

NET ENTERTAINMENT
ANNUAL REPORT 2008
THE BEST ONLINE
GAMING SOLUTIONS

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ENTERTAINMENT**

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LEGAL DISCLAIMER

Certain statements in this annual report are forward-looking and the actual outcomes may be materially different. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, the effectiveness of copyright for computer systems, technological developments, fluctuations in exchange rates and interest rates, and political risks.



NET ENTERTAINMENT IN BRIEF

Net Entertainment develops digitally distributed systems for Internet-based gaming. Its core product, CasinoModule™, is a complete gaming platform consisting of a wide range of browser-based games and a powerful management tool.

Customers are offered a tailored system solution that requires little effort to integrate into the customer's existing site. Net Entertainment's CasinoModule™ is licensed on a royalty basis which is determined by the revenues generated by the product.

Net Entertainment is listed on NASDAQ OMX Stockholm under the ticker symbol NET-B.

2008

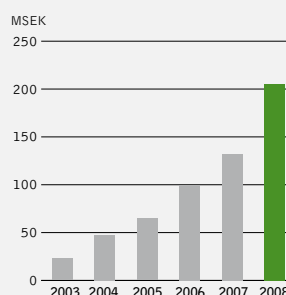
2008 IN BRIEF

- Revenues increased by 56% to SEK 204.6 (131.1) million
- Operating profit increased by 74% to SEK 87.8 (50.6) million
- The operating margin was 42.7 (38.3)%
- Profit after tax increased by 74% to SEK 80.0 (45.9) million
- Earnings per share was SEK 2.02 (1.16)
- 20 new license agreements were signed for CasinoModule™, with operators such as Victor Chandler, King.com and Bet-at-home, compared to 18 new agreements in 2007
- Four new product releases comprising a total of 13 new games
- Net Entertainment's Class B shares began trading on NASDAQ OMX Stockholm exchange on 13 January 2009
- Two breakthrough agreements for CasinoCafé™ were signed in January 2009 thus commercializing the product

FINANCIAL RATIOS

	2008	2007	2006
Revenues (SEK thousands)	205,573	132,020	99,773
Operating profit (SEK thousands)	87,803	50,580	40,801
Profit after tax (SEK thousands)	79,967	45,911	28,482
Operating margin (percent)	42.7	38.3	40.9
Profit margin (percent)	41.8	38.5	39.9
Equity/assets ratio (percent)	71.9	62.4	28.4
Profit/loss per share (SEK)	2.02	1.16	0.72
Equity per share (SEK)	2.95	1.34	0.41
Employees at period-end	85	67	53

REVENUES 2003–2008



REVENUES
INCREASED BY

56%





EXPLOSIVE GROWTH AND ROBUST PROFITABILITY

2008 was yet another fantastic year for Net Entertainment. Revenues and profits increased dramatically as a result of a strong market growth, successful product launches and a stream of new customers. During 2008, we signed agreements with no less than 20 new operators, four of which are so called Tier One operators. These are expected to have a strong positive impact on the Company's future financial performance.

ONLINE MARKET

The market for online gaming is characterised as having a relatively low share of variable costs, providing a strong foundation for operational economies of scale. This is one of the key drivers behind the recent consolidations among operators and system suppliers, a development which is likely to accelerate in the future.

Net Entertainment intends to take an active role in the market restructuring in order to strengthen its competitive advantage.

Among the players there is a migration from off line- to online gaming but equally there are new player segments emerging. Both these factors contribute to the continued industry growth.

The online market has still not experienced any major impact from the financial crisis, which probably can be attributed to the growing number of new players. Net Entertainment is carefully monitoring market development and in particular player behaviour and preferences in order to always offer the products demanded by the players. We believe that the market will continue to grow by approximately 20 percent per annum. This view is shared by independent market analysts such as H2 Gaming Capital.

COMPETITIVE LANDSCAPE

Competition is increasing as the industry matures and the operators grow. Net Entertainment has through an articulated niche strategy established itself as a leading supplier of casino games – a position we intend to defend through intensified product development and a strengthened organization. Our focus on casino games has been successful since it is a market segment displaying stable growth but equally as the operators increasingly are looking for spear-head products to gain competitive edge and differentiation.

Net Entertainment benefits from this trend which is evident not the least from its continued sales success and increasing market share. This is obviously highly satisfying and it is my opinion that the trend will continue. Operators will increasingly evaluate their system suppliers to identify and replace those that are not up to scratch.

CUSTOMERS

Our articulated strategy to focus on larger operators has been highly successful. During 2008 agreements were signed with four Tier One

operators including King.com, Bet-at-Home and VictorChandler. We will continue to focus our sales efforts towards large operators. We will also increase the exclusivity surrounding our company by providing even better products and services and by differentiating our offering.

DEVELOPMENT AND NEW PRODUCTS

The games are gradually becoming more complex and the 13 new games that we delivered in 2008 received excellent reviews from players. During 2008 we also grew our production capacity with the goal to release 24 new games in 2009.

Net Entertainment focuses on developing unique games that provide high entertainment value. As part of our strive to be at the forefront of technological innovation, three-dimensional graphics were recently introduced and the first games based on this technology will be released during the second quarter of 2009. In 2008, a downloadable version of CasinoModule™ was completed to further broaden our product portfolio.

In addition, we are finalizing development of CasinoCafé™ which will enable us to address what is for us a new segment of the gaming market that offers tremendous potential. During 2008 the Company also released its first games developed on contract basis in Ukraine. Despite some teething challenges things turned out very well and part of the accelerated production capacity will be located outside of Sweden.

ORGANISATION

The success over the past year was much a result of the hard work and creativity of our employees. A 50 percent growth rate requires professional and motivated employees but also creates challenges that have to be managed. To secure our future success, we have further reinforced our organisation to ensure that we can handle the demands and requirements of both new and existing customers. As a consequence, we recently launched a project that focus on resource-related issues such as processes, procedures and infrastructure.

Stockholm, March 19, 2009

Johan Öhman
President and CEO



PRODUCTS

EXCITING ENT



ENTERTAINMENT. BRILLIANT RESULTS.

Net Entertainments products are of the highest quality. In addition to creating the most exiting gaming experience, we give our customers an efficient platform that meets all the requirements in relation to integration and transaction volumes. Not only does it provide reliability and stability, but it has also created a trend among our customers. They constantly grow.

70 times

Net Entertainment handles 70 times more transactions than the NASDAQ OMX Stockholm stock exchange in shares trading.

CasinoModule™

BEST GAMES IN THE WORLD



13

new games delivered
in 2008



CasinoModule™ is a casino platform consisting of a complete set of casino games and a powerful management tool.



POWERFUL MANAGEMENT TOOL

- Access to immediate and accurate information
- Powerful reporting engine for follow-ups
- Monitoring and reviewing games
- Tool for real-time control and management of casino operations
- Smart software for operation of casino tournaments and bonus and loyalty programs
- Easy access to detailed player information



WE CREATE THE BEST ONLINE GAMES IN THE MARKET

The core of Net Entertainment's operations is CasinoModule™. The product is a casino platform consisting of a complete set of casino games and a powerful management tool. The company is constantly developing new products and games based on the CasinoModule™ platform.

CasinoModule™ has been designed for simple integration with the operators' existing websites. Using existing infrastructures such as payment and CRM systems, the IT architecture can be kept simple and the operating costs to a minimum. Net Entertainment manages hosting and system surveillance which means that the gaming operators are able to concentrate on their core business.

CasinoModule™ offers the very latest in gaming developments, giving operators a competitive advantage in this fiercely competitive market. The licensees have regular access to new product releases that include new games and system functions. As the industry continues to expand and mature, greater priority is being placed on reliability and availability. Net Entertainment is therefore continuously investing in R&D. The Company follows a strict process of development to guarantee superior product quality.

CasinoModule™ is not just a set of casino games, it's a powerful management tool as well. This management tool allows gaming operators to monitor their casinos in real-time, down to each game,

FACTS ABOUT CasinoModule™

- **PROPERTIES:** A complete set of casino games and a powerful management tool.
- **MARKET:** Online
- **CUSTOMERS:** Gaming operators in Europe

tournament and even individual players, which results in operational optimisation. Since casino games involve huge numbers of transactions and place great demands on capacity, operational reliability and detailed monitoring, CasinoModule™ has also been designed to manage millions of transactions on a daily basis. CasinoModule™ processed more than 240 million gaming transactions in December 2008 and more than 2 billion for the full year 2008.

CasinoModule™ currently supports 22 languages, which is important since the gaming operators address an international market. Net Entertainment invests considerable resources to make its product accessible in a wide array of languages.

The company will be launching a downloadable version of CasinoModule™ in the second quarter of 2009 to complement its product offering. This should be ready for delivery to most of its customers in the first half of 2009.

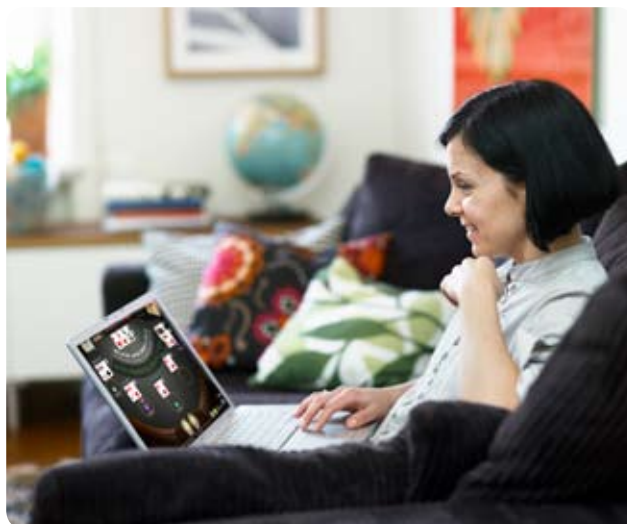
2 billion

CasinoModule™ processed more than 2 billion gaming transactions for the full year 2008.

RESPONSIBLE GAMING

Net Entertainment participates actively in the prevention of gaming-related problems and is a member of G4, Global Gambling Guidance Group, which promotes responsible gaming. CasinoModule™ fully supports the guidelines of the G4 organisation.

They also fulfil the specific requirements of the Maltese Lotteries and Gaming Authority, LGA. All new games are approved by LGA before launch. These accreditations create credibility and trust which will also benefit Net Entertainment's licensees in the long run.





CUSTOMER-CENTRIC PRODUCT DEVELOPMENT

Since its inception in 1996, Net Entertainment has developed into one of the leading B2B suppliers of online casino games. These days, the company's brand is associated with quality, high reliability and innovation.

Net Entertainment provides its licensees (gaming operators) with gaming concepts and product development. In their turn, they bring the actual product to the end customers, i.e. the players. It's not just the games that are an essential part of the business – operations, surveillance, other cooperation with customers, technical support, training and advice are all integral aspects.

PRODUCT DEVELOPMENT

In order to attract and retain a versatile and customer-driven process of development, Net Entertainment follows a twelve-week development cycle. This means that its customers continuously receive a new version of CasinoModule™ containing a number of new games and system functions. Each new version contains three to six new games and new gaming system features. In 2008, the company released four new versions of CasinoModule™ with a total of 13 new games. It aims to increase its rate of production significantly in 2009.

The process of producing a new game involves close collaboration with Net Entertainment's customers and is based on careful analyses of player behaviour. A team of Product Owners is respon-

sible for planning the production of a new game and producing its product specifications. These product specifications then form the basis for the actual development process.

The practical work commences with a hand-drawn graphic concept which is then transformed into digital form. Graphics and sound have to meet exacting quality criteria these days and Net Entertainment therefore invests tremendous resources to create an exciting, first-rate gaming experience.

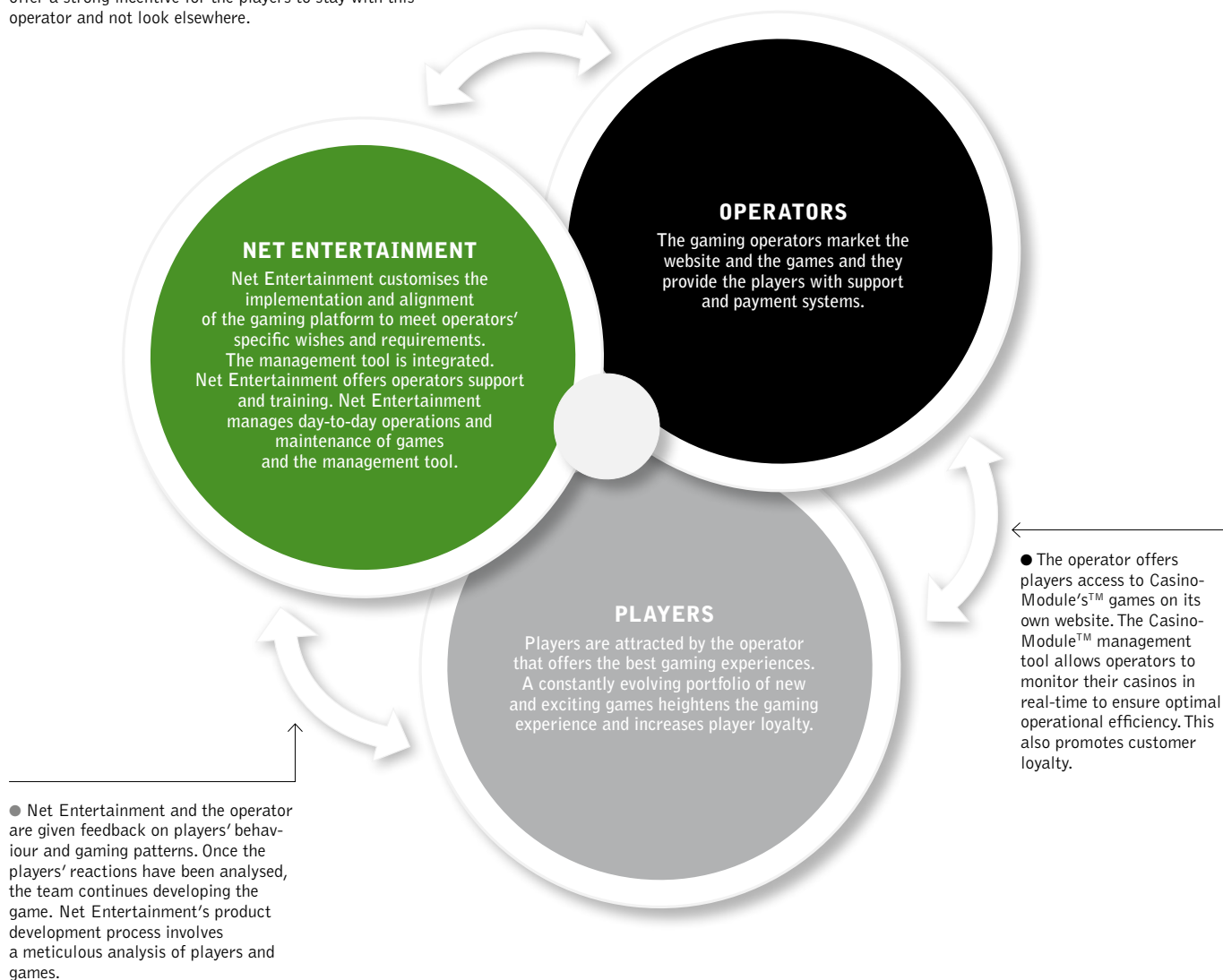
The Development Department has been using the Scrum product development methodology, an agile software development process based on cross-functional development teams, since 2007. The work is conducted in an iterative manner in sprints that are two weeks long. This kind of development process allows teams to work in a highly flexible way and changes can be made as work progresses. Scrum also helps generate an efficient and positive environment at work with a clear allocation of responsibilities and delegated decision-making.

