

NETELLER GROUP

2007 AUDITED PRELIMINARY RESULTS

MANAGEMENT CONFERENCE CALL RECORDING

11 MARCH 2008

RON MARTIN, PRESIDENT & CHIEF EXECUTIVE:

WELCOME TO THE NETELLER GROUP PRE-RECORDED MANAGEMENT CALL REGARDING OUR 2007 AUDITED PRELIMINARY RESULTS.

2007 represented a milestone for the Group as we successfully resolved our issues with the US authorities, and energetically refocused the business to put into action our updated vision and mission. We enter 2008 with a renewed direction and I am pleased to provide in this report an overview of our plans for 2008 and beyond as well as a summary of the highlights from 2007.

In terms of 2007 financial highlights and KPIs

Group revenue for 2007 was \$84.0 million, compared with \$257.3 million in 2006, reflecting the withdrawal of payment services from North American markets in early 2007. The ongoing business excluding North America recorded revenues of \$69.1 million in 2007 compared with \$60.1 million in 2006, an increase of 15%.

This is a creditable performance considering the considerable impact that the US situation had across the business. We anticipate continued growth in both Europe and Asia Pacific regions as our focus on these markets generates new opportunities for the Group.

Gross margin for 2007 was 55.6% compared with 70.4% in 2006. The Group reported a loss before tax and other items of \$12.8 million, compared to a profit of \$120.2 million in 2006, as a result of costs incurred in restructuring and stabilising the business. The US settlement of \$136 million, related costs and restructuring expenses of \$37 million significantly impacted our performance for the year. Doug Terry our CFO will go through the financials in more detail later.

The Group's primary driver of fee revenue from its e-wallet is the active e-wallet user base. An active e-wallet user is defined as a consumer whose e-wallet account balance has changed during the past quarter. The change in balance may be due to adding, removing, transferring or receiving funds. The Group reports its active e-wallet user numbers by region for each quarter to allow comparison of regional growth rates. By also disclosing fee revenue for each primary geographic region where e-wallet services are offered, investors are able to determine the fee revenue per active e-wallet user by region.

The Group's active e-wallet user base at the end of 2007 was 99,984, an increase of 9% over the corresponding period in 2006 (excluding North America). The regional distribution of active e-wallet users included 77,937 in Europe (an increase of 9% over the corresponding period in 2006) and 17,252 in Asia Pacific (up 8% from the same period in 2006). These results are very encouraging considering the impact of the US situation. The Group's strategy to bring additional scale to the e-wallet, as well as ongoing marketing programmes designed to activate, stimulate and retain existing e-wallet users, is expected to drive accelerated growth of the active e-wallet user base and revenue per active e-wallet user throughout 2008. Quarterly fee revenue per active e-wallet user grew in Q4 2007 compared to Q4 2006 across all regions, with a total of \$124 earned per active e-wallet user in 2007 compared to \$115 in 2006.

Average daily receipts from e-wallet users were approximately \$655,000 during 2007 vs. \$5.1 million in 2006. The decrease of 87% was principally due to the withdrawal from the North American market during the first quarter. Total receipts from e-wallet users during the year totalled \$239.2 million vs. \$1.86 billion in 2006. Our total e-wallet user base (excluding North American users) totalled 997,219 at 31 December 2007, an increase of 56% over 31 December 2006.

Average daily sign-ups of new e-wallet users was 1,191 during 2007 representing a decrease of 64% over 2006. Again, this decrease was attributable to the withdrawal from servicing the North American markets during Q1 2007. In Q4 2007, 1,076 new consumers signed up for the Group's e-wallet per day, which demonstrates solid growth over the previous 2 quarters which had 900 and 937 signups respectively.

The Group also generates revenue from non e-wallet related sources, such as its NETBANX business and interest income on its own cash balances as well as those held on behalf of consumers and merchants in trust accounts. 2007 revenue from these sources was \$20.7 million (representing 18% of total revenue) compared to \$23.6 million in 2006, with NETBANX revenue increasing by 29% to \$6.6 million in 2007. With diversification as a strategic growth vector, a primary focus will be on increasing revenue from non e-gaming sources in 2008 and beyond.

In terms of product development:

The Group is focusing on developing innovative products and solutions for its merchants and consumers in targeted markets within Europe and Asia Pacific. With local language and/or payment options in 15 countries, our efforts in 2007 were directed at improving the consumer experience and merchant value proposition in those countries, in line with our objective of providing best total solutions in our chosen markets.

