

Operating & Financial Review

Paddy Power is a multi-channel, multi-national betting and gaming company. It operates through two main divisions: the retail division, which operates bookmaking shops in Ireland and the UK, and the non retail division, which provides telephone betting services to customers in Ireland and the UK together with an online channel that provides both betting and gaming services to English and German speaking customers in the UK, Ireland and continental Europe.

2006 was a year of spectacular growth in turnover, gross win and operating profits in both divisions. Our brand, the quality of our people and our innovative product range drove this growth, as they do every year. In addition, results last year benefited from the largest betting event in history, the 2006 football World Cup, which generated €4.0m of gross win for us directly, as well as a significant number of new customers.

The Retail Division

	2006	2005	% Change
Amounts staked	€963m	€794m	+21%
Sportsbook gross win percentage	12.54%	11.92%	+5%

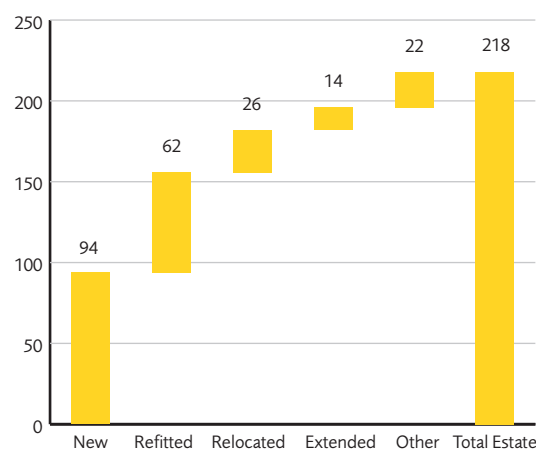
The amounts staked over-the-counter ('OTC'), that is excluding FOBT gross win, in the combined Irish and UK estate grew by 21% to €956m. The average stake per slip increased by 9% to €20.82, while the number of slips grew by 10% to 45.9m. The OTC gross win percentage in the retail sportsbook was 12.5% as compared to 11.9% last year. This strong performance reflected a number of factors specific to the retail division. These included an increase in multiples within the mix, higher than average racing margins, as well as the anticipated positive impact of our Electronic Point of Sale ('EPOS') system.

EPOS was rolled out across the entire estate in 2006, bar a handful of shops scheduled for redevelopment, at a total capital cost of €10.4m which was under the budget we set out last year. The deployment was supported by a significant training investment and has met with a positive response from both customers and staff. Our priority has been to use the system to improve customer service by increasing the speed and accuracy of customer payouts, extending the product range and freeing up staff to devote more time to enhancing the special buzz and atmosphere that so differentiates Paddy Power shops. The system has also enabled us to measure more accurately customer demand for new offerings, as well as the effectiveness of accompanying point of sale, screen, audio and other promotions. We have also leveraged the intranet communications infrastructure of EPOS to provide in-shop customer information terminals and in-shop printing of marketing materials and coupons thereby reducing distribution costs. Further benefits also accrue in relation to

risk management and security. Overall, we are confident of recouping an attractive return on our investment in EPOS.

Our trademark product innovation continues to give more choice to the retail customer. In horse racing, we now provide early prices for every UK and Irish horse race and lead the market in betting-without-the-favourite, match betting and distance betting. We have also expanded our sports betting, adding for example 15 extra soccer leagues from a range of countries including Poland, Japan, Romania, Hungary and Russia. To complete the package, we even provide Paddy Power soccer coupons in Polish, which involves more than just adding on '-ski' to the end of every team name!

Retail Estate Development - 2002 to 2006



(i) Irish Retail

€m	2006	2005	% Change
Amounts staked	833.1	703.8	+18%
Gross win	104.4	83.6	+25%
Gross profit	91.5	74.0	+24%
Operating costs	(69.5)	(59.9)	+16%
Operating profit	22.0	14.1	+56%

The amounts staked within Irish retail grew by 18% to €833m. Strong shop opening opportunities existed in 2006 and we opened 10 new shops, bringing our total number to 160. In addition, we grew like-for-like amounts staked by 14% as compared to 9% in 2005.