“ Ever increasing demands are put on graphics and sound. Net Entertainment therefore invests significant resources to create an exciting, first-rate gaming experience.

KEY TO OUR SUCCESS

Net Entertainment and the operator have a symbiotic relationship and share an interest in providing a quality product that is profitable for the operator and attractive to the player.

● The operator licenses CasinoModule™ from Net Entertainment. Net Entertainment regularly updates the platform, enabling operators to continuously present new product offerings to their players. The operators' chances of increased revenues are also enhanced by the regular updates, which offer a strong incentive for the players to stay with this operator and not look elsewhere.



CasinoCafé™

SAME GAMES IN ANOTHER MARKET

The development of CasinoCafé™ presents new opportunities for Net Entertainment. The company now addresses another market segment where there is fantastic potential with a new kind of customer and an entirely new group of players.

Business operations are adjusted to meet the needs of the maturing casino gaming market. Net Entertainment has developed CasinoCafé™ to address the physical casino market, which still represents over 90 percent of all gaming. CasinoCafé™ is built on CasinoModule™ but the platform has been refined so that the games can be offered in a physical environment, for example, at Internet cafés where players pay for a one-time account and have access to a computer for playing.

The games are played on standard PCs in public places such as bookmakers, Internet cafés and hotel chains. This means that customers make very limited investments but there is greater access for the players.

CasinoCafé™ has been designed for markets with low Internet and broadband penetration combined with a widespread tradition of cash payments.

EFFECTIVENESS AND VOLUME

CasinoCafé™ gives Net Entertainment yet another leg to stand on and helps establish contact with, for Net Entertainment, new groups of players and customers. The strength of CasinoCafé™ is that the system combines the cost-efficiency of electronically distributed games with the business volumes of land-based casino operations. And since the customers have already built up relationships with the players, they don't need to make major initial marketing investments.

2009 began with the signing of two agreements for CasinoCafé™ while rollouts and launches are scheduled to take place in the markets where permitted by the legal system in the second quarter of the year.



The games are played on standard PCs in public places such as internet cafés,...

FACTS ABOUT CasinoCafé™

- **PROPERTIES:** CasinoModule™ packaged to address markets that cannot be reached via operators over the Internet.
- **MARKET:** Offline
- **CUSTOMERS:** Bookmakers, hotels chains, Internet cafés, etc.

”

A major advantage of CasinoCafé™ is that the system combines the cost-efficiency of electronically distributed games with the business volumes of land-based casino operations.



hotel chains...



...and other physical environments

CasinoCafé™

CasinoCafé™ is licensed to customers, such as chains of bookmakers, hotels and Internet cafés. The games are played on standard PCs that the bookmakers already have or which they acquire.

CasinoModule™

STRATEGY

EXPLOSIVE GROWTH. JACKPOT IN PROFITABILITY.

Everyone can make money. But to be a long-term winner you need a well structured business model and a solid strategy. We have weathered the financial crisis and recession that hit global markets in 2008. And we are continuing to grow with figures that say it all. There is a very good reason for our success – we have a good product offering. It proves that our strategy holds steady and our business model works well, in spite of economic fluctuations. Need we say that we believe in the future?

74%

Profit after tax increased
by 74 percent.



REASONS FOR SUCCESS

BUSINESS MODEL

Net Entertainment's business model is to provide robust systems for Internet gaming with exciting games, created using top-of-the-range technology and expertise, for gaming operators who can thereby expand their product portfolios and gain competitive advantages that increase their profitability

FINANCIAL OBJECTIVES

The European market for Internet-based gaming is expected to grow by more than 20 percent on average in the coming years. Net Entertainment's financial objective is to grow more than the market with a sustainable operating margin of more than 30 percent.

STRATEGY

To achieve its financial objectives, Net Entertainment will:

- Aim to sign additional license agreements with major, well-established so called Tier 1 operators
- Maintain long-term customer relationships and close collaboration to better serve the needs and wishes of existing customers
- Continuously analyse developing trends and gaming behaviour in the gaming market
- Retain and develop industry-related expertise to be able to provide market-leading games and features
- Increase the product offerings to increase sales and attract new customers
- Continuously evaluate potential acquisitions that complement current operating activities

OBJECTIVES AND ACHIEVEMENT OF OBJECTIVES FOR 2008

GROWTH

Objective: To grow more than the market
Achievement of objectives: 56% of a market that grew by 29%*

56%

PROFITABILITY

Objective: Operating margin over 40%
Achievement of objectives: Operating margin of 42.7% for the year

42.7%

NEW CUSTOMERS

Objective: To sign license agreements with two Tier 1 operators
Achievement of objectives: Four new license agreements with Tier 1 operators

4

*Estimate by H2 Gambling Capital, January 2009

SUCCESS FACTORS

■ High quality and entertainment value

Players' expectations of high quality games with high entertainment value are ever increasing. Net Entertainment is well positioned when it comes to game development.

■ A powerful and efficient back-office system

Administration and analysis options are fundamental. Frequent updates and new features guarantee a multi-purpose and powerful system.

■ Regular releases of new games

The rate of development is moving toward increasingly faster development cycles. It is essential to be able to maintain a high rate of updates and new releases of new games to constantly meet the demands of the market.

■ Casino Module™ is a stable and scalable platform

Casino Module™ is well established since many years and is constantly being enhanced and improved.

■ High level of competence

The company's high level of competence is assured through the wide range of expertise drawn from relevant sectors combined with long experience from gaming in general. The level of education is high among the company's personnel.

■ Successful partnerships

Successful partnerships are founded on collaborative relationships with gaming operators, where there is a shared interest in the business model. As an independent gaming supplier, Net Entertainment establishes trustworthy relationships with its customers.

” One key factor for success is our speed and flexibility in modifying operations to respond to ever-changing trends in the industry.



MATHIAS CRONA, VICE CEO

While many other companies are reporting red figures for 2008, Net Entertainment delivered a very strong performance.

What is your secret in this economic downturn?

Our success can be attributed to the fact that we operate in the gaming sector, which is relatively uncyclical and is only marginally affected by economic fluctuations, and that the online segment is experiencing strong growth. This growth trend is due largely to an increase in new players. CasinoModule™'s strong position among international competition has given us greater market share in recent years and this has reinforced the positive effects of strong growth in the online market.

How have you worked to attain your current position?

We have maintained a firm focus on creating a product that appeals to players and have a business model that serves our interests and those of the operators. Both these aspects are crucial to our business since the vast majority of our revenues are directly linked to the operators' revenues. One key factor has been our speed and flexibility in modifying operations to respond to ever-changing trends.

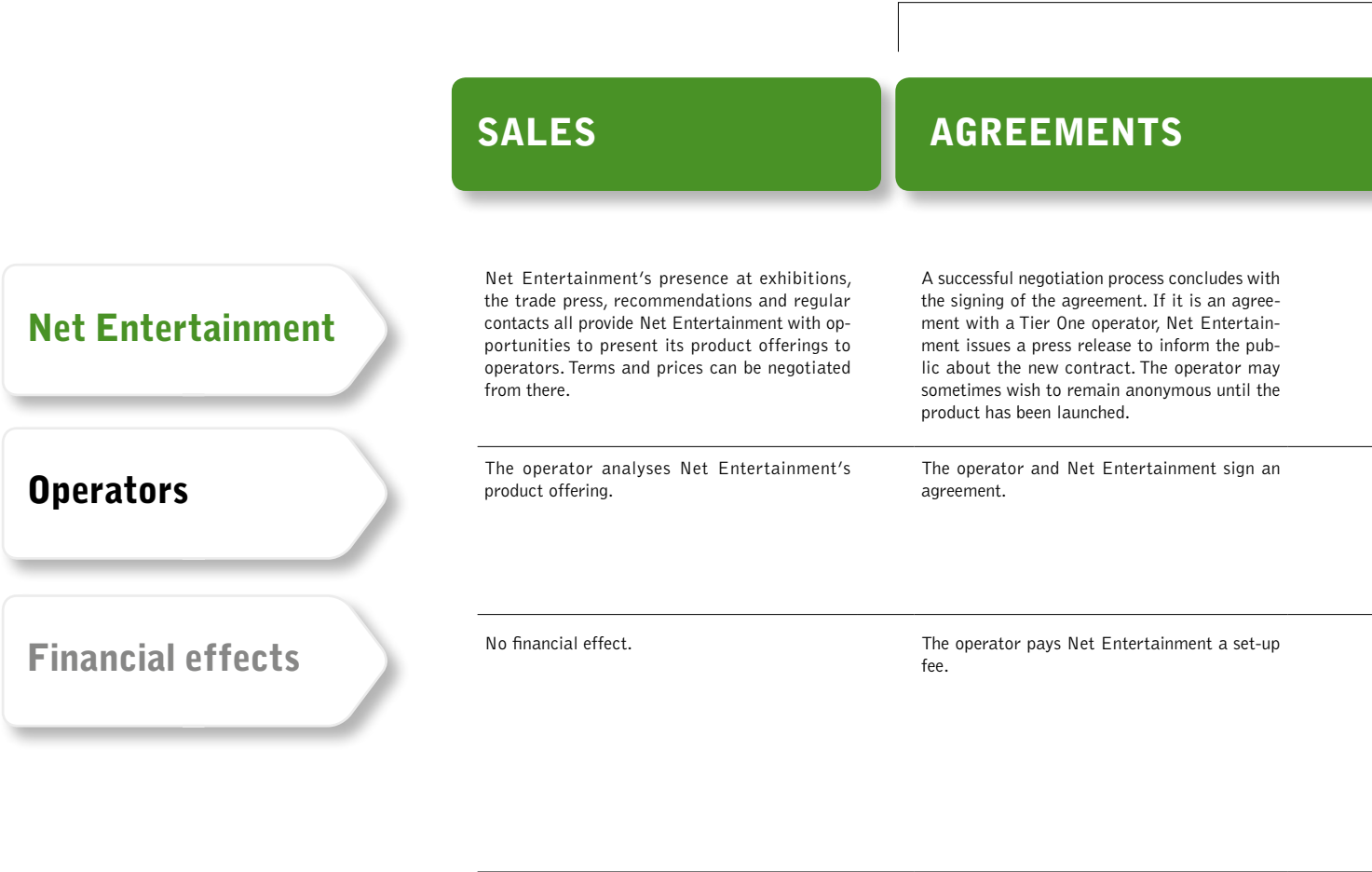
Your forecasts for the future remain positive.

How are you planning to fulfill these forecasts?

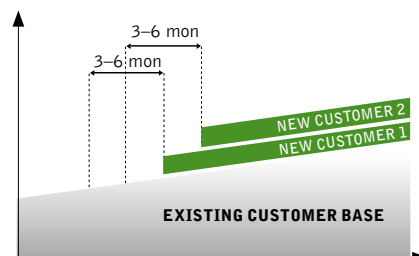
Our goal is to grow faster than the market. We will achieve this by continuing to produce a leading online casino gaming product. This product will appeal to players by offering innovative and interesting games and to operators by guaranteeing high reliability and a powerful management tool.

WHEN OUR CUSTOMERS EARN MONEY, SO DO WE

Under Net Entertainment’s business and revenue model, the company’s products and services are licensed to gaming operators. In their turn, they pay a monthly license fee on a royalty model basis. A graduated scale is used to calculate the fee as a percentage of the gross gaming yield generated by the casino, however with a minimum fee. The revenue model provides Net Entertainment with an initiative to continuously develop its products and support its licensees.



REVENUES



PARTNERSHIP

The gaming operators pay a monthly license fee, calculated using a tiered scale as a percentage of the gross gaming yield generated by the casino. It is therefore in the interest of both the operator and Net Entertainment to increase the operator's gaming revenues. Players are encouraged to stay on the operator's site through the launch of new games and different kinds of bonus and loyalty schemas.

3 to 6 months

ADAPTATION

Net Entertainment customises its product to harmonise with the graphic image of the operator and integrate naturally into the operator's gaming site. A training course guides the operator through the techniques and uses of the games and the administrative tool.

The operator applies to the relevant licensing authority for a license to carry out casino operations, unless it already has one. Relations with any previous suppliers are terminated.

No financial effect.

PRODUCT LAUNCH

Once all modifications have been completed and the license has been received, the operator and Net Entertainment launch the games.

Once all modifications have been completed and the license has been issued, the operator and Net Entertainment launch the games. The operator markets its casino to current and potential players using the marketing material it receives.

Net Entertainment receives royalties according to the contracted model based on the gross gaming yield generated by the operator. If the gaming yield does not exceed a base amount, the operator pays a minimum fee instead. The minimum fee comes into effect after a few months from the date of signing the contract. This guarantees that Net Entertainment receives revenue from new customers even if they have not launched their casino.

UPGRADES AND DEVELOPMENT

Net Entertainment provides the operator with free, regular upgrades of the product. New games are released on a continuous basis to retain the interest of seasoned players and to capture the interest of new players using powerful and appealing communication.

The operator manages its gaming platform and maintains close contact with its players and Net Entertainment. Statistics that are important for updating and development of new games are collected.

Since players are continually offered new games and updates, they remain loyal to the operator which generates revenues for the operator and Net Entertainment.