In late 2007, the Group introduced a localised sign-up process which improved the success rate for consumers verifying their identities on first sign-up. This was made possible through the Group's Identity Verification System (IVS) which was first launched in April 2006.

The acquisition of a stake in the business that operates the POLi system, Centricom Pty Limited, announced in August 2007, is representative of the efforts to improve our offering to customers with innovative payment solutions. The Group announced today the establishment of its joint venture, Centricom Europe Limited, to focus on the development of the POLi solution for our key markets within Europe.

Delivering the strategic vision

The second half of 2007 was characterised by a comprehensive planning process which resulted in the Group's adoption of a well defined and renewed vision and mission together with a detailed three year action plan. Solidifying our pre-eminence in providing payment solutions for the online gaming sector and diversification of the revenue base are the first two strategic growth vectors for 2008 and 2009, each with corresponding measurable objectives.

The continuing development of a payment product suite which flexibly integrates the capabilities of the Group's products is a key aspect of our renewed offering. Coupled with a progressive rebranding of our principal products, the NETELLER e-wallet, our NETBANX payment processing business, and the launch of the Net+ card programme through our card issuing partner, the Group is now well placed to drive revenue growth in 2008. Our integrated offering has received very positive feedback from customers, merchants, shareholders and employees.

As a result of our strategic review, the structure of the organisation has been modified into two market-facing business divisions, Member Services and Merchant Services, to improve focus on serving our consumers and merchants respectively, supported by Shared and Corporate Services units. The Member Services business division, headed by David Gagie, is focused on our global e-wallet users, and encompasses our e-wallet and Net+ card businesses and other anticipated financial services offerings.

The Merchant Services business division is headed by Dan Starr and combines the product suite of the NETELLER e-wallet, NETBANX, our proposed card offerings to merchants, and our e-wallet marketing capabilities. Our intent is to enable cross selling of an integrated suite of services that are optimised to help individual merchant customers grow their businesses. Supporting these customer focused units will be the Shared Services group, led by Rohit Joshi, that will provide world-class customer support, service reliability and innovative product development.

In the fall of 2007 the Group commenced a long-term strategic initiative, known as “Newteller”, to re-engineer the many aspects of our business necessary to align systems, controls and processes to the needs of the business in order to facilitate the achievement of our three year strategic objectives. Aspects of this initiative will begin deployment in late 2008.

Corporate objectives and management compensation

The three year plan sets out clear objectives for the Group, business divisions and individual employees in terms of financial, operational and developmental targets combined in a balanced scorecard. Examples of such measures include revenue growth, revenue mix, profitability, customer lifetime value, retention and activation rates, active and VIP customers by sector, annual roadmap completion rate, staff retention and compliance.

As more of the balanced scorecard measures are implemented, we plan to share certain of these with shareholders during the course of 2008 and beyond to assist in monitoring and analysing the performance of the business. The balanced scorecard will form the basis of management compensation as the Group continues to recognise the importance of aligning individual rewards with the performance of the business as a whole within an agreed framework.

Market risk assessment and compliance

In early 2008 the Board defined a process for assessing the legal and regulatory requirements of jurisdictions in which the Group conducts significant business or intends to target in the future. The Group will continue to monitor regulatory and other developments in those markets and take appropriate action should the risks facing the Group in any particular market change significantly. This was reflected in 2007 by the cessations of online gaming related transfers to customers in certain countries in response to the evolving regulatory constraints in those jurisdictions.

The Group has continued to invest in compliance and internal audit functions to enhance its capabilities in assessing and monitoring the risks facing the Group, and, where appropriate, implementing measures to manage or eliminate these. Our FSA authorised business, NETELLER (UK) Limited, continues to serve European consumers as a regulated e-money issuer.

Current trading and outlook

Trading during the first two months of 2008 has been marginally below management's expectations, with continued growth in the active e-wallet user base in Europe and Asia Pacific regions. Average daily sign ups for the two months averaged 1,142, an increase of 6% from the Q4 2007 figure of 1,076.

The re-launch of our consumer brand has produced very positive feedback and we are seeing higher conversions compared to the fourth quarter as a result of the simplified sign-up process introduced late in 2007. The NETBANX business continues to perform strongly with a number of significant new contract wins with top tier, non-gaming merchants.