This strong growth is driven by the factors common to all our businesses, our brand, our product innovation and our customer service, but also by the following factors specific to our Irish retail estate:

- The very significant investment we have made in the estate in the last five years;
- The continuing positive economic and demographic backdrop in Ireland;

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- The move to 'tax-free' betting in December 2005 which boosted growth in 2006.

When the Irish Government announced in the December 2005 budget that it was eliminating the 2% customer based betting tax and replacing it with a 1% tax levied on the bookmaker from 1 July 2006, we decided not to wait; instead we offered our customers a discount equal to the tax from the morning after the budget. During 2006, this resulted in an average cost to Paddy Power, as a percentage of amounts staked, of 1.5% or €12.5m based on a 2% cost in the first half of the year and a 1% cost in the second half. This compares with a cost of €8.3m in 2005 when discounts to cover the 2% tax were offered within parts rather than all of the estate. In 2007 onwards, a full year at the lower tax rate of 1% should save the Group approximately €4m as compared to 2006.

In addition to the 10 shops newly opened during 2006, a further five shops were relocated, 10 refitted and three extended. Such shop developments incorporate our high quality interior furnishings and state-of-the-art technology infrastructure. This features 24 information screens, a dedicated sports gantry, customised audio and large screen televisions, all controlled via infrared technology from a central production studio. This enables us to co-ordinate and tailor information and coverage to local preferences, greatly improving the in-shop experience for customers. This substantial investment in our estate has contributed significantly to the growth in Irish retail by retaining existing retail punters and also attracting new footfall.

During the year, the Group made an exceptional profit of €2.1m on the sale of an Irish shop property. The Group acquired the property in 2006 under a purchase option within its lease and at the same time entered into an arm's length sale and lease back of the property. This is in line with the Group's policy in recent years to operate shops under leases rather than owning and managing property, giving us more flexibility in locating shops and ensuring we can react swiftly to any market changes. The Group currently owns 13 of its shops and has no current plans to sell any of these properties. In-house valuations of these premises indicate a market value of approximately €13m. These properties are carried on the balance sheet at a net book value based on their historical cost of €5m.

(ii) UK Retail

We have continued to make substantial progress in our UK retail estate:

- We operated 58 outlets as at the end of December, an increase of 13 since December 2005;
- Our gross win grew by 59%, and by 15% on a like-for-like basis;



The Irish have taken over the World. 10 Cheltenham winners trained in the Emerald Isle, they say there's something in the grass. Who knows and who cares!

The parade of Champions was led by Gold Cup winner War of Attrition who got the ride of his life from Conor O'Dwyer to land the big one. And we all thought Michael O'Leary was about cheap this and low cost that. War of Attrition's win was anything but.

Then came Aintree and the greatest race in the world. 40 runners in a marathon over humungous fences. Forget winning, just getting around is an achievement in itself.

Numbersixvalverde has the honour of having more letters in his name than any previous winner. I don't know how we did but we got away with this one, it was probably because his name was too long for people to write on their betting slips!

It wasn't just a good jumps season, it was also a pretty decent flat one too. Aidan O'Brien cleaned up as usual, winning two of the classics – one of them with George Washington who as it turns out wouldn't really suit this magazine.

NEW!
FILLY
CENTREFOLD

STUD

“I just love it when he takes the reins and whispers in my ear”

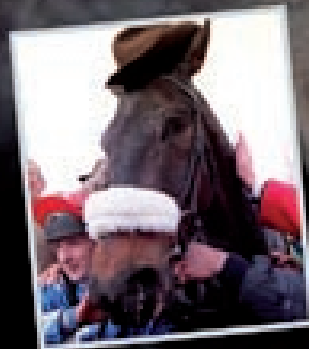
War of Attrition

“Got a great ride off Tony McCoy in this year's Champion Hurdle”

Brave Inca talks openly with Paddy - Full Report page 16

“I have to take my hat off to Fran, he stayed in the saddle even when the going got soft”

Feathered Gale





Ann Murphy's dream was to sample the delights of life as a high-roller in Las Vegas. The 55 year old Dublin native could be forgiven for thinking that the opportunity might have passed her by, but dream she did. Then one morning the telephone rang. She had won an all expenses paid trip to her spiritual home, fabulous Las Vegas, in a draw on Paddy Power Casino in June 2006.