MARKET

THINK BIG. THEN MULTIPLY BY TEN.

In 2008, Net Entertainment's profit after tax grew by 74 percent. Yet we have just scraped the surface. Online gaming still only accounts for barely six percent of the total gaming market. The market is as huge as the trend is clear. The traditionell casinos are losing ground. The gaming market of the future is online.

129 SEK billion

Online market gross gaming yield
in 2008 is estimated to SEK 129 billion

Source: H2 Gaming Capital, January 2009



GREAT MARKET WITH EVEN GREATER POTENTIAL

THE GLOBAL GAMING MARKET IN 2008

The entire market for all forms of gaming entertainment is estimated to SEK 2,200 billion in 2008. The market today is dominated by land-based, or offline, gaming in the form of traditional casinos and lotteries and represents about 94 percent of the overall market.

Digitally-distributed games (so-called online or Internet-based games) are steadily winning market share and are expected to have increased by 2012 from today's barely 6 percent to barely 8 percent, an increase by 33 percent.

Online games 2012E, 8%

ONLINE
GAMING 2008

6%

”

As the entire gaming market experiences growth, the online market is expected to grow its share from barely 6 percent to barely 8 percent, an increase by 33 percent. That's potential.

Source: H2 Gaming Capital, January 2009

EXPANDING ONLINE MARKET

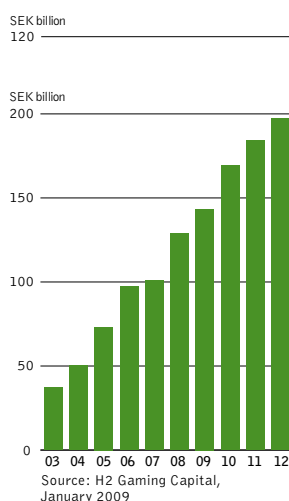
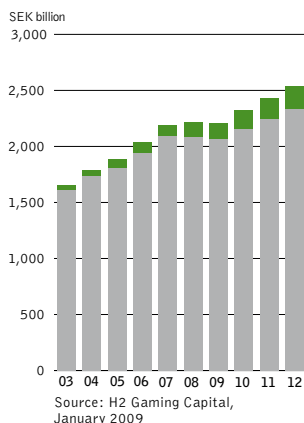
In recent years, the market for online gaming has displayed very strong growth and is expected to continue its upward trend. We expect to see further consolidation and a move towards fewer operators as the market matures. New groups of players place greater demands on product offerings, sophisticated features, updates, high quality and reliability.¹⁾

There are three kinds of participating entities in the online gaming market – providers (games developers like Net Entertainment), gaming operators and end customers (players). In 2008, the global market for online gaming totalled approximately SEK 129 billion, which is the gross gaming proceeds for operators after the deduction for prizes.

The forms of gaming that dominate today are wagering, casino games and poker. To date, Net Entertainment's revenues have only come from the casino segment. In terms of absolute figures, wagering is currently the largest form of gaming and this trend is predicted to continue, even if bingo is expected to have the greatest percentage rate of growth in the next few years. One reason is that an increasing number of women are playing online games and they have a clear preference for bingo.

¹⁾Source: H2 Gaming Capital, January 2009

GROSS GAMING YIELD GLOBALLY ONLINE GAMES VS OFFLINE 2003–2012E

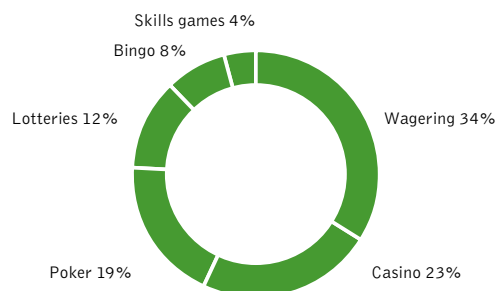


The gaming market is in this respect defined as games for and generating transactions with money, e.g. simply expressed, where someone offers someone else to participate in games for money. Hence, pure entertainment games, skill games, console games et cetera are not included in this market compilation.

DRIVING FORCES IN THE GLOBAL ONLINE GAMING MARKET:

- **INCREASED INTERNET PENETRATION** As global Internet usage increases the number of potential online players also increases. Asia, Africa and Eastern Europe currently have very high growth rates of Internet penetration.
- **INCREASED BROADBAND CAPACITY** Infrastructure developments increase data transmission capacity and Internet access. As broadband becomes more widely available, the delivery of better gaming features and animations, enhanced graphics and sound effects and real-time information is made possible, leading to a better gaming experience..
- **GREATER CONFIDENCE IN ONLINE PAYMENT SERVICES** One key factor is that players feel they can trust the gaming operators. The players pay for gaming activities using a credit or debit card via the operators' online payment service. Consumers are feeling more confident and comfortable about using their credit or debit cards online and this is contributing to market growth.
- **NEW PLAYER GROUPS** Online gaming used to attract mainly younger men. These days, it attracts women and men of all ages, which result in a growing customer base.

MARKET SHARE OF THE DIFFERENT FORMS OF GAMING IN 2008



Source: H2 Gaming Capital, January 2009

Source: Market statistics are presented by H2 Gaming Capital in US Dollars (USD), and restated into Swedish Kronor (SEK) using the average exchange rate for 2008 (USD/ SEK=6.5808).

WORLDWIDE GROWTH

Online gaming is a worldwide phenomena and most regions are witnessing steady growth. Europe is the largest online gaming market and has the largest growth in absolute amounts.

EUROPE IS THE LARGEST MARKET

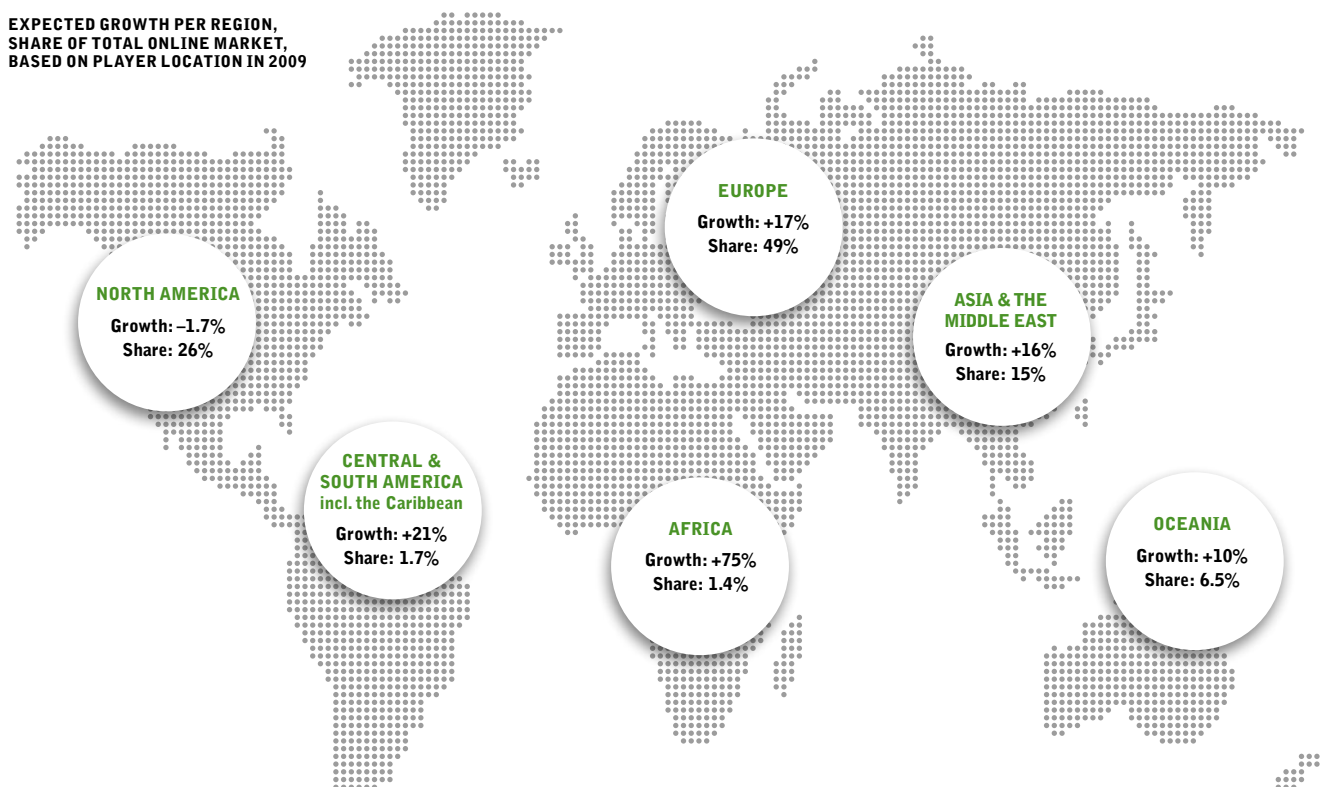
The European online gaming market is the single, largest market and the fastest growing in terms of absolute figures. In 2008, operators in Europe accounted for 45.8 percent of total online gross gaming yield. Net Entertainment's customers are based in Europe while the operators' customers, i.e. the players, are spread all over the world.

Apart from Europe, North America is the largest market, followed by Asia and the Middle East. North America is the only market fore-

casted negative growth due to restrictive US legislation. Asia, the Middle East and Africa all reported positive growth for 2008, although from historically low levels.

The stumbling block for expansion into new markets are in reality few, primarily being legal restrictions and costs of marketing and language adaptation. Expansion into new markets also places considerable demands on gaming developers and operators to produce interesting new games that take cultural nuances into consideration.

EXPECTED GROWTH PER REGION,
SHARE OF TOTAL ONLINE MARKET,
BASED ON PLAYER LOCATION IN 2009



ONLINE, MARKET GROSS GAMING YIELD PER REGION 2003-2012E

SEK million	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Africa	284	362	501	723	817	1,138	1,987	2,723	3,140	3,422
Asia & the Middle East	6,259	7,144	9,085	11,700	14,326	19,013	21,974	25,952	28,596	30,495
Central and South America, including the Caribbean	231	490	604	1,073	1,428	1,974	2,394	3,505	4,715	5,631
Europe	8,627	13,588	23,786	36,451	46,488	59,892	69,940	84,774	92,464	101,414
North America	18,945	25,549	35,139	42,571	31,445	38,418	37,782	41,744	43,873	44,622
Oceania	2,871	3,174	4,135	4,917	6,577	8,457	9,322	10,732	11,318	11,935

CASINO GAMING CONSTITUTES A LARGE PORTION OF THE ONLINE MARKET

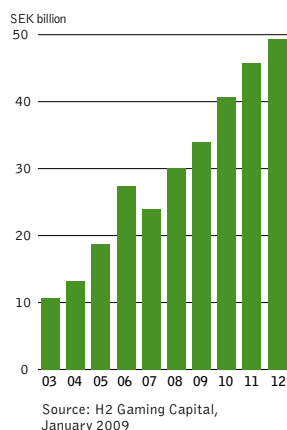
Net Entertainment focuses on the online-based casino gaming market and it predicts that the market will enjoy a growth of more than 20 percent on average over the next few years. Casino gaming today accounts for an estimated one quarter of the online market.

Online casino gaming, the sub-market that Net Entertainment has focused on to date, accounted for approximately 23 percent of the total online gaming market in 2008¹⁾. However, Net Entertainment estimates that casino gaming represents a slightly larger share, or about 25 percent, since it is difficult to draw a clear line between the different gaming segments. For example, poker and bingo operators often offer casino games too and these revenues are then included as part of the revenues from other gaming segments. In 2008, the casino market totalled SEK 30 billion¹⁾. Based on the fact that Net Entertainment's growth in 2008 was mainly attributable to the casino segment, the company predicts that the casino market will grow by more than 20 percent on average over the next few years.

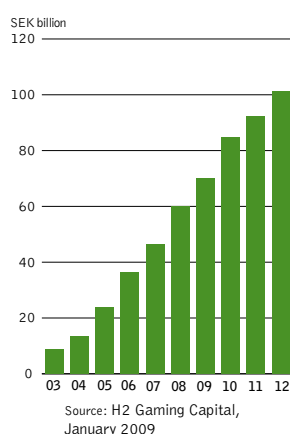
Today, there are two kinds of technical solutions for online casino gaming: downloadable and browser-based applications. The downloadable version can be downloaded by users and installed on their computers, while the browser-based casinos are played directly in the internet browser. The game is played via a connection to a gaming site. Both applications require Internet access.

¹⁾Source: H2 Gaming Capital, January 2009

**GROSS GAMING YIELD
ONLINE CASINO MARKET
2003–2012E**



**GROSS GAMING YIELD
ONLINE MARKET IN EUROPE
2003–2012E**



In 2008, the online casino market totalled SEK 30 billion

Source: H2 Gaming Capital, January 2009

THE GLOBAL ONLINE MARKET IN 2008

For 2008, the global market for online gaming is estimated to SEK 129 billion. The forms of gaming that dominate today are wagering, casino games and poker. In terms of absolute figures, wagering is currently the largest form of gaming and this trend is predicted to continue.

**129
billion
SEK**

ONLINE CASINO GAMING

25%

Casino gaming accounts for approximately 25 percent of the online gaming market.

6%

NET ENTERTAINMENT'S SHARE OF THE ONLINE CASINO MARKET

Net Entertainment is extremely well positioned in the market thanks to the quality and scalability of CasinoModule™. The launch of CasinoCafé™ also makes the offline market accessible for Net Entertainment. The market share is built on an estimate based on the gaming volume with Net Entertainments customers in relations to the total online casino market. Corresponding figure for Europe is 17 percent.

BROWSER-BASED SOLUTIONS

Up until now, Net Entertainment has focused on browser-based gaming solutions, which offer numerous advantages. Browser-based applications give greater access allowing users reach the games from any PC with an Internet connection. It is also easy to make updates and new releases available to all gaming operators' users at the same time. In general, there is an increasing trend towards browser-based applications where operators add more and more products. The website therefore serves as a gaming portal where cross-sales between different products become central.

However, Net Entertainment will be launching a downloadable version of CasinoModule™ during 2009 to satisfy the demand there is for this type of products.

FACTORS THAT IMPACT DEVELOPMENT

As the online gaming market matures, the gaming operators grow larger, and the more difficult it becomes for new companies to get established. Net Entertainment assesses that the trends that dominate the development for online gaming entertainment benefit the company's future development. The most significant risks in the market are, in Net Entertainment's opinion, the changes in legislation and regulations that steer the gaming market.

