Share-based payments (continued)

(b) Share Option Plan

The Company has a share option plan that provides for the granting of stock options to any employee, director or officer or a former employee, director or officer of the Company or of OGI or any affiliates (and to certain permitted assignees of such persons).

The option exercise price per ordinary share is determined by the Company's remuneration committee of the Board of Directors, but will be no less than the average market value of the ordinary shares on the five dealing days immediately preceding the grant date (market value being derived from the average of the highest and lowest prices of an ordinary share as traded on AIM).

An option is normally exercisable between its vesting date or dates (as determined by the remuneration committee of the Board of Directors at the grant date) and seven years from the grant date.

As at 30 September 2006, no options had been granted under this plan.

(c) Placing Agreement Options

Pursuant to a placing agreement dated 27 May 2005, the Company granted Numis Securities Limited the right to subscribe for up to 375,000 ordinary shares of €0.02 each in the capital of the Company at any time between the first and fourth anniversaries of admission to the AIM (2 June 2005) at the placing price of 241p.

6. (Loss)/earnings per share

Basic and diluted (loss)/earnings per share are calculated based on the following weighted average number of ordinary shares outstanding:

	Three Months Ended 30 September		Nine Months Ended 30 September	12 April to 30 September
	2006	2005	2006	2005
	Number	Number	Number	Number
Basic	51,605,092	50,014,651	51,216,746	50,007,836
Plus impact of RSUs and options outstanding	-	2,288,623	-	1,856,391
Diluted	51,605,092	52,303,274	51,216,746	51,864,227

The impact of the RSUs and options outstanding for the three and nine months ended 30 September 2006 were anti-dilutive and therefore are not included in the calculation of diluted loss per share.

7. Share capital

	30 September 2006	31 December 2005
Authorized:	$	$
500,000,000 ordinary shares of €0.02 per share		
Issued and fully paid:		
51,687,848 ordinary shares (50,706,331 ordinary shares as at 31 December 2005) (par value of €0.02 per share)	1,329	1,304

During the nine-month period ended 30 September 2006, 981,517 restricted share units were exercised for a cash consideration of $25 resulting in the issuance of 981,517 ordinary shares with a par value being €0.02 per share. As a result of this issuance, share capital was increased by $25 of cash proceeds, and the deficit was decreased by the fair value of the restricted share units exercised ($2,297).

8. Related party transactions

(a) The following related party transactions occurred in the normal course of operations and were measured at the exchange amount, being the consideration established by and agreed to by the parties:

	Three Months Ended 30 September		Nine Months Ended 30 September	12 April to 30 September
	2006	2005	2006	2005
	$	$	$	$
Transaction processing costs charged by a company under common control	1,520	5,950	12,727	10,063
Administration and other fees charged by a company under common control	1,204	1,062	3,615	1,587
Administration and other fees charged by the parent company	850	412	3,388	518
Purchase of equipment from a company under common control	-	-	-	82

(b) Acquisition of Business:

During the period 12 April 2005 to 31 December 2005, the following related party transaction, which is described in note 1, occurred and was measured at estimated fair value:

	$
The transaction involved the transfer of the following assets and liabilities from a company under common control:	
Cash at bank	10,000
Trade receivables	13
Receivable from a company under common control	59,507
Customer contracts	14,138
Acquired technology	549
Goodwill	94,080
Trade and other liabilities	(992)
Customer reserves and security deposits	(59,506)
Deferred revenue	(159)
Deferred tax liability	(1,767)
Net assets transferred	115,863
Consideration issued:	
Ordinary shares	1,288
Excess of net assets acquired over par value of ordinary shares credited to share premium	114,575
	115,863

The primary factors that contributed to a purchase price that resulted in recognition of goodwill include the business' industry position, management strength, earnings prospects and ability to serve as a platform for potential strategic acquisitions for enhanced growth and profitability in this segment.

8. Related party transactions (continued)

The valuation of the consideration issued was determined by an independent valuation expert who utilised a range of methodologies including cash flow models and the market values of comparable companies.

The valuation of the assets and liabilities above is closed for revision.

(c) The following related party balances exist on the balance sheet:

	30 September 2006	31 December 2005
	$	$
Receivable from Optimal Payments Inc.	-	34,965
Payable to Optimal Payments Inc. (included in trade and other liabilities)	791	-
Payable to Optimal Group Inc. (included in trade and other liabilities)	974	144

The receivable and payables to related parties are all unsecured, interest free and repayable on demand.

9. Segment information

The Company operates as one business segment.

The following geographical information is derived by the Group based on the location of the assets of the Group and, in the case of revenue, the location of the customers.

The Group's assets are located in the following geographic regions:

	30 September 2006	31 December 2005
	$	$
Europe	116,085	195,062
Americas and Caribbean	39,819	33,205
	155,904	228,267

Revenue is derived from the following geographic regions:

	Three Months Ended 30 September		Nine Months Ended 30 September	12 April to 30 September
	2006	2005	2006	2005
	$	$	$	$
Americas and Caribbean	22,392	17,075	64,674	25,422
Europe	2,303	1,022	7,399	1,546
Rest of World	1,509	1,871	4,120	2,991
	26,204	19,968	76,193	29,959

10. Dividends

On 18 May 2006, the Company paid a final dividend of $0.187 per share, or $10,047, of which $9,587 was paid in cash and $460 in additional RSUs.

On 28 August 2006, the Company paid an interim dividend of $0.232 per share, or $12,503, of which $11,969 was paid in cash and $534 in additional RSUs.