Ann travelled with her son, Barry, and was immediately thrilled by the experience. "For the first three days you walk around in awe of how grand and over the top everything is," she enthused. "The most thrilling was just walking in the lobby of the Venetian for the first time, not really believing you were staying there and just the sheer luxury that surrounded you".

However, she soon settled into a groove and found her online gaming experience with Paddy Power Casino stood her well. "I played blackjack, roulette but mostly the slots. I thought about having a few games of hold 'em but reasoned I should get more poker practice in before attempting it."

Ann no longer dreams about sampling the life of a high-roller in Las Vegas. She's been there, done that, bought the t-shirt and it lived up to everything she had hoped for, even her wildest dreams had come true.

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- The group of shops opened before 2006 generated positive EBITDA in 2006;
- Our brand continues to grow strongly, with recognition of 21% amongst all adults in London, up from 16% in 2005;
- Market research indicates that our customers rate us more highly, on all key attributes, than those of our two largest competitors, and are more loyal and less likely to switch. It also indicates that customers of local competitors who would consider switching are, by a distance, most likely to switch to Paddy Power.

Thus while the overall estate continues to be loss making, due to the opening of new loss making shops and the necessary investment in the central infrastructure, the underlying trend is positive and the more mature outlets are cash positive. We expect this positive trajectory to continue as further shops reach maturity and we continue to focus on realising the benefits of the reasonable scale now achieved.

€m	2006	2005	% Change
Amounts staked OTC	123.0	86.3	+43%
Gross win	23.6	14.8	+59%
Gross profit	18.0	11.0	+64%
Operating costs	(24.0)	(15.7)	+53%
Operating loss	(6.0)	(4.7)	+29%

(2006 FOBT gross win above and throughout this review is shown inclusive of VAT of €1.2m for consistency with 2005)

In 2006, the amounts staked grew by 43% to €123m. Gross win growth of 59% to €23.6m was comprised of 88% growth in FOBT gross win to €8.1m, and 47% growth in OTC gross win to €15.5m. Like-for-like gross win grew by 15%, with OTC growth of 7% and FOBT growth of 38%. The OTC growth was impacted by the very strong FOBT growth with some punters switching their stakes between these products. There were 226 machines installed as at the end of the year, an increase of 31% compared to the end of 2005. The average gross win per machine per month increased 44% to €3,600 compared to €2,500 in 2005.

During 2006 we conducted an extensive review of our UK business, and its potential opportunities. We also strengthened its management team. We have as a result identified a number of valuable initiatives to improve the performance of the existing estate and implemented a number of these in late 2006, with more to come in 2007. We are pleased with progress to date. We expect just a few shop openings in 2007 as compared to the 15 or so in previous years as we continue to prioritise improving the performance of the existing estate in the run up to deregulation.

Operating & Financial Review (continued)

We also increased our FOBT profitability during 2006 by holding a competitive tender to improve our commercial terms, leveraging the growth in the estate and our increased turnover per machine, while also maintaining a first class product and service. The dual screen 'Rainmaker' machines we selected were installed across the estate in late 2006. We have also commenced a range of FOBT promotion initiatives and have recruited a dedicated FOBT manager. FOBT performance improvement is needed to offset the impact of the introduction of Amusement Machine License Duty ('AMLD') and the possible impact of the UK smoking ban. AMLD was introduced from August 2006 at a cost of €0.2m in 2006 and an expected cost of €0.7m in 2007. A smoking ban is scheduled to come into force in the UK in July 2007 and, while the introduction of the smoking ban in Ireland had no significant effect on retail turnover, the experience may be somewhat different in the UK due to the presence of FOBTs.

We welcome the implementation of the Gambling Act effective from September 2007 which will feature extended shop opening hours, the installation of higher payout gaming machines and improved shop opening opportunities. The removal of the 'demand test' for openings also gives us more flexibility in the format and size of our new shops. The Group is currently progressing the related license applications and is well prepared for the new requirements.

The Non Retail Division

The non retail division comprises telephone betting and online betting and gaming. Operating profit from the division increased by 43% to €29.4m, comprising €6.0m from the telephone channel, an increase of 65%, and €23.4m from the online channel, an increase of 38%. Betting on soccer represents a greater proportion of turnover in the non retail division as compared to retail, hence both non retail channels benefited particularly from the World Cup in 2006.