We are aggressively executing plans related to our strategic objectives for 2008. Key elements of the Member Services division strategy are the revitalisation of the consumer brands and strengthening the consumer offering through additional products and payment options. Through our Merchant Services division, we will continue to develop and enhance our merchant value proposition with the integrated product suite concept accompanied by revised merchant brands. These are exciting initiatives and we shall share further progress with shareholders as they develop.

The Group announced the sale of its principal property in Calgary on 11 February 2008 for consideration of \$33.5 million, which is receivable on 31 March 2008. With the receipt of these proceeds, the Group will have a solid cash position and the Board continues to consider on an ongoing basis the most appropriate use of the cash, including strategic purchases, dividends, share buy backs and other alternatives.

Given the Group's financial results for 2007 and our strategic intentions for 2008, the Board has decided not to recommend the payment of a dividend for the year ended 31 December 2007. The Board's priority is to retain the capability to support the growth opportunities within the business during a year of rebuilding. However, based on current expectations, the Board does anticipate the implementation of a progressive dividend policy at or before the release of 2008 results.

I will now hand over to Doug Terry, our CFO, who will provide more detail on the financial performance and position of the Group at the year end.

DOUG TERRY, CFO, NETELLER PLC

Thanks Ron and good afternoon or good morning. Today we released our 2007 results and I'd like to take some time to go through the various figures. Overall, this was a year of achievement in overcoming many significant challenges that the Group faced and we are proud to present these results.

Our pre-interest revenue of \$69.9 million included \$14.9 million in revenues from North America, which are now discontinued. During 2007, there were \$35.1 million in fees generated from Europe and \$11.4 million from Asia, which are up 28% and 44% respectively compared to 2006. NETBANX generated revenues of \$6.6m which is up 29% over last year. These results are very encouraging in light of the Group's continued focus to expand in Europe and Asia.

Interest revenue of \$14.1 million was down compared with \$18.5 million in 2006. Interest revenue will decline further in 2008 due to the full effect of cash outflows of \$136 million in forfeiture and of approximately \$94 million relating to distribution of US customer funds during 2007 and early 2008.

For 2007, our revenue of \$84.0 million comprised transaction fees of \$69.9 million (83%) and interest income of \$14.1 million (17%). Of the transaction fees, Merchant fees represented 53% of the total, while fees from consumers comprised 23%.

Fund transfers to our top 10 merchants represented 62% of the Group's total. These "Transfer To volumes", represent e-wallet consumer funds transferred to our on-line merchants. E-wallet transaction fee revenue from our top 5 countries represented approximately 50% of the total for 2007, while the top 10 countries accounted for approximately 75% of total e-wallet transaction fees (excluding North America).

Gross margin decreased to 55.6% from 70.4% in 2006. This was also the result of the Group's withdrawal from North America and increased direct costs associated with the Group's strategic expansion in Europe and other global markets.

In 2007, direct business costs decreased from \$76.2 million to \$37.3 million as the result of our North American withdrawal. As a percentage of revenue, direct costs increased from 30% in 2006 to 44% in 2007. When looking at this increased percentage, we need to consider that prior to 2007, the Group had historically invested heavily in the North American instaCASH platform. NETELLER was one of the leading North American online payment companies with very efficient, inexpensive and homogeneous payment processes as well as a single language service requirement. In comparison, the markets in Europe and Asia, which are now the Group's primary focus, are less efficient with fragmented banking and payment processes along with a much wider range of language requirements.

Bad debt, which has historically been the largest component of direct costs, has been reduced to \$7.5 million, representing 9.0% of group revenues. This was an anticipated decrease which reflects our withdrawal from the North American market and corresponding shift away from instaCASH and Direct Accept solutions. Approximately \$6 million of the 2007 bad debt expense relates to the first half of January 2007 prior to the withdrawal from the US, and the subsequent write-down of remaining North American customer receivables.

The largest direct cost is now the Customer Contact Centre, which is largely fixed with a concentration in staff costs. This expense has decreased to \$12.4 million and, as a percentage of revenue, rose from 7.1% in 2006 to 14.8% in 2007. Recent global expansion efforts have required expanding contact centre staff levels to obtain numerous language skills. As the Customer Contact Centre is an integral part of our customer acquisition, retention, fraud and security initiatives, there was not an opportunity to cut costs at an equal rate with loss of revenues associated with North America. In addition, due to relative strengthening of the Canadian Dollar, operations in Canada have become considerably more expensive. Nonetheless, there is an opportunity to lower the costs in this area as a percentage of revenue in future with a scalable platform and increased revenues.