TRENDS

Net Entertainment has identified the following trends in the online gaming market:

- **CONTINUED ROBUST GROWTH** across the European market, which is predicted to be the dominating market over the coming years.
- **THE MARKET IS GRADUALLY EXPANDING** into other geographic regions too. This helps maintain the current favourable conditions for all those involved, but it also places greater demands and challenges.
- **THE GAMING OPERATORS ARE BECOMING MORE LIKE PORTALS** with broader product offerings that address different kinds of user groups. This attracts new end users and also leads to cross-sales of existing products.
- **GAMING OPERATORS ARE GETTING LARGER.** Consolidation and competition increase as the market for online gaming matures. Net Entertainment predicts that in the future the market will be dominated by a few major players with a complete range of product offerings. That will make it all the more important to offer market-leading products. This will benefit niche companies like Net Entertainment.
- **HIGHER ENTRANCE BARRIERS.** It will become increasingly difficult for new players to move into the market as established agents have already invested in software and have the advantage of economies of scale and have already invested in software as well as market position.
- **MARKETING IS BECOMING INCREASINGLY IMPORTANT.** Online consumers can be fickle and it is therefore essential to create customer loyalty and attract new customers. This mainly affects the gaming operators who have to stand out from the crowd by providing top-quality products and a unique offering.
- **END USERS DEMAND THE LATEST.** The gaming operators have to speed up their pace of change and make every effort to stand out from the competition. This naturally sets the pace of development for the gaming developers and makes it extremely important for them to have highly flexible, customer-oriented production processes.

These trends will naturally put greater pressure on subcontractors. However, Net Entertainment sees this as an advantage as it already has an impressive range of products and a strong focus on quality.

NEW GROUPS OF PLAYERS

Different types of players have different needs and reasons for playing. Some play to win money, while others play for pleasure and relaxation. Whatever the reason, it is vital that gaming operators and developers are attentive to the various needs of the players.

The range of ages among players is also becoming greater as Internet penetration continues to expand in our society and interest in online gaming increases. The traditional image of a typical player, a man aged between 25 and 35, is much less predominant than before. The user group includes younger and older players who have time and money and are familiar with the Internet.

The number of women players has also increased. Women players used to show a preference for various kinds of bingo games but are now playing increasingly in other gaming segments. Surveys indicate that men and women have different gaming behaviour. Women usually place longer but with lower wagers, while men play more frequently for shorter periods but with higher wagers. Men generally play for excitement and women for relaxation. One reason why the bingo segment is experiencing strong growth is because it offers players pleasure and relaxation in a social community.



The range of ages among players is also becoming greater as Internet penetration continues to expand in our society and interest in online gaming increases.

COMPETITORS

Although the market for online gaming is experiencing strong profitability and growth, it is dominated by a small number of players. Most games developers have a wider product portfolio than Net Entertainment and many have also decided to focus more on the poker segment. It is not easy to define a clear picture of the competition since there are few players who only operate in the casino segment. However, Net Entertainment regards casino gaming as a more stable form of gaming because it has been established during a longer period and is known to be general public.

The company's primary competitors are Cryptologic, Boss Media, Chartwell, Microgaming, Playtech and Realtime Gaming. These are full-service providers, which means they offer more than one product and a wider offering of services. In several cases, the provider's offering also includes its own operator activities. None of them offer wagering, which is the largest segment in online gaming.

TABLE OF COMPETITORS

COMPANY	ORIGIN	OWNERSHIP STRUCTURE	MARKET SEGMENT				MARKET VALUE ¹⁾	NET SALES 2008
			Casino	Poker	Bingo	Soft Games	SEK million	SEK million
Boss Media	Sweden	Private	✓	✓	✓	✓	N/A	N/A
Chartwell	Canada	Public	✓	✓	✓	✓	220.4	148.0 ²⁾
Cryptologic	Canada	Public	✓	✓			504.2	852.7 ³⁾
Microgaming	South Africa	Private	✓	✓	✓		N/A	N/A
Playtech	Israel	Public	✓	✓	✓		9,841.3	1,071.0
Real Time Gaming	USA	Private	✓		✓	✓	N/A	N/A
Net Entertainment	Sweden	Public	✓	✓ ⁴⁾		✓	1 669,0	205.6

¹⁾ Value as of 28 February 28 2009

²⁾ Value as of November 2007–October 2008

³⁾ Value as of October 2007–September 2008

⁴⁾ The product Turkish Poker

LEGISLATION

The market for all kinds of gaming activities is governed by laws and regulations that define how gaming operations are allowed to be run. As a subcontractor without any operator activities of its own, Net Entertainment is only affected indirectly by the regulations that apply for the gaming industry. However, it is possible that changes in the situation of its customers may have an impact on Net Entertainment's terms for growth, profitability and product development.

The European Court of Justice has ruled on national gaming regulations in several cases. It can be concluded, that under current EU legislation, Member States are permitted, under certain conditions, to have national gaming laws. In recent years, a number of resolutions have been passed in both the European Court of Justice and national courts that affect the gaming entertainment market. Some of these cases provide for a more open market at more favourable terms for private operators while other cases have been more protectively oriented.

Net Entertainment lists the following as the most important legal developments in recent years:

- Legislation passed in October 2006 forbidding online gaming aimed at private individuals in the USA. This legislation imposes severe limits on the ability of gaming operators to conduct gaming operations and of banks to process payment transactions to online gaming operators. After the legislation came into effect, Net Entertainment ended its partnerships with those gaming operators whose activities were directed at users in the US market.

At the moment, it is uncertain how the US market will develop in the future. Many believe it may eventually open again, possibly following the creation of some kind of licensing system.

- On March 1, 2007, Turkey introduced a ban similar to that in the USA, forbidding operators to offer games over the Internet. However, since the operators moved their operations to another European country where online gaming is legal, this law was practically ineffective.
- In March 2007, the European Court of Justice ruled that the Italian gaming monopoly was in breach of European law. Since then, Italy has introduced a license-based model onto the national gaming market.

- A ruling by the EFTA Court in Luxembourg can be seen as defending Norway's gaming monopoly. Norwegian experts believe that a ban similar to that in the USA forbidding banks to process payment transactions from Internet-based games may be introduced.

- Doubt is expressed by Swedish courts and governmental agencies on the conformity of the Swedish lottery law with the EU treaty, especially resolutions by the Supreme Court and the Svea Appeal's Court in 2008 which lead to the trying of the Swedish Gaming Monopoly by the European Court of Justice. A ruling can be expected in 2011.

- An investigation report entitled "An investigation into the future of gaming" (SOU 2008:124) was presented in Sweden in December 2008. This report presented two alternatives. One proposes a stricter continuation of the monopoly in the Swedish gaming market. The other proposes a licensing system that requires gaming operators to apply for licenses for Internet-based gaming and physical representatives. However, the license only covers fixed-odds betting (i.e. all wagering except on horse races). Other kinds of games, such as casino, poker, bingo and scratch cards are suggested to remain under the control of the state monopoly. The report suggests blocking IP addresses and domain names to prevent unlicensed operators from operating in the Swedish market. Banks would also be prohibited from processing bets between customers in Sweden and unlicensed operators.

If a legislative proposal is developed from this report, it will come into force in January 2011.

However, it is highly uncertain whether the investigation will materialize in a proposition. The criticism aimed at the investigation in combination with the fact that there are approximately 15 ongoing cases in the European Court of Justice makes the future of the presented proposals very unsure.

At this stage, it is difficult to provide an accurate picture of the legal situation or of short-term developments since the legal situation is under constant change. As for the European market, it has to be recognised that Net Entertainment is operating in a legally unstable market that is affected by national decisions and EU policies. However, Net Entertainment believes that the European countries will gradually opt for a license-based national solution that opens for private agents.

EMPLOYEES

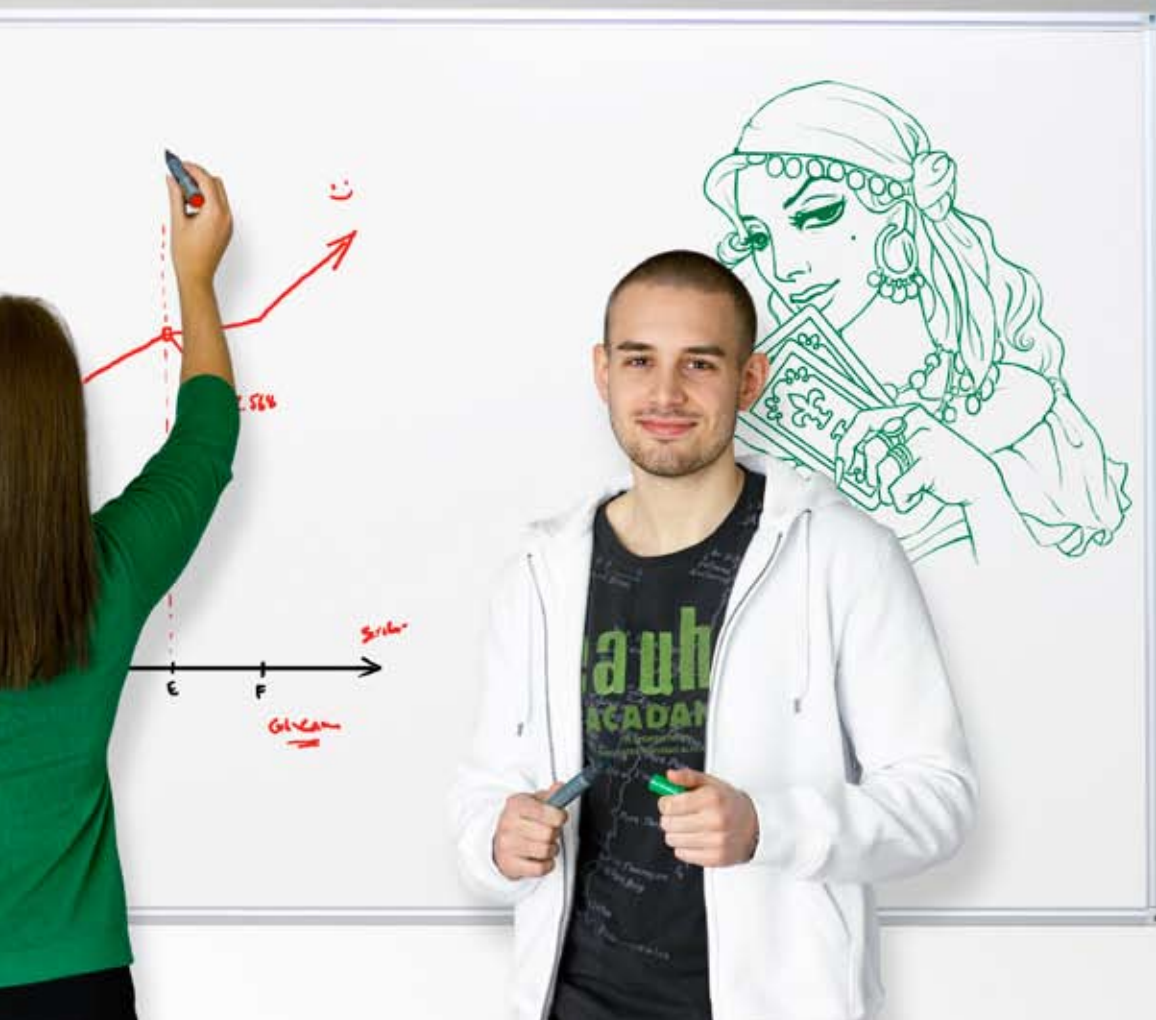
WINNING COMPETENCE. RESULTS THAT SPEAK FOR THEMSELF.



Net Entertainment's employees represent a wide variety of skills and expertise. By combining different competencies in an environment that promote close collaboration we can deliver above par. To us, team spirit among our staff is not only important. It is detrimental to our success.

68%

of the employees have
a university degree





WE OFFER EXCELLENT CAREER OPPORTUNITIES

Net Entertainment's employees represent a wide variety of skills and expertise. That's how it should be and that's why our company has worked hard to create a close-knit organisation with a strong team spirit. Net Entertainment is committed to maintaining a corporate culture in which creativity is a key ingredient and no ideas are too outlandish to consider. It is only through the right mix of skills and people that our company can achieve its goals.

Net Entertainment's head office is in Stockholm where the majority of its 85 employees are based. The main focus of the operations in Stockholm is on gaming development and delivering gaming solutions at the request of the company's Maltese subsidiary, Net Entertainment Malta Ltd. Stockholm is also the location for the offices of

Net Entertainment's Corporate Management, Finance Department, Investor Relations and HR.

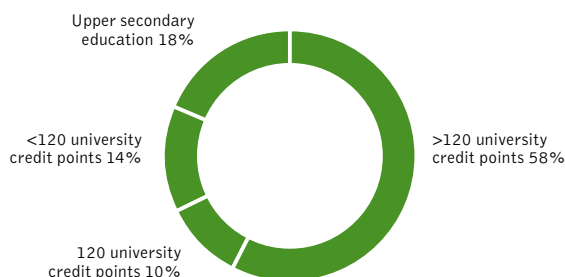
The Maltese company manages all commercial operations, including sales, account management, marketing and product management, since the majority of the company's customers are based there.

Net Entertainment also has two development teams, consisting of fifteen consultants, working in the Ukraine.

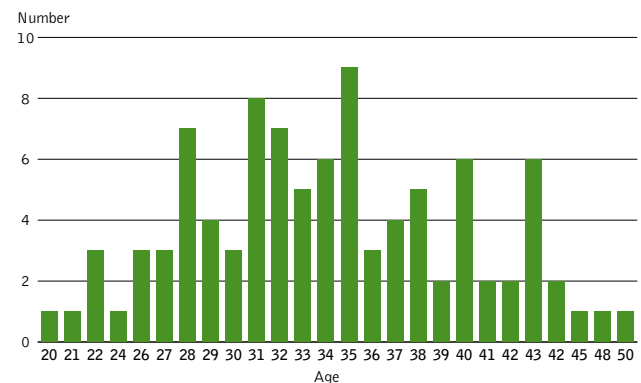
AN EXPANDING COMPANY

Net Entertainment is a fast-growing company that recruited about 40 people in 2008, 28 of whom joined the company in the second half of the year. Our recruitment drive has focused on bolstering our development and operations activities. We have also increased our employee base in the areas of account management, project ma-

LEVEL OF EMPLOYEE EDUCATION



AGE DISTRIBUTION EMPLOYEES



”

New employees contribute in numerous, positive ways to our company's development with the innovative ideas and experience of various working methods and organisations they bring.

nagement, product ownership and administration, and at executive management level.