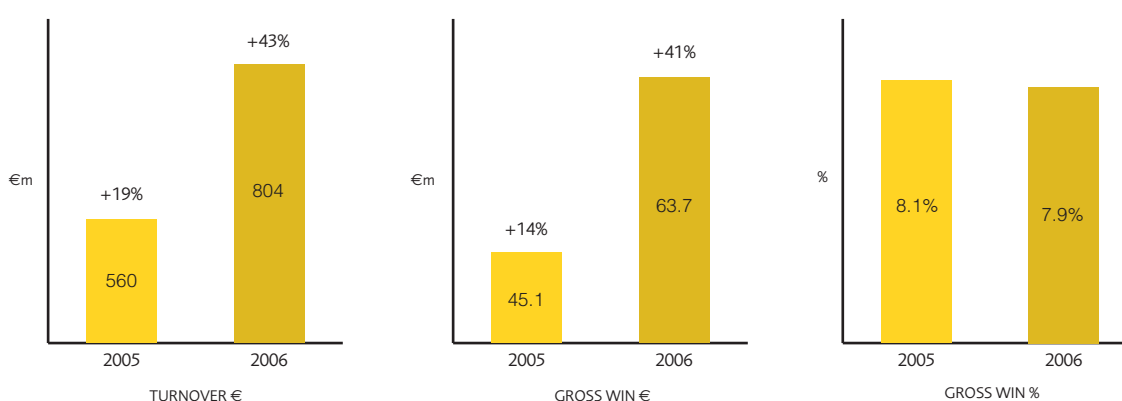
The guided range for non retail gross win percentages in 2006 was 8.0% to 9.0%. The actual gross win percentage was at the bottom of the guided range in the telephone channel at 8.0% and slightly outside the range in the online sportsbook at 7.9%. Nonetheless, the absolute amount of sportsbook gross win within the non retail division grew strongly by 41% in 2006, driven by exceptional turnover growth of 43%. This compares with growth in gross win of 14% and turnover of 19% in 2005.

There were a number of reasons for the margin performance including some unfavourable results for bookmakers in sports such as rugby where non retail derives a greater proportion of its turnover as compared to retail. However the key factor behind this margin reduction were changes in the mix of business driven by a greater propensity of punters to bet on 'odds on' selections and the popularity of certain new products. For example, we experienced particularly strong growth in the year in financial markets betting and betting-in-running in a range of sports including soccer, tennis and snooker. These products tend to be single bet selections and have a bias towards 'odds on' selections resulting in lower than average margins. Nonetheless they are innovative, differentiating and popular new products, attracting good incremental turnover as evidenced by the 41% growth in non retail absolute gross win and we will continue to make new product decisions on the basis of such criteria. We would expect non retail margins to be approximately 50 basis points lower in the 7.5% to 8.5% range going forward.

(i) The Telephone Channel

€m	2006	2005	% Change
Amounts staked	306.6	249.9	+23%
Gross win	24.5	19.5	+26%
Gross profit	22.4	17.2	+30%
Operating costs	(16.4)	(13.6)	+21%
Operating profit	6.0	3.6	+65%

Non Retail Sportsbook Turnover & Gross Win



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The amounts staked within the telephone channel grew by 23% to €307m. Within this, bet volumes grew 9% to 3.0m while the average stake per bet increased 12% to €102.98. We prioritise profitability ahead of such metrics as customer numbers or market share and achieved growth in operating profit of 65% in 2006 despite a small reduction in active customers at the end of 2006.

Telephone Channel Active Customers	2006	2005	% Change
Ireland and Rest Of World	11,048	10,783	+2%
UK	8,923	10,148	-12%
Total	19,971	20,931	-5%

(Active customers are defined as those who have bet in the last three months)

If you can't stand the sound of an unanswered phone, you'd be in good company with our dedicated Dial-A-Bet team that answered in excess of 2.5m calls in 2006, over 90% in less than 10 seconds. We continue to invest and refine our use of technology to improve our customer service and the volume of calls we can handle. For example, in 2006 we adapted and expanded the operators' on screen information to enhance our management of customer calls.

