

## Online Gambling Credit Card Processor Initiates discussions with US Attorneys

Contributed by Thomas Jensen  
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Optimal Group Inc. (NASDAQ:OPMR) announced on May 8, 2007 that following recent announcements by the U.S. Attorney's Office in the Southern District of New York relating to its ongoing investigation of the U.S. Internet gambling industry, the Company has initiated discussions with the U.S. Attorney's Office in the Southern District of New York and is in the process of responding to a voluntary request for information issued by the U.S. Attorney's Office.

In connection with such ongoing investigation, Optimal has received a copy of warrants of seizure issued by the U.S. Attorney's Office against funds of certain payment processors on deposit with two U.S. banks. These funds include monies on deposit to the credit of Company affiliates, namely, approximately \$4.2 million that FirePay Limited has on deposit in a reserve account and approximately \$15 million that Optimal Payments has on deposit in a money market account. Through counsel, the Company has been assured by the U.S. Attorney's Office that the issuance of the warrants does not impact in any way upon discussions between the Company and the U.S. Attorney's Office, nor upon any eventual outcome of those discussions.

Optimal Group Inc. announced its financial results for the first quarter ended March 31, 2007. All references are in U.S. dollars.

Revenues for the first quarter ended March 31, 2007 were \$30.1 million compared to \$52.4 million for the first quarter ended March 31, 2006.

Adjusted earnings for the first quarter were \$3.5 million or \$0.14 per diluted share compared to \$10.1 million or \$0.39 per diluted share for the comparable period in 2006.

Net loss in the first quarter ended March 31, 2007 was (\$5.7) million or (\$0.24) per share (which includes stock-based compensation of \$6.0 million) compared to net earnings of \$4.4 million or \$0.17 per diluted share (which included stock-based compensation of nil) in the first quarter ended March 31, 2006. The stock-based compensation in the current quarter was incurred almost exclusively in relation to the purchase of all of the outstanding shares of FireOne Group plc.

As previously announced, immediately following the enactment of the Unlawful Internet Gambling Enforcement Act of 2006 (the "Act") on October 13, 2006, the Company's then majority-owned subsidiary, FireOne Group plc, ceased to process settlement transactions originating from United States consumers. The passage of the Act had, in the third and fourth quarters of 2006, and will continue to have for at least the short term, a significant negative impact on the financial results of FireOne Group plc, and hence the Company. The foregoing statements should be considered in this context.

Optimal's consolidated balance sheet remains strong. At March 31, 2007, the Company had:

\* cash and cash equivalents, short-term investments (including amounts held in reserve) and settlement assets net of bank indebtedness, customer reserves and security deposits, of \$116.0 million, or \$4.86 per issued and outstanding share (\$134.2 million, or \$5.63 per issued and outstanding share, as at December 31, 2006);

\* working capital, excluding cash and short-term investments held as reserves, of \$78.8 million (\$94.3 million as at December 31, 2006);

\* shareholders' equity of \$219.7 million, or \$9.21 per issued and outstanding share (\$219.4 million, or \$9.20 per issued and outstanding share, as at December 31, 2006).

### Use of Adjusted Earnings per Diluted Share

In addition to the financial measures prepared in accordance with GAAP, Optimal uses certain non-GAAP financial measures, including adjusted earnings per diluted share. Optimal believes that the inclusion of such measures helps investors to gain a better understanding of its core operating results and is consistent with how management measures the Company's operational and financial performance, especially when comparing such results to previous periods.

### Strategic Plan

With the completion in the first quarter of 2007 of our cash offer to acquire all of the issued and to be issued outstanding shares of our then majority-owned subsidiary, FireOne Group plc, we have repatriated and realigned certain assets, and have streamlined the operations of FireOne Group and Optimal Payments in order to more efficiently operate them as a single business segment.

We continue to build Optimal Payments and focus on providing secure electronic payment and risk management solutions to small and medium-sized businesses that sell and deliver goods and services over the Internet, wireless, or generally in a card-not-present environment.

At the same time, the Company is actively exploring strategic acquisition opportunities.

#### U.S. Gaming Payment Processing

As stated above, immediately following the enactment of the Act on October 13, 2006, the Company's then majority-owned subsidiary, FireOne Group plc, ceased to process settlement transactions originating from United States consumers.

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