The company is currently undergoing major expansion and it is therefore vital to ensure that the recruitment process is not only qualitative but also efficient. Recruitment is placed at the top of our agenda and all the job candidates meet the recruiting manager and his or her manager, at least one employee from the recruiting team and the HR manager. The recruitment process was also revised in 2008 to introduce a number of new stages that further enhance quality assurance.

It is a challenge to find the right person with the right skills or qualifications. That is why Net Entertainment is also currently employing the services of consultants during the recruitment process. At the end of 2008, a total of 47 consultants were working for the company, 31 of whom in Stockholm. The cooperation with the consulting firms has been enhanced by the concentration on a few, carefully selected Preferred Suppliers.

MORE NEW RECRUITS IN 2009

Net Entertainment will be further expanding its employee base in most skill areas throughout 2009. The company plans to recruit more than 50 new employees, primarily to work with development and operations activities. Eleven new employees joined in the first two months of 2009.

Top priority will also be given to the recruitment of middle managers in the new organisation that was established in December 2008. Throughout 2009, the company will also continue recruiting experienced operations support engineers and experienced applications specialists.

JEE developers and testers, with many years of experience from system development, form the majority among those with more specific skills and expertise in our company. Net Entertainment will also strengthen its graphics team. The company is also looking to recruit new employees to join its flash programming and project management teams.

A MIX OF SKILLS AND EXPERTISE

High demands are placed on employees' background and education due to the transaction intense systems the company delivers. Net Entertainment recruits from a wide range of sectors and is particularly interested in recruiting from the world of banking and finance, as well as the video gaming industry. Apart from reliability, the systems must portray creativity.

The advantage of employing people from different industries and companies is that Net Entertainment is able to constantly expand its portfolio of expertise and ability. New employees contribute in numerous, positive ways to our company's development with the innovative ideas and experience of various working methods and organisations they bring.

NET ENTERTAINMENT IN PRACTICE

Name: Helene Stafferöd

Age: 38

Job: Product Owner Backend

Joined the company: 2008

Education: B.Sc. in Computer and Systems Sciences and Economics.

Why Net Entertainment: A good gut feeling about the company

Favourite game: Black Jack



"Here at Net Entertainment, there's plenty of scope for coming with your own ideas about work and product design."

My job as a Product Owner for the management tool Backend chiefly entails collecting and compiling demands and wishes from our customers and then presenting them to our development department. I also develop our future strategies and make sure we have the right vision for Backend so we can be certain of having the best tool in the market.

The best thing about working at Net Entertainment is that employees are empowered to make decisions about their work and products. Everyone who works here is incredibly committed and seems to enjoy their work immensely. I also think it's fascinating to work with people from such a range of different backgrounds. I learn something new every day.

Name: Fredrik Lantz

Age: 31

Job: Graphic designer

Joined the company: 2006

Education: Technical illustrator

Why Net Entertainment: An exciting company in an evolutionary phase

Favourite game: Mega Joker



"I was attracted by the opportunity to be part of a growing team"

I've been working as a graphic designer for Net Entertainment since 2006. The company has expanded considerably since then. I realised it offered real potential and I was attracted by the opportunity to grow with the company. It hasn't stopped growing yet – we're always welcoming new colleagues and producing fantastic products. I find that very exciting.

My day-to-day work involves producing and designing graphic material for games and suggesting new game flows. I really like working as a group, creating the products together. When we're working on new games, there are 10 to 15 of us in a team. What I like most about working at Net Entertainment are my wonderful colleagues and the way we all knuckle down to the job together. Another aspect I appreciate is that we are encouraged to participate with ideas and input about the end product.

SHARE CAPITAL AND OWNERSHIP STRUCTURE

Net Entertainment's Series B shares began trading on the Nordic Growth Market, NGM Equity Stock Exchange, on 5 April 2007. The shares began trading on the NASDAQ OMX Stockholm, Small Cap, on 13 January 2009. Its Series A shares are not registered for official trading. Each Series A-share gives an entitlement to ten votes at the Annual General Meeting and each Series B-share gives an entitlement to one vote. Dividends are the same for both types of shares.

STOCK PRICE MOVEMENTS

In 2008, the price rose by 51 percent from SEK 16.20 to SEK 24.20. The price rose by 16 percent during the period the shares were listed in 2007. The NASDAQ OMX Stockholm, Small Cap index

(OMXSSCPI) fell by –46 percent in 2008. The NASDAQ OMX Stockholm Information Technology (SX45PI) index fell by –28 percent in 2008 and the Carnegie Small Cap Sweden Index fell by –47 percent. Net Entertainment's market capitalisation, i.e. the value of all the company's outstanding shares, was SEK 957.2 (632.9) million on 31 December 2008 and SEK 1,669 million on 28 February 2009.

TOTAL RETURN AND NET SALES

The total return for 2008 was 56 (17) percent.

26.4 million shares were traded in 2008, which is an average of 107,000 shares a day.

SHAREHOLDERS' EQUITY

Equity per share amounted to SEK 2.95 on 31 December 2008.

KEY DATA FOR NET ENTERTAINMENT SHARES

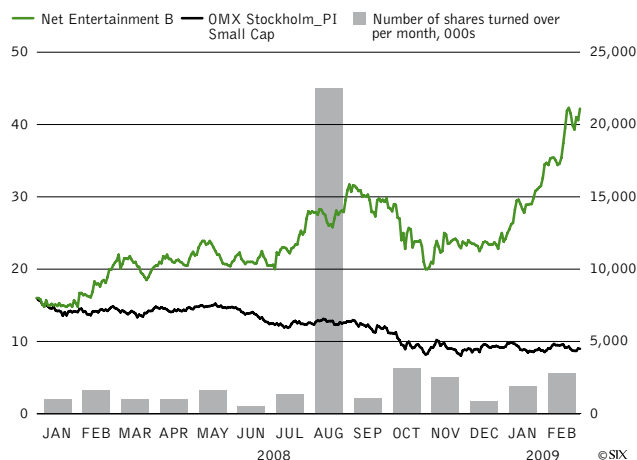
	2008	2007
Earnings per share, SEK	2.02	1.16
Dividends, SEK ¹⁾	1.25	0.75
Distribution of profit after tax (%)	62	65
Shares outstanding at year-end (millions)	39.6	39.6
Average number of shares outstanding (millions)	39.6	39.6
Quoted share price at the closing date, SEK	24.20	16.00
Direct return ²⁾	5.2	4.7
Total return, Net Entertainment shares as % ³⁾	55.9	18.6
P/E ratio	12.0	13.8
Number of shares sold per year, SEK millions	26.4	18.3
Turnover rate	66.9	46.3
Market value at year-end, SEK millions	957.2	632.9
Number of shareholders	3,011	3,006

¹⁾ Board's proposal for 2008

²⁾ Divided by the quoted share price at year-end

³⁾ Closing price for 2008 plus dividends paid in 2008 divided by the closing price on the final day of trading 2007

NET ENTERTAINMENT



Straumur-Burdaras Investment Bank sold its holdings in August representing 29 percent of the shares.

DEVELOPMENT OF SHARE CAPITAL

		CHANGE IN NUMBER OF SHARES		TOTAL NUMBER OF SHARES					
Transaction	Year	A shares	B shares	A shares	B shares	Total	Change in share capital	Total share capital	Par value/ share
Establishment of company	1996	1,000	–	1,000	–	1,000	100,000.00	100,000.00	100.00
New share issue, reduction in par value	2000	20,408,123	–	20,409,123	–	20,409,123	920,456.15	1,020,456.15	0.05
Share split 5:3	2006	13,606,082	–	34,015,205	–	34,015,205	–	1,020,456.15	0.03
Bonus issue	2006	5,538,515	–	39,553,720	–	39,553,720	166,155.45	1,186,611.60	0.03
Introduction of two shares classes	2006	71,485	33,943,720	5,610,000	33,943,720	39,553,720	–	1,186,611.60	0.03
Redemption, 4 shares	2007	–	–4	5,610,000	33,943,716	39,553,716	–0.12	1,186,611.48	0.03
Bonus issue	2007	–	–	5,610,000	33,943,716	39,553,716	3,955.37	1,190,566.85	0.0301

DISTRIBUTION OF SHARES IN SIZE CLASSES

No. of shares	No. of shareholders	%	No. of shares	%	Voting rights %
>500,001	18	0.6%	25,192,030	63.7%	78.6%
100,001–500,000	34	1.1%	7,691,938	19.4%	14.0%
20,001–100,000	62	2.1%	2,860,901	7.2%	3.2%
15,001–20,000	19	0.6%	358,743	0.9%	0.4%
10,001–15,000	46	1.5%	591,401	1.5%	0.7%
5,001–10,000	103	3.4%	812,577	2.1%	0.9%
1,001–5,000	524	17.4%	1,291,184	3.3%	1.4%
501–1,000	481	16.0%	421,447	1.1%	0.5%
1–500	1,724	57.3%	333,495	0.8%	0.4%
Total	3,011	100.0%	39,553,716	100.0%	100.0%

SHAREHOLDER STRUCTURE

At the close of the year, Net Entertainment had 3,011 shareholders. The largest shareholder, according to the Swedish Securities Register Centre, Euroclear Sweden AB (former VPC), is Per Hamberg with 20.9 percent of the votes and 8.9 percent of the capital.

On December 31, 2008, overseas ownership was 39.1 percent of the votes and the capital.

TICKER SYMBOLS AND ROUND LOTS

The ticker symbol for the Company's shares is NET-B and the ISIN code is SE0001089252.

DIVIDEND POLICY AND PROPOSED DIVIDEND 2008

It is the ambition of Net Entertainment's Board of Directors that the company's ordinary dividend shall grow in line with the company's earnings per share, with due consideration for the company's long-term capital requirements. However, the ambition is that the dividend shall be at least 50 percent of net profit after tax, after taking the company's long-term capital requirements into account.

The Board of Directors propose no dividend for 2008.

The Board of Directors propose a transfer to the shareholders of SEK 44,442,145, corresponding to SEK 1.25 per share, through a share redemption plan. The proposal will be available in the form of an information brochure on the company's web site two weeks prior to the annual general meeting.

TEN LARGEST SHAREHOLDERS ACCORDING TO EUROCLEAR SWEDEN AB (FORMERLY THE SWEDISH SECURITIES REGISTER CENTRE, VPC)

Name	No. of Series A shares	No. of Series B shares	Holding (%)	Votes (%)
Hamberg, Per	1,700,000	1 823,478	8.91%	20.90%
Lundström, Rolf	1,152,500	1,432,191	6.54%	14.38%
Kling, Lars	797,000	751,712	3.92%	9.69%
BNP Paribas	700,000	–	1.77%	7.77%
Lindwall estate, Bill Johan Bertil	561,000	–	1.42%	6.23%
Credit Suisse Lux	360,000	1,483,200	4.66%	5.65%
Banque Carnegie Luxembourg	339,500	22,000	0.91%	3.79%
SEB Private	–	2,195,000	5.55%	2.44%
Swiss Life	–	2,170,000	5.49%	2.41%
SEB Enskilda	–	2,166,000	5.48%	2.41%
Total, ten largest shareholders	5,610,000	12,043,581	44.65%	75.67%
Other shareholders	–	21,900,135	55.35%	24.33%
TOTAL	5,610,000	33,943,716	100.00%	100.00%

NET ENTERTAINMENT NE AB ON 31 DECEMBER 2008

	No. of shareholders	Shareholders (%)	Holding	Holding (%)	Votes (%)	Votes (%)
Individuals	2,732	90.73%	13,830,507	34.97%	39,525,507	43.90%
of which resident in Sweden	2,707	89.90%	12,002,038	30.34%	30,524,038	33.90%
Legal entities	279	9.27%	25,723,209	65.03%	50,518,209	56.10%
of which resident in Sweden	185	6.14%	12,075,439	30.53%	24,274,939	26.96%
Total	3,011	100.00%	39,553,716	100.00%	90,043,716	100.00%
of which resident in Sweden	2,892	96.05%	24,077,477	60.87%	54,798,977	60.86%

CORPORATE GOVERNANCE

This Corporate Governance Report has not been subject to review by the Company's auditors.

Net Entertainment NE AB is a Swedish public limited liability company with securities quoted on the NASDAQ OMX Stockholm Stock Exchange. Net Entertainment's corporate governance is therefore based on Swedish regulations and Swedish legislation. The rules and regulations comprise the Swedish Companies Act, the Swedish code for corporate governance (the Code), the listing requirements of NASDAQ OMX Stockholm as specified in "Regulations for issuers" and the Company's own internal instructions and policies.

The Swedish Companies Act provides a regulatory framework for the organisation of a public limited liability company. The Code is intended to provide guidance on sound corporate governance principles and support the legislation in a number of areas where it places higher demands. However, the Code makes it possible for companies to deviate from the provisions of the Code provided that each deviation can be explained as leading to better corporate governance (based on the principle of 'comply or explain').

With effect from 1 July 2008, the Code applies to all Swedish companies whose shares are listed for trading on a regulated market. Transition rules that apply to the companies that were not affected by the requirements of the Code prior to 1 July 2008, as is the case for Net Entertainment, state that the Code must be applied as soon as possible and no later than on the date of the first Annual General Meeting, which is held after 1 January 2009. Net Entertainment will commence application of the Code no later than on the date of its 2009 AGM. If a company finds any rule or recommendation inappropriate to the special circumstances of the company, it may depart from best practice provided it can explain and justify the reasons for such departure.

ANNUAL GENERAL MEETING

The Annual General Meeting is the ultimate decision making body of Net Entertainment. The Annual General Meeting must be held within six months after the end of each financial year. The Annual General Meeting approves the annual report for the financial year, elects the Board of Directors and auditors and considers other formal issues. An extraordinary general meeting can be held if so demanded.

Shareholders are entitled to attend a meeting provided they are recorded in the register of shareholders maintained by Euroclear Sweden AB (VPC AB) on the date decided by the Board of Directors, and provided they notify the Company of their intention to attend no later than on the date decided by the Board of Directors.

Each Series A share gives an entitlement to ten votes and each Series B share gives an entitlement to one vote.