The successful growth of this business, together with Paddy Power as a whole, necessitated the relocation of our call centre to a new building beside our existing headquarters in Dublin in May 2006. The new building increased the call centre capacity by an initial 25% and also offers additional capacity as needed over the next few years.

Operating costs within the telephone channel increased by 21% to €16m reflecting volume growth and the investment in the new call centre location, partially offset by savings from operational efficiencies and reductions negotiated on third party charges.

(ii) The Online Channel

€m	2006	2005	% Change
Amounts staked	525.4	327.5	+60%
Gross win	67.4	42.9	+57%
Gross profit	51.7	33.4	+55%
Operating costs	(28.3)	(16.4)	+72%
Operating profit	23.4	17.0	+38%

The online channel had another strong year with 38% growth in operating profits, while at the same time making a number of important investments for future growth. These investments were reflected in the increase in operating costs by €11.9m to €28.3m. The major drivers of this increase were:

- The launch of new businesses and expansion of businesses recently launched;
- Volume driven promotional spend and marketing spend;
- Growth in variable costs due to increased activity levels.

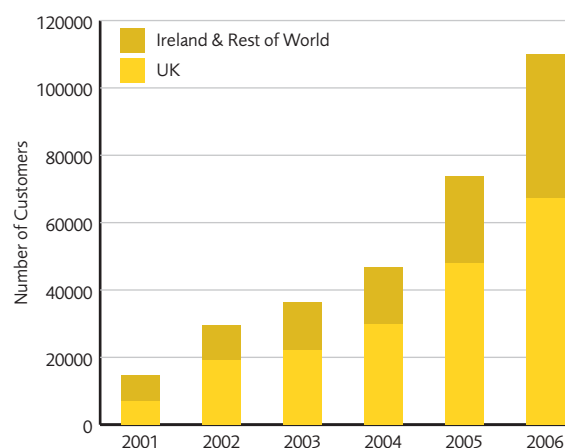
Customer numbers in the online channel continue to grow strongly in both the more mature sportsbook and the newer gaming products. The growing customer base has also demonstrated a developing propensity towards multi product usage.

Online Channel Active Customers	2006	2005	% Change
Ireland and Rest Of World	42,735	25,646	+67%
UK	67,380	48,015	+40%
Total	110,115	73,661	+49%

Online Customers Product Usage	2006	2005	% Change
Sportsbook only	60,811	48,137	+26%
Gaming only	25,885	11,277	+130%
Multi product customers	23,419	14,247	+64%
Total	110,115	73,661	+49%

(Active customers are defined as those who have bet in the last three months)

Online Active Customers



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(a) Sportsbook

The amounts staked online on the sportsbook increased by 60% to €497m. Within this, bet volumes grew 70% to 16.2m while the average bet value decreased 6% to €30.74. Gross win in the sportsbook increased by 52% to €39.1m.

Product innovation continues to be a key driver of this level of growth. During 2006 we introduced a range of new products to cater for the different time horizons and risk preferences of our customers. For those with less time available, we expanded our betting-in-running options, introducing 'next game' betting in tennis, 'next frame' betting in snooker and substantially expanded our successful financial indices betting. For the more risk adverse, we created race insurance, unique to Paddy Power, with the punter being refunded if his horse is placed. We are also the only bookmaker offering place-only betting on all UK races each day and most Irish races. For those with varying risk preferences, we even provide the 'bet randomiser' which generates a proposed bet for punters who submit their current state of luckiness!

We upgraded our sportsbook web site in 2006 to reflect the major growth in our events, markets and channels as well as changing customer preferences and tastes. The enhanced site includes easier navigation, better cross promotion of channels and a superior betting-in-running interface. We have also expanded our value added content and services comprising WAP and Java mobile phone services, 'bet-and-watch' racing, historical horse racing and soccer statistics as well as live score updates.

The German language online sportsbook launched in April incurred a small loss in 2006, in line with our expectations. It has been progressing satisfactorily, although our growth has been restricted by the German regulatory environment which has in particular constrained our promotional activity. Nonetheless we are encouraged by the EU Commission's strong position on freedom of choice for consumers. We have also expanded our product range to meet continental European preferences with the inclusion of ice-hockey, basketball and additional soccer leagues. Payment options were expanded to include Neteller and Moneybookers, both popular on the continent. We have also introduced the German speaking punter to our novelty bets with good media interest in our market on which person mentioned in former Chancellor Schröder's memoirs would take legal action against him – no winners as yet but the wife would always seem a good bet in this context, particularly at 33/1!