Deposit and withdrawal fees were \$10.1 million, which has increased to 12% of revenues. This increase occurred partly as a result of launching the debit card product which has a proportionately higher percentage of direct costs in relation to corresponding revenues. Although the debit card does not in itself produce high margins, it will be integral in driving volume and scale in the e-wallet business. In addition, higher fees have been incurred with a weakening US dollar along with increased volume and deposit options in Europe where banking solutions are more expensive.

Website maintenance at \$7.2 million in 2007 is up as a percentage of revenue to 8.5%. This expense was largely fixed, not variable with revenues, and relates to server hosting and platform maintenance. At the end of 2007, the company incurred a cost of \$1.9 million in relation to cessation and renegotiation of a significant server hosting contract. The new contract is based on the Company's recalibrated operational needs and has led to significant savings beginning January 2008.

General and Administrative expense, which now excludes share option expenses, decreased from \$40.0 million in 2007 to \$34.0 million in 2006. Reductions in G&A include \$4.2 million in employee costs, \$1.5 million in office costs, and \$ 1.3 million in other costs (including travel, professional and directors fees). G&A also included additional spending of approximately \$1.0 million dollars on debit card platform expenses in 2007.

During 2007, the Directors approved a plan to cancel share options which were significantly under water, causing an additional accelerated share option expense of approximately \$5.0 million. This non-cash accelerated expense was recognized in 2007, however, the reduced size of the outstanding options base will yield a substantially lower expense in future.

The Group has substantially completed the restructuring and stabilisation of its operations, reducing its headcount and aligning related costs with the anticipated revenues of its worldwide business. Following these staff reductions, the Group continues to employ approximately 425 staff across its European, Americas and Asia Pacific operations, down from a peak of over 1,000 employees in 2006. Total costs related to restructuring, asset impairment, and legal and related professional expenses amounted to \$37.0 million, which is consistent with previously announced estimates.

The Group announced last month that we completed the sale of our principal property in Calgary, for total consideration of \$33.5 million, which will be paid to the Group on 31 March 2008. The sale price roughly matches the net book value of the property and there will be no significant gains or losses on disposal. The Group will continue to lease two areas of the property on normal commercial terms for periods of three and five years.

Although the Group suffered significant cash outflows relating to the US situation and the resulting restructuring efforts, we still have a strong balance sheet with \$96.4 million in net cash available to the Group, consisting of \$80.8m in cash and \$15.6 million in excess funds held in trust with the Group's bankers against consumer and merchant liabilities. Total cash under management at year end was \$233.3 million. Proceeds on the building sale of \$33.5 million on March 31, 2008 will largely offset the final payment to the USAO of \$38.25 million made on January 16, 2008. There are no investments held that are part of US sub-prime investment vehicles.

The Group has weathered a very challenging period, and has successfully stabilised the business to provide a solid foundation for future growth and continued globalisation. As many of these challenging events are now behind us, the Group is excited about our energized focus on new opportunities and delivering strong results in future.

I will now hand back to Ron Martin who will wrap up with a quick summary.

RON MARTIN, PRESIDENT & CEO:

Thanks, Doug. I would like to end with a few quick words to our shareholders and employees who have both shown resilience and support during what was a very challenging period for the Group. I, together with my fellow directors, have been impressed by the energy, commitment and creativity of the Group's employees in successfully dealing with the significant challenges in 2007 and adapting to a new business environment.

We are enthusiastic about the resulting business renewal, reflected in a broader and more flexible suite of services offered through restructured and refocused merchant and consumer facing business divisions. The renewal of the Group's businesses to leverage changed market opportunities has created energy and enthusiasm throughout the organisation. I am confident this will be reflected in our performance in 2008. I would like to thank all our employees for their contributions during a very challenging period in 2007 and I look forward to greater progress into 2008 and beyond.

I would like to invite those of you listening to this on 11 March to participate in the Company's conference call question and answer session at 2pm BST, 10am EST, at which both Doug Terry and I will be available to answer your questions on the business, our strategy and our performance in 2007.

Thank you for your time today.

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