*The term "major shareholders" refers to shareholders with more than 10 percent of the voting power or the Company's capital stock

NOMINATING COMMITTEE

The Annual General Meeting held on April 10, 2008, passed a resolution to establish a Nominating Committee to prepare proposals for the following Annual General Meeting concerning the election of the members of the Board. The Nominating Committee shall consist of not less than three members and shall represent Net Entertainment's larger shareholders. In October 2008, Per Hamberg (representing the Hamberg and Kling families) and Martin Larsson (representing the Eriksson, Lundström and Knutsson families and himself) were elected, together with Rolf Blom, the Chairman of the Board of Directors, as members of the Nominating Committee for the 2009 AGM. The chairman of the Nominating Committee is Per Hamberg.

BOARD OF DIRECTORS

The Board of Directors is the Company's final decision making body in the period between the Annual General Meetings.

Work of the Board of Directors

Net Entertainment's Board of Directors plays a strategic management role and is responsible for ensuring that the executive management implements the strategies and decisions of the Board. The Board of Directors also has a control function and a responsibility to provide information that gives the market an accurate picture of the Company and its financial position.

The work of the Board of Directors involves setting goals and strategies, establishing business and marketing plans for each year and deciding the budget for the following financial year. In addition, the Board of Directors reaches decisions concerning key policies and agreements, major investments and forecasts.

The Board of Directors works according to a written set of procedures, which determines the frequency and agenda of Board meetings, the circulation of material for meetings and matters to be brought to the Board for decisions. It also regulates the division of responsibility between the Board, the Chairman of the Board and the CEO. It also defines the authority of the CEO. The Chairman of the Board prepares the Board meetings together with the CEO. At each scheduled Board meeting, the CEO presents a report on the Company's financial progress.

Net Entertainment's Board of Directors consists of five elected members. All members are independent in relation to both the Company and its management and major shareholders.

At the 2008 Annual General Meeting, four members retired from the Board of Directors and four new members were elected. A new deputy member was also elected. Rolf Blom was re-elected and appointed Chairman by the Meeting. The deputy member retired from the Board of Directors in November 2008 to comply with the requirements of the Code. The Board of Directors held seven scheduled meetings and nine additional meetings in 2008. In addition to the regular items on the agenda as described above, main items

at the scheduled Board meetings in 2008 were a strategy for growth through acquisition, approval of interim reports, resolution to apply for listing of the Company's shares on the NASDAQ OMX Stockholm Stock Exchange, auditor negotiations, corporate governance matters pertaining to the implementation of the Swedish Code of Corporate Governance and tax-related matters. Main items at additional Board meetings in 2008 were chiefly related to potential acquisitions and the process surrounding the flotation of shares in the Company onto the NASDAQ OMX Stockholm Stock Exchange. The CEO, Johan Öhman, attends the Board meetings together with the Chief Financial Officer, Bertil Jungmar, who also takes the minutes of the meetings. The meetings are also attended by different executive managers to give presentations on various aspects of the business. All Board members have attended the Board meetings, with the following exceptions: Ann-Catrine Appelquist, Niclas Eriksson and Pontus Lindwall (one meeting), John Wattin (two meetings) and Michael Gottschlich (three meetings).

Audit Committee

In 2008, the Board of Directors established an Audit Committee comprising all five Board members. The Chairman of the Board is the Chairman of the Committee. The Company's Financial Director, Bertil Jungmar, is co-opted as a representative of the Committee and is the Committee secretary.

The Audit Committee is responsible for the quality assurance regarding the Company's financial reporting and for Net Entertainment's internal control processes. The Committee is also responsible for the Board of Directors' regular communications with the Company's auditors, establishing guidelines for services to be provided by the auditors in addition to audits, evaluation of the audit work, assisting the Nominating Committee with proposals for the election of auditors and fees to auditors. Furthermore, the Committee has carried out a risk assessment on the Company's financial reporting and has drawn up a work plan for the year 2009/2010.

The Audit Committee met once in 2008 and once in February 2009. All members attended both meetings.

Remuneration Committee

In 2008, the Board of Directors established a Remuneration Committee comprising all five Board members. The Chairman of the Board is the Chairman of the Committee.

The Remuneration Committee deals with matters relating to remuneration and benefits to Senior Management, including the CEO. The Remuneration Committee prepares items for resolution by the Board relating to remuneration and benefits for the CEO and matters of significance for all senior executives. The Committee decide on remuneration matters concerning other senior executives and on matters of lesser importance. The Board of Directors also decide on matters of major significance concerning remuneration

for senior executives and the salary of the CEO. In 2007, the Board of Directors adopted a remuneration policy that was presented to and approved by the Annual General Meeting. This remuneration policy is reviewed annually. The current remuneration policy is appended to the minutes of the Annual General Meeting. These documents are available on the Company's website.

The Remuneration Committee met once in 2008 and once in February 2009. All members attended both meetings, except for Niclas Eriksson and Michael Gottschlich who attended one meeting.

AUDIT

The Company's auditors are elected by the Annual General Meeting for a four-year term of office. The auditors review and examine the Company's accounts and administration for the Annual General Meeting. At the Annual General Meeting held on 10 April, 2008, Deloitte AB was elected as the Company auditors for the period extending until the 2012 Annual General Meeting. Therése Kjellberg has been appointed principal auditor.

The auditors have presented their findings from the review of the January-June 2008 Interim Report, the 2008 Annual Report and Internal Control for both the Audit Committee and the Board of Directors. The auditors also held a meeting with the Audit Committee without any members of Senior Management being present.

INTERNAL CONTROL

The basis for the internal control over financial reporting is the overall control environment defined by the Board of Directors and the management. A key aspect of the control environment is a clear definition of the organisational structure, decision-making processes and delegation of authority, which is presented in steering documents such as internal policies, guidelines, manuals and assessments.

Control environment

It is essential when planning processes to take the control environment into consideration and to carry out a risk assessment. A well-planned internal control not only provides a good basis for reliable financial reporting, it also promotes a sound and sustainable business performance, resulting in increased profitability. The development and review of internal processes in Net Entertainment is ongoing and will become increasingly important as the Company grows. A work plan for these processes has been prepared for 2009.

The delegation of authority to act is aimed at defining how the responsibility is shared across positions, and thus individuals, in the Company. The delegation of authority in the Group begins with the Board's delegation of authority to the President and CEO to assume responsibility for the operating activities. He, in turn, delegates authority to those who report to him, both directly and through the Company's established internal guidelines and manuals.

A number of policies on key areas have been written to define the

Company's internal guidelines and guidelines in relation to shareholders and other external stakeholders. These policies play a role of varying degrees in the development and maintenance of the control environment within the Company.

Some of the more significant policy documents are:

- **DIVIDEND POLICY** – specifies guidelines on distribution of dividends to the shareholders
- **POLICY ON TRADING IN COMPANY SHARES** – specifies restrictions that apply in certain situations concerning trading in Company shares by Directors and employees
- **INFORMATION POLICY** – specifies guidelines on how pronouncements may be made and by whom on behalf of the Company
- **FINANCIAL MANUAL INCLUDING FINANCIAL POLICY** – specifies how financial matters, accounts, reports, acquisitions and other transactions are carried out in the Company and explains verification and approval procedures
- **IT POLICY** – specifies how questions and resources concerning information technology are managed by the Company, e.g. technical standards, security and communication

Net Entertainment's Guidelines for Employees include a skills development policy, an equal opportunities policy, an alcohol, drugs and gambling policy, an emergency response policy and a travel policy.

Instructions for the CEO

The Board of Directors has developed and adopted a set of instructions specifying the work and responsibilities of the CEO and his duties towards the Board of Directors. Within the parameters of the Swedish Companies Act, the CEO is responsible for the Company's business plan, CEO instructions, guidelines and directions from the Board of Directors, managing and developing the Company and managing the ongoing administration of the Company's business. The CEO is responsible for ensuring that the Company's organisation operates efficiently and professionally and that the internal control is meaningful and efficient, for implementing the Company's strategy and goals, and developing and proposing qualitative and quantitative goals for the Company's different business units. In his duties towards the Board of Directors, the CEO shall regularly, and prior to each scheduled Board meeting, prepare, compile and present information requested by the Board for appraisal of the Company's financial situation, such as reports, key performance indicators, comments, proposals for business plans, marketing plans, budgets, forecasts, year-end reports and annual reports.

Follow-up

The Company follows up compliance with internal policies, guidelines, manuals and assessments and monitors how efficiently control activities are being implemented. Activities and expenses are planned and budgeted to allow regular monitoring of planned and actual performance. This involves checking the accuracy of reported results to allow for further improvements in management and planning. In a rapidly-growing company like Net Entertainment, it is essential for the development of internal control to be an ongoing process.

In companies that do not have a separate audit function (internal audit), the Board of Directors must annually assess the need of such and present its standpoint in the description of the internal control. Net Entertainment does not have a separate audit function. In the opinion of the Board of Directors, the need of such a function is limited in a company of Net Entertainment's size and the establishment of such is not justifiable from a cost point of view.

With regard to financial reporting, the Audit Committee plays a key role in helping the Board monitor the internal control.

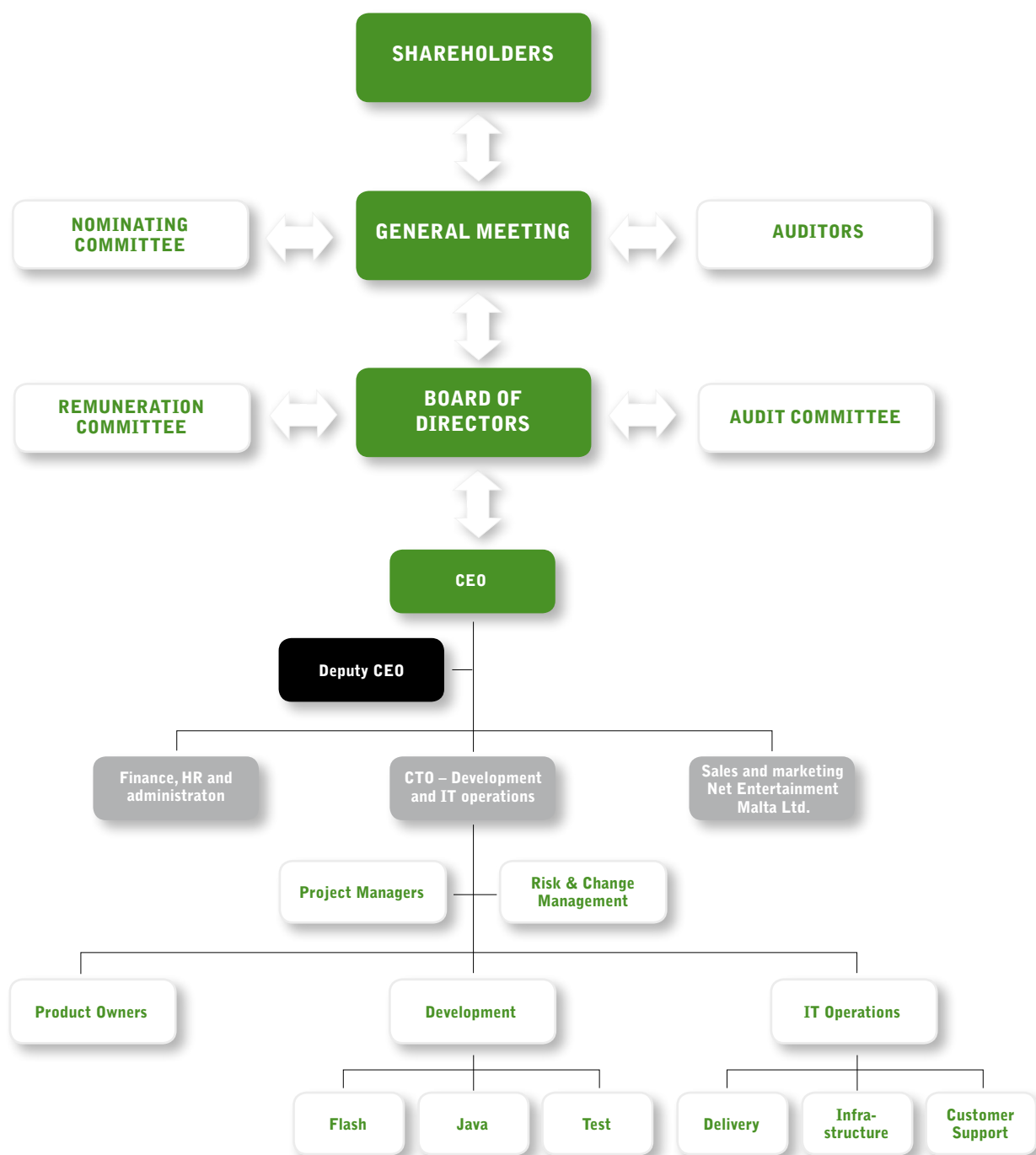
Financial reviews and reporting

The CEO is responsible for sending a written report to the Board of Directors every month. This monthly report contains a brief description of the month's key events, income statement, financial KPIs and a written comment on the Company's performance. In addition, the Board receives documentation prior to each scheduled Board meeting.

Additional monitoring of income and expenses at different levels in the Company serve to increase the reliability of the reports.

The Board of Directors as a whole is responsible for releasing the Company's interim reports.

NET ENTERTAINMENT GROUP ORGANISATION



BOARD OF DIRECTORS AND AUDITORS

ROLF BLOM

Chairman of the Board
Born 1957, Elected 2007
Independent in relation to the
company and its owners

Rolf Blom is the Chairman of the Board of Directors of PBM Sweden AB, Docco AB, PBM System AB, e-capital AB and is a member of the Board of Cherryföretagen AB, e-Capital Utveckling AB and Proxibit Svenska AB. Rolf Blom has a BSc. in Economics from the Gothenburg School of Economics.

Shareholding¹⁾: 460,000 class B shares

VIGO CARLUND

Board Member
Born 1946, Elected 2008
Independent in relation to the
company and its owners

Vigo Carlund is Chairman of the Board of Tele2 AB and Korsnäs AB and a Member of the Board of Investment AB Kinnevik and AcademicWork Solutions AB.

Shareholding¹⁾: 320,000 class B shares

FREDRIK ERBING

Board Member
Born 1967, Elected 2008
Independent in relation to the
company and its owners

Fredrik Erbing is Business Area Manager at Acando AB. Fredrik holds a Master of Engineering from the Royal Institute of Technology in Stockholm.