(b) Gaming

The online channel generates gaming revenues from casino, games, poker and bingo. Revenue from these sources, representing the operator's 'hold' or commission income, increased by 65% to €28.3m, with growth achieved across all four product categories.

Our commitment to poker and to the ongoing promotion of our brand led to our sponsorship of the 2006 Irish Open poker tournament. The Irish Open is the longest running poker tournament in Europe, but its 25th anniversary set new landmarks for the tournament as Ireland's first ever guaranteed €1m event and Ireland's largest ever poker event. The final was broadcast live across Europe on Sky Sports and was hailed as a tremendous success by commentators, the poker media and players alike. Paddy Power will guarantee the 2007 event for €2m, reflecting both the growth of our own poker business and the poker market overall. The first half of 2007 involves an important operational challenge for poker as we tackle the migration of our customers from the software of our existing network supplier to that of another operator that acquired them.

Product expansion in the gaming area also continued with the launch of online bingo, 'Live Games' with a studio presenter and an online version of the popular TV game show 'Deal Or No Deal'. These products encapsulate the Paddy Power brand values of fun, fair and friendly and give us particular potential to attract new types of customers.

Trading & Risk Management

Trading and risk management is at the heart of bookmaking and the function at Paddy Power is at the forefront of industry practice. The core responsibility of the function is the creation and pricing of all markets and the trading of those markets through their life. The function employs a mix of traditional bookmaking approaches married with risk management techniques from other industries and the extensive use of mathematical models and information technology. The quality of the function provides a powerful resource for product innovation and differentiation. For instance, in a typical match during the football World Cup finals we offered 70 markets as compared to 46 by our nearest UK or Irish competitor. Offering this range of markets directly addresses feedback from customer surveys but it also differentiates us, promotes loyalty, spreads our trading risk, and of course drives turnover!

In October 2006, the Starting Price Regulatory Commission ('SPRC') chaired by Lord Donoghue set out recommendations to strengthen the Starting Price ('SP') compilation process. The principal changes implemented were to increase the number of bookmakers included in the sample and to give priority to bookmakers offering each-way prices. Paddy Power believes the changes will contribute to a fairer and more accurate representation of the on-course market. However we would not expect the increase in the bookmakers sampled to have a dramatic impact on our margins given that intense competition between bookmakers, particularly amongst prices on the more favoured selections where the vast majority of turnover arises, ensures that prices on these selections are within a narrow range.

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Marketing

Marketing has been a consistent strength at Paddy Power enabling us to develop a brand not only highly recognised, but recognised for what it stands for. We continue to strive to apply our fun, fair and friendly values consistently and throughout all aspects of our business.

The World Cup gave us a stage to demonstrate these values, particularly to potentially new customers to Paddy Power. For example, we not only offered different Money-Back Specials on every match day, we also refunded punters if their team was knocked out in penalty shoot outs, thereby bailing out unfortunate supporters of England, Argentina, France and Switzerland. In addition, we offered our English and other customers the best price amongst all bookmakers on England in the quarter finals. We also followed our punters into the pub for the match with our pub kits, including wee-goals (don't ask!) and pint glasses branded with pertinent bets including '10/1 Her Place; 5/4 The Chipper'!

We also continue to put marketing investment into local events to build relationships and interact on a more personal basis with our customers. During 2006 these events included the Paddy Power London '5-a-side' tournament, which attracted over 400 teams, and the Irish Karaoke Championships, where the ultimate winner from the 88 participating pubs went on to become World Champion.

At Paddy Power we pride ourselves on our range of novel and innovative betting markets, which both generate turnover and media coverage. During 2006 we tapped into the dominant topic of Irish conversation and national obsession of the last 15 years, property prices. Punters can now put their money where their mouth is as regards their views on the property market without recourse to the services of solicitors, estate agents or removal men! When the many betting markets we offer do nonetheless come up short relative to the needs of our punters, we are happy to try and oblige. Such was the case when Adrian Hayward approached us to have a bet on Liverpool's Xabi Alonso to score a goal from inside his own half, following a dream he'd had about it. In January 2006 he won £25,000 on the £200 he had at 125-1!