Shareholding¹⁾: 20,000 class B shares

NICLAS ERIKSSON

Board Member
Born 1964, Elected 2008
Independent in relation to the
company and its owners

Niclas Eriksson is Chairman of the Board of Kungstaden Fastighets AB and a Member of the Board of Vasastaden Holding AB, Stigberget Fastighetsutveckling AB, Vassholmen AB, Extendre Trading & Services AB and Isogenica Ltd. Niclas Ericsson has a degree in Financial Economics.

Shareholding¹⁾: –

MIKAEL GOTTSCHLICH

Board Member
Born 1961, Elected 2008
Independent in relation to the
company and its owners

Mikael Gottschlich is Chairman of the Board of Sentat Asset Management AB and a Board member of CKT Capital and its subsidiaries. Mikael Gottschlich has high-school engineering qualifications.

Shareholding¹⁾: 300,000 class B shares

AUDITORS

At the Annual General Meeting held on April 10, 2008, Deloitte AB was elected as the company's auditors for the period up until the end of the 2012 Annual General Meeting, with Therése Kjellberg (authorised public accountant and member of FAR SRS since 1999) as the principal auditor.

¹⁾Share holding includes family and company shareholdings and are as of December 31, 2008. In addition to these holdings there are holdings in endowment insurance where Board members and senior executives are beneficiaries.



From the left: Fredrik Erbing, Mikael Gottschlich, Rolf Blom, Niclas Eriksson and Vigo Carlund



SENIOR EXECUTIVES

JOHAN ÖHMAN

President and CEO
Born 1969, Employed since 2003

Johan Öhman took office as CEO of Net Entertainment in November 2006. He was previously the company's Head of Sales (since 2003) and has years of experience from the telecom industry having worked with the Ericsson Group of companies and at Nortel Networks. Johan has a BSc. in Economics from the University of Lund.

Shareholding¹⁾: 2,200 class B shares

BERTIL JUNGMAR

Chief Financial Officer
Born 1961, Employed since September 2008

Bertil Jungmar has a solid financial background with 14 years' experience of auditing, accounting and business advising at Deloitte and PricewaterhouseCoopers in Sweden and the USA. He has subsequently been Chief Financial Officer at Karo Bio and most recently PAN Vision. Bertil has a B.Sc. in Business Administration from the University of Stockholm.

Shareholding¹⁾: 12,000 class B shares

MATHIAS CRONA

Deputy CEO
Born 1974, Employed since September 2008

Mathias Crona has experience from the financial sector and of business development. He has worked with corporate banking and corporate finance at Citibank in Stockholm, Goldman Sachs in London and Concordia Bus. Before joining our company, he worked as a management consultant for the Boston Consulting Group. Mathias has a BSc. in Economics from the University of Stockholm.

Shareholding¹⁾: –

DANIEL LINDBERG

Sales Director
Net Entertainment Malta Ltd
Born 1977, Employed since 2006

Daniel Lindberg has a background in sales, having worked as Account Manager at TDC Song from 2002 to 2005 and Netnet from 1998 to 2002. Daniel studied Market Economics at the IHM Business School.

Shareholding¹⁾: 2,500 class B shares

PATRICK FRÖDING

Acting Chief Technology Officer
Born 1969, Employed since March 2009

Patrick Fröding has long experience from development of software and project management. Patrick has previously held different management and leadership positions in the railroad and telecom industries, with Bombardier Signals and Teligent among others. Patrick holds a Master of Engineering from Uppsala University and studies at Stockholm Business School.

Shareholding¹⁾: –

¹⁾Share holding includes family and company shareholdings and are as of December 31, 2008. In addition to these holdings there are holdings in endowment insurance where Board members and senior executives are beneficiaries.

FIVE-YEAR SUMMARY

CONDENSED CONSOLIDATED INCOME STATEMENTS

SEK thousands	2008	2007	2006	2005	2004*
Operating revenues	205,573	132,020	99,773	64,683	47,661
Operating profit before depreciation/amortization	103,316	58,419	45,208	21,811	8,509
Depreciation/amortisation	-15,513	-7,839	-4,407	-3,473	-2,645
Profit after depreciation/amortization	87,803	50,580	40,801	18,338	5,864
Net financial income/expense	-1,850	224	-958	4,537	6,979
Profit after financial income/expense	85,953	50,804	39,843	22,875	12,843
Profit after tax	79,967	45,911	28,482	15,329	9,335

*Comparable figures for 2004 relate to the Parent Company as the operations were carried out in this entity.

CONDENSED CONSOLIDATED BALANCE SHEETS

SEK thousands	2008	2007	2006	2005	2004*
ASSETS					
Non-current assets	42,202	30,124	24,298	9,740	14,718
Current receivables	54,679	42,055	19,210	22,482	15,674
Cash and cash equivalents	65,132	25,915	13,053	5,535	2,246
Total current assets	119,811	67,970	32,263	28,017	17,920
TOTAL ASSETS	162,013	98,094	56,561	37,757	32,638
EQUITY AND LIABILITIES					
Shareholders' equity	116,493	53,145	16,090	12,129	8,834
Long-term liabilities	1,676	2,195	835	358	–
Current liabilities	43,844	42,754	39,636	25,270	22,625
Total liabilities	45,520	44,949	40,471	25,628	22,625
TOTAL EQUITY AND LIABILITIES	162,013	98,094	56,561	37,757	32,638

*Comparable figures for 2004 relate to the Parent Company as the operations were carried out in this entity.

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

SEK thousands	2008	2007	2006	2005	2004*
Cash flows from operating activities	89,073	35,879	36,382	-1,039	8,978
Cash flows from investing activities	-23,414	-13,439	-18,561	4,328	-9,742
Cash flows from financial activities	-29,665	-9,889	-9,889	–	–
Cash flow for the year	35,994	12,551	7,932	3,289	-764
Liquid assets at the beginning of the year	25,915	13,053	5,535	2,246	3,010
Exchange rate differences in cash and cash equivalents	3,223	311	-414	–	–
LIQUID ASSETS AT THE END OF THE YEAR	65,132	25,915	13,053	5,535	2,246

*Comparable figures for 2004 relate to the Parent Company as the operations were carried out in this entity.

44%

Revenues have increased
with 44 percent on average
2004–2008

KEY FIGURES

CONSOLIDATED	2008	2007	2006	2005	2004*
Operating margin (percent)	42.7	38.3	40.9	28.4	12.3
Profit margin (percent)	41.8	38.5	39.9	35.4	26.9
Interest coverage ratio (multiple)	297	273	2,491	12	21
Equity/assets ratio (percent)	71.9	62.4	28.4	32.1	30.7
Quick ratio (percent)	273	184	65.1	79.7	79.2
Net interest-bearing liabilities (SEK thousands)	−65,132	−25,915	−13,053	−5 535	−2 246
Net debt/equity ratio (multiple)	−0.6	−0.5	−0.8	−0.5	−0.2
Average number of employees	70	60	43	32	21
Employees at year-end	85	67	53	39	24
Employees and consultants at year-end	132	77	63	40	24
Earnings per share	2.02	1.16	0.72	0.39	0.24
Shareholders' equity per share	2.95	1.34	0.41	0.31	0.25
Dividend per share	1.25	0.75	0.25	0.25	–
Average number of outstanding shares	39,553,716	39,553,716	39,553,716	39,553,716	39,553,716
Number of shares outstanding at year-end	39,553,716	39,553,716	39,553,716	39,553,716	39,553,716

*Comparable figures for 2004 relate to the Parent Company as the operations were carried out in this entity.

DEFINITIONS

OPERATING MARGIN

Operating profit relation to divided by revenues.

PROFIT MARGIN

Profit before tax divided by revenues.

RETURN ON INVESTMENT ON SHAREHOLDERS' EQUITY

Year's profit divided by average shareholder equity for the year.

INTEREST COVERAGE RATIO (MULTIPLE)

Profit after financial items, plus interest expense, divided by interest expense.

EQUITY/ASSETS RATIO

Equity at the end of year as a percentage of total assets at the end of year.

QUICK RATIO

Current assets divided by current liabilities, including proposed but not yet adopted dividends.

NET INTEREST-BEARING LIABILITIES

Net of interest-bearing provisions and liabilities less financial assets including cash and cash equivalents.

NET DEBT/EQUITY RATIO (MULTIPLE)

Net of interest-bearing earnings and liabilities minus financial assets including cash and cash equivalents divided by shareholders' equity.

AVERAGE NUMBER OF EMPLOYEES

Average number of employees converted into full-time equivalents.

NUMBER OF EMPLOYEES AT YEAR-END

Number of employees during the year.

NUMBER OF EMPLOYEES AND CONSULTANTS AT YEAR-END

Number of employees and subcontractors at year-end.

EARNINGS PER SHARE

Profit pro the year divided by the average number of shares outstanding during the year.

CASH FLOW PER SHARE

Cash flow for the year divided by the average number of shares outstanding during the year.

SHAREHOLDERS' EQUITY PER SHARE

Shareholders' equity divided by the number of shares outstanding at the end of the year.

DIVIDEND PER SHARE

Implemented/proposed dividend divided by the number of shares outstanding during the year.

AVERAGE NUMBER OF OUTSTANDING SHARES

Weighted average number of shares outstanding during the period, adjusted for bonus issue and share split.

NUMBER OF SHARES OUTSTANDING

The number of shares outstanding at year-end, adjusted for bonus issue and share split.

BOARD OF DIRECTORS' REPORT

OPERATIONS

Net Entertainment is a leading supplier of digitally-distributed online gaming software. As a pure games development company with a focus on casino games, Net Entertainment is a niche player whose brand is associated with high quality, reliability and innovation. Its core product, CasinoModule™, is a complete gaming platform consisting of a wide range of games and a powerful management tool that is licensed to a large number of market-leading gaming operators. The motto "BETTER GAMES" says it all about Net Entertainment's combination of products and services.

Products and services

Net Entertainment's core product is CasinoModule™. This is a complete gaming platform comprising an extensive range of games and a powerful management tool, designed to manage millions of transactions every day and to allow gaming operators to monitor and control the operations in their casinos in real-time.

Net Entertainment has developed CasinoCafé™ to address the market for casino gaming in a physical environment. CasinoCafé™ is based on CasinoModule™ but the platform has been adapted to enable games to be played in physical settings, such as Internet cafés where players pay for a one-time account and have access to a computer for gaming.

Net Entertainment offers a number of services linked to CasinoModule™. When a new license agreement is signed, the graphics and other features are customised to ensure system compatibility with the gaming operator's existing website. Net Entertainment provides technical support and is responsible for monitoring operations and hosting the licensed customer systems. The ambition is to establish long-term customer relationships based on trust and teamwork.

Customers

At year-end, Net Entertainment had some 60 customers, 16 of whom had not been launched and had therefore not started generating revenue for the Company. 20 new license agreements for CasinoModule™ were signed with new customers in 2008. Since 2007, the focus has been on sales to Tier One operators, i.e. well-known and established gaming operators of a certain size.

Product development

Net Entertainment aims to create and retain a versatile and customer-driven development process. The Company follows a twelve-week development cycle which guarantees that its licensees regularly receive a new version of CasinoModule™ with a range of new games and system features. In 2008, the company released four new versions of CasinoModule™ with a total of 13 new games.

Product planning and development is carried out in close collaboration with the Company's licensees and uses information from analyses of end-customer behaviour. The demands for games have gradually increased, which implies for more highly sophisticated user interfaces in terms of graphics, sound and features. Using information about player behaviour and preferences, Net Entertainment creates games that are based on patterns and metaphors from physical casinos, incorporate the latest technology and offer top entertainment value.

Market summary

In 2008, the entire market for all forms of gaming entertainment reached more than SEK 2,200 billion¹⁾. The term "gaming market" refers to games involving money, such as casinos, poker games, betting and wagering, lotteries and bingo. The market is still dominated by land-based (offline) gaming in the form of physical casinos and lotteries, but the market share for digitally-distributed gaming activities (online games or Internet-based games) is growing steadily. It was estimated that the turnover of the global online gaming market in 2008 was more than SEK 129 billion²⁾ or about 5.8 percent of the total gaming entertainment market. Internet-based games are expected to have increased their share of the total gaming market to about 7.8 percent or almost SEK 200 billion³⁾ by 2012.

The forms of gaming that dominate the online market are wagering, casino games and poker. However, bingo is expected to have the greatest percentage rate of growth in the next few years, mainly because of the increasing number of women visiting online games sites. It is difficult to draw a clear line between the different gaming segments, since poker and bingo operators also offer casino games, these revenues are often included as part of the revenues from other gaming segments.

From a geographical point of view, Europe (Net Entertainment's main market) is the single, largest market for Internet-based gaming entertainment as well as the fastest-growing region in terms of absolute figures. The Company predicts that European operators, who accounted for 45.8 percent of the total gaming surplus from online games in 2008, will continue growing at an average rate of over 20 percent over the next few years. North America is expected to report marginal or negative growth following the introduction of tighter restrictions in US legislation. Asia, the Middle East and Africa are expected to report vigorous growth in 2009, although from a low level.

From a global perspective, there are four fundamental driving forces in the global online gaming market:

- INCREASED INTERNET PENETRATION
- INCREASED BROADBAND CAPACITY
- GREATER CONFIDENCE IN ONLINE PAYMENT SERVICES
- NEW GROUPS OF PLAYERS

¹⁾Source: H2Gaming Capital, January 2009

²⁾Source: H2Gaming Capital, January 2009

³⁾Source: H2Gaming Capital, January 2009

Net Entertainment's focus to date has been on the casino gaming market. H2 Gaming Capital estimates that this sub-segment accounted for about 23 percent of the total online gaming market in 2008. Net Entertainment believes that, partly due to the difficulty of defining clear dividing lines between the different gaming segments, the casino segment represents a slightly larger share and that the segment will grow at an annual average rate of more than 20 percent over the next few years. The Company believes that the market's development will lead to escalating competition between gaming operators. In turn, this will lead to tougher demands and challenges for games developers, such as Net Entertainment, to develop and maintain a market-leading portfolio of products and provide greater differentiation for the operators. Continued strong growth and consolidation among gaming operators, leading to a smaller number of major players, are two clearly distinctive trends in the casino gaming market.

Net Entertainment has six primary competitors in the online gaming market: Boss Media (Sweden), Chartwell (Canada), Cryptologic (Canada), Microgaming (South Africa), Playtech (Israel) and Real Time Gaming (USA). All of these have a broader product portfolio than Net Entertainment, including poker games, bingo, random games and casino. Net Entertainment's historical focus on casino games as a defined market niche means that the Company has a very strong product offering in this segment. Net Entertainment's primary competitors in the casino segment are Microgaming and Playtech.

The gaming entertainment market has a clear responsibility to comply with national and international legislation and regulations that define how gaming operations are run. Games have not been the subject of any specific European Union harmonisation measures, which means that no legal directives, recommendations or decisions have been issued by the EU. Each member state is therefore able to introduce its own legislation in the gaming area provided that the legislation is in line with general legal regulations and principles concerning the free movement of services within the EU.

In recent years, a number of legal resolutions have been passed that affect the gaming entertainment market. Some of the decisions open the door for a more liberal view in the market, with fewer restrictions and a diminution in monopolistic tendencies. Others move in the opposite direction. Discussions in the legal field are currently in a phase of change, which makes it difficult to provide an unequivocal picture of the current legal situation or of short-term developments. However, it should be particularly emphasised that, as far as the European Union market is concerned, Net Entertainment is operating in a relatively unstable legal environment that is undergoing change and is the subject of national legislation in combination with developing European legal practices. This means that Net Entertainment's customers may be affected by regulations that impact their operations adversely (but also favourably). This can have an indirect impact on Net Entertainment. Net Entertainment believes that the European

countries will gradually move over to a regulated licensing system in a few years' time. A regulated online gaming market in European and other countries would open the opportunities for private players to compete on equal terms with the state monopolies.

Business concept, objectives and strategy

Net Entertainment's business concept is to provide robust systems for Internet gaming with exciting games, created using top-of-the-range technology and expertise, for gaming operators who can thereby expand their product portfolios and gain competitive advantages that increase their profitability.

The market for Internet-based gaming in Europe is expected to grow by more than 20 percent on average in the next few years. Net Entertainment's financial objective is to grow more than the market with a sustainable operating margin of more than 30 percent.

- AIM TO SIGN MORE LICENSE AGREEMENTS with major, well-established Tier One operators
- MAINTAIN LONG-TERM CUSTOMER RELATIONSHIPS and close collaboration to better serve the needs and wishes of existing customers
- CONDUCT REGULAR ANALYSES of developing trends and gaming behaviour in the gaming market to drive product enhancement
- RETAIN AND DEVELOP INDUSTRY-RELATED EXPERTISE to be able to provide market-leading games and features
- INCREASE THE PRODUCT OFFERINGS to increase sales and attract new customers
- CONTINUOUSLY EVALUATE POTENTIAL ACQUISITIONS that complement current operating activities

Under Net Entertainment's business and revenue model, the Company's products and services are licensed to gaming operators who pay a monthly license fee on a royalty model basis. The fee is based on the gaming surplus generated by the gaming operator (there is, however, a minimum fee). The revenue model provides Net Entertainment with a strong incentive to continuously develop its products and support the Company's licensees. Start-up and delivery fees account for a small percentage of the revenues. They act as an incentive for the licensee to launch the product quickly and help cover Net Entertainment's customisation and launch costs.

RISK FACTORS

Some of the risk factors in relation to the business and industry that can be significant to Net Entertainment's future development are explained below. The risk factors are not ranked by importance or potential financial impact on the Company's revenues, performance or financial position. The list of risk factors below is not intended as exhaustive or exclusive but is intended to provide examples

and guidance. For financial risk factors potentially affecting the Company's business, see note 28.

Political decisions

Net Entertainment is a supplier of Internet-based gaming systems. This means that its operations are greatly affected by the legal situation for gaming of this sort. The legal situation within the EU, where most of the Company's customers are active, is of particular interest to the Company.

European collaboration is based on the free movement of services within the EU. This is regulated in the Treaty of the European Community and the policies of the European Court of Justice. The free movement of services is based on a number of principles, including equal treatment and the principle of mutual recognition and proportionality. At the same time, European legislation offers a number of exceptions from the free movement of services allowing, for example, a member state to limit the free movement of services for reasons of public safety, security and health. Games have not been the subject of any specific European Union harmonisation measures, which means that no legal directives, recommendations or decisions have been issued by the EU. Each member state is therefore able to introduce its own legislation in the gaming area. The only requirement is that the national legislation is in line with general legal regulations and principles concerning the free movement of services within the EU. Today, practically all member states, with a few exceptions, still have monopolised situations in the gaming area and make use of the exception in the EU legislation to the free movement of services. Those who argue against the gaming monopolies believe that the gaming monopolies cannot be defended on the grounds of public health and safety as they are operated for commercial purposes.

There are a number of high-profile precedential court rulings in the European Court relating to the gaming industry, including the Schindler, Läärä, Gambelli, Lindman and Placanica decisions. All these have ruled that state restrictions in the gaming area should essentially be viewed as a curtailment of the right to establish a corporate presence and the freedom to provide services in the EU. However, the Court has ruled that, if aimed at protecting consumers, certain curtailment may be permitted if it is proportional. In other words, that it is strictly necessary in relation to the stated purpose of protection. Despite these EU Court rulings, a number of Member States continue to enforce restrictions in an effort to hinder or obstruct the activities of private gaming operators. It is therefore not unlikely that a large number of European gaming monopolies will face legal challenges in the form of national court proceedings. The European Court of Justice is currently handling 15 cases of requests for preliminary rulings from courts in Member States. Furthermore, the EU Commission has initiated cases against Sweden, Finland, Denmark, Germany, France, the Netherlands, Hungary, Austria, Greece and Italy for breach of treaty. The EU Commission considers the various national regulations to be in non-conformance with EC law. The Commission's rulings in these cases may result in amendments to legislation.

Net Entertainment has a Class IV license in Malta that covers the delivery and technical operation of casino games for gaming operators licensed in Malta. Malta is a Member State of the EU and is thus required to comply with EC law. It is one of the few EU countries that has elected to adopt a national licensing system to allow competitive gaming.

Political decisions and court rulings in the EU area aimed at making it difficult for private gaming companies to operate in the national markets, especially in Sweden, Malta, France and the UK, and Norway outside the EU, could have a drastically adverse impact on Net Entertainment's operations and those of its customers. Deregulation of the gaming market in these markets could likewise have positive effects for Net Entertainment's customers and thus for Net Entertainment too.

It is currently difficult to predict how the legal situation in the European Union will develop and subsequently affect the commercial conditions for gaming operators and eventually for gaming developers like Net Entertainment. It must therefore be particularly emphasised that with current legal developments in the different Member States, along with progressive policies in European law, Net Entertainment is operating in a relatively unpredictable legal environment as far as the European Union market is concerned. There is thus a risk, which is difficult to quantify, that future legal developments may adversely impact Net Entertainment's operations. In this context, it should also be pointed out that Net Entertainment does not offer its products or services to gaming operators who, in turn, offer gaming activities to players in the USA. Legislation was passed in the USA in October 2006 prohibiting gaming aimed at private individuals in the USA. This legislation has imposed severe limits on gaming operators to conduct gaming operations in the USA and has also restricted banks and other financial institutions from processing payment transactions for Internet-based games. After the legislation came into effect, Net Entertainment ended its partnerships with operators whose activities were directed at users in the US market to avoid legal risks associated with this market.

Operations subject to official approval and other legal aspects

Following a ruling by the Maltese Lotteries and Gaming Authority (LGA), Net Entertainment's subsidiary Net Entertainment Malta Ltd. has obtained a Class IV license. This permits the Company to pursue hosting operations for its customers and confirms that Net Entertainment and its products are approved by LGA. The maintenance and extension of this permit are crucial to Net Entertainment's operations. The license is valid until November 2010 and, provided it complies with the laws and regulations for the license, the Company should be able to renew its license for a new five-year period. Net Entertainment examines its operations constantly to ensure they always comply with the conditions required for such license.

Some EU Member States, including Sweden, prohibit the promotion of lotteries from outside the country. "Promotion" is a broad concept and can thus cover highly diverse activities. Although it seems far-fetched that Net Entertainment's operations as a software supplier and host for gaming operators could be viewed as "promotion", it is uncertain just how far this concept of "promotion" extends. This exemplifies that Net Entertainment operates in an unpredictable legal environment as mentioned above.

Immature market

The Internet-based gaming market is still relatively immature and is clearly characterised by a rapid rate of change driven by underlying growth, increased competition (especially among gaming operators), high levels of profitability among gaming operators and gaming developers, and general uncertainty regarding the legal situation.

Growth is being driven by a number of parameters, including the growth of the online gaming market in relation to the gaming market as a whole, increased Internet penetration and greater reliability of online transactions and the launch of new forms of gaming and new gaming categories such as women and older age groups. The fact that this is a relatively new market, and its history thus brief, and that it has enjoyed good underlying growth in recent years, makes it difficult to assess its long-term growth potential and how it is affected by a general economic downturn.

Service disruptions

Net Entertainment is responsible for hosting the licensed customer systems through the Company's hosting centres in Malta and Costa Rica. However, like all Internet-based services, the customer systems can be affected by operational disruptions. This can be due to a number of reasons within or beyond the control of Net Entertainment. Since the Company's products are either completely or partly unavailable for users during service disruptions, this affects the operators' revenues and thus Net Entertainment's license revenues. Disruptions or technical problems with the Company's servers could therefore result in lost revenues, loss of confidence in the Company and possible claims for damages. The Company incorporates state-of-the-art security technology into its systems to continuously ensure minimal risk of service disruptions. Net Entertainment does not include a product guarantee or warranty in its customer agreements. The agreements include clauses that put a limit on the damages the Company will pay in the event of a service disruption.

Gambling addiction

Although Net Entertainment does not pursue any gaming operations, people suffering from gambling addiction could sue the companies in the Net Entertainment Group as suppliers of gaming software and as facilitators of gaming. While it is likely that such claims could be dismissed by a court of law, they could give rise to substantial costs and a loss of confidence in Net Entertainment, which might eventually lead to a decline in revenue. In 2005, Net Entertainment affiliated itself with G4, an organization that works to prevent gaming addiction, and it has designed CasinoModule™ to ensure full compatibility with the guidelines established by G4.

Dependence on key personnel and skilled employees

Net Entertainment's success depends on its ability to maintain a high level of technical expertise among its staff, recruit employees to its operations centres and retain employees who are highly skilled in games development. The Company is equally dependent on certain key managerial personnel. Due to the rapid rate of progress, the event of loss of key personnel or gaming developers might have a temporary negative impact on the Company's earnings and economic development. Net Entertainment conducts an active programme of advanced training and professional development opportunities to foster increased staff commitment and loyalty. The Company also offers all its employees a bonus scheme.

Dependence on large customers

The 15 largest of Net Entertainment's 45 operating customers currently account for about 85% of the Group's revenue. Its two largest customers account for just over 40% of its revenue today. The loss

of any of the Company's customers could impact negatively on Net Entertainment's earnings and performance. The Company's dependence on individual major customers is gradually decreasing as the number of larger customers increases.

Competition

The Company competes with a number of players who have substantially larger financial and operational resources than those at the disposal of Net Entertainment. This is an extremely attractive market and new players may establish a market presence. However, the threshold for establishing a presence in the games development market is high. Any failure to compete successfully with these players would have negative consequences for Net Entertainment's earnings and financial position. The Company's ambition is to maintain and develop its position in the market as a premium supplier of casino games and a serious player in the online gaming market. By retaining a focus on the development of games with top entertainment value and offering a powerful management tool and associated services, Net Entertainment hopes to be able to retain existing customers and attract new ones too.

Intellectual property rights

Net Entertainment's most important intangible property rights consist primarily of the copyright to software, notably CasinoModule™, and all associated material that the Group has developed and is still developing. It is thus crucial that everything developed within the Group remains the property of Net Entertainment. The Company requires its employees and consultants to enter into contracts stipulating that ownership of the copyright to developed products shall vest in Net Entertainment.

Exchange differences

The Group's results are exposed to changes in exchange rates as the majority of its sales are in Euro, and the majority of its costs (transaction exposure) are in Swedish kronor. Net Entertainment's present policy is not to hedge against exchange rate fluctuations. A rise in the value of the Swedish krona (SEK) in relation to the Euro affects the Company's earnings. Fluctuations in exchange rates in the future may affect Net Entertainment's achievement of its financial objectives.

Its results are also affected by changes in exchange rates when foreign subsidiaries' results are translated to SEK (translation exposure). Moreover, exchange rate movements affect Group equity when assets and liabilities in foreign subsidiaries are translated to SEK (translation exposure).

Tax situation

Net Entertainment operates in Sweden and Malta. Its activities, including transactions between the Group's companies, are managed in compliance with current tax laws, tax agreements and provisions in the countries concerned and the requirements of the tax authorities, as these have been interpreted by Net Entertainment. However, it is generally not possible to rule out that the interpretation of applicable laws, policies, taxation agreements and provisions, or the interpretations of these by authorities concerned, is wrong. Furthermore, these regulations may be amended and possibly with retroactive effect. It is possible that Net Entertainment's previous or present tax situation will become less favourable as a result of decisions taken by the tax authorities.

The activities in Malta are exempt from VAT. The interpretation of relevant Maltese VAT regulations concerning the Company's liability to pay Maltese VAT (18 percent) on services purchased was amended in 2007 and may affect purchases that the Maltese subsidiary, Net Entertainment Malta Ltd, made from Net Entertainment NE AB (see note 27). At present, it is impossible to say exactly whether these amendments will have any cost effects and how much such costs would be. The Company has reported to and paid the Maltese tax authorities the VAT amounts that the Company considers correct and reasonable given the prevailing uncertain situation. These amounts may prove insufficient should the Maltese tax authorities apply a more restrictive interpretation of the VAT regulations than what the Company has deemed appropriate and correct at this time. In addition, the Company is taking action to minimise the risk of future VAT.

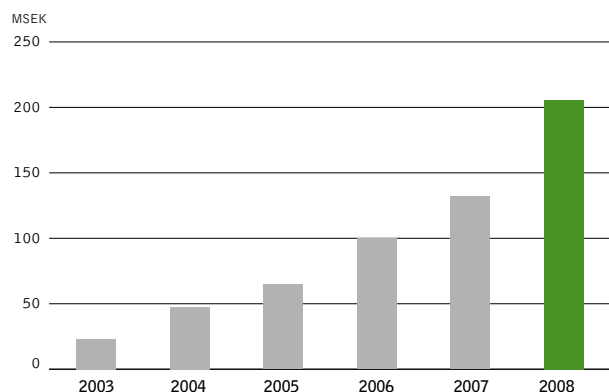
EARNINGS AND FINANCIAL POSITION

Revenue and profit

Despite global economic unrest