Crucially, we also always want to be fair to our customers. Living up to this principle manifests itself in many practical low profile ways such as responsible customer care and transparency on charges and terms. However, it is in our approach to certain official results that probably demonstrates the difference most prominently. As we put it when explaining the decision to refund backers of the Pakistan cricket team when they were deemed to have forfeited the fourth Test against England following an alleged ball tampering incident: 'In these circumstances we don't look at our rules but we ask ourselves what would we consider to be a fair result if we were the punter'. For the record, we also refunded losing bets on the draw - ensuring that nobody betting on this event ended up out of pocket. In addition to being the right thing to do, we believe that the differentiation, loyalty and turnover that this approach generates more than covers any short-term cost.

People

Our people are critical to everything we do and we are fortunate to have some of the most dedicated, skilled and creative people working in the industry. As we continue to grow, we have a significant need for more people and new skills, and we are committed to developing staff internally for new or expanded roles, as well as recruiting externally. Accordingly, we invest substantially in training and development courses through our own human resources team and utilising external specialists as required. We also focus heavily on bringing new talent into the organisation. In 2006, we ran targeted graduate recruitment campaigns in both the UK and Ireland. We also expanded the net globally to track down the best people and have benefited from the diversity of experience and skills that recruits from as far afield as South Africa, India, Russia and Poland have brought to us during 2006, particularly in areas such as information technology. While high calibre people continue to be a scarce resource for many parts of our business, especially e-commerce, we have been successfully attracting, developing and retaining such people. Some positions are certainly easier to fill than others. We teamed up with RTÉ – the Irish national TV channel, to offer a dream job as a Paddy Power sports trader in the documentary 'No Experience Required'. Julian Canny came out the winner out of over 100 hopefuls and continues to trade soccer betting-in-running with us.

The average number of employees in the Group during 2006 was 1,414 (2005: 1,255). At the year end, the total number of employees was 1,468 (2005: 1,374).

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Taxes

The corporation tax charge for the year was €8.5m. Excluding adjustments relating to prior years, the underlying effective tax rate for 2006 was 16.4% as compared to 14.7% for 2005. As highlighted in our Interim Report, the Group's effective tax rate increased from July 2006 as a result of the non-deductibility of the revised 1% turnover based tax on amounts staked within Irish retail. Given the amount staked within Irish retail, this change added €0.5m to the tax charge for the second half of 2006. Excluding the impact of the higher corporation tax applicable to the Irish retail property disposal, the underlying effective tax rate for the second half of 2006 was approximately 17%. No corporation tax is currently payable in the UK due to tax losses. The Group's effective tax rate is above the Irish statutory rate due to the impact of a number of non-deductible expenses.

Cash Flow, Cash Balances and Foreign Exchange Risk

Cash balances at 31 December were €87.1m compared to €52.3m at 31 December 2005, an increase of €34.8m. This includes cash balances held on behalf of customers of €13.4m compared to €10.0m at 31 December 2005. Net cashflow from operating activities was €67.7m in 2006 compared to €41.4m in 2005, an increase of 64%. This was driven by operating profit growth of 51% combined with the net cash inflow into customers' accounts of €3.4m. Capital expenditure on tangible and intangible assets of €25.8m primarily comprised the fit out of new and the upgrading of existing retail outlets, and the roll out of EPOS.

The Group has no borrowings. Exposures from interest rate changes are therefore limited to the direct impact on interest income on deposits and the indirect impact from any resulting changes in consumer spending. Cash balances are invested in accordance with defined treasury policies approved by the Board. These policies limit the risk rating of institutions that can be used, the concentration of risk with any one institution or within any category of institutions and the term of deposits. Cash balances are substantially invested in short-term bank deposits with maturities of 120 days or less. Foreign exchange risk in the business is small. The Group generates sterling inflows from UK based customers of the online and telephone channels, partially offset by the Group's need for sterling as it expands in the UK. Group policy allows the Group to hedge foreign exchange exposure for up to six months. At the year end, no foreign exchange contracts were open. The Group's presentation currency is the euro and translation risk exists with its sterling subsidiaries.



Patrick Kennedy
Chief Executive



Jack Massey
Finance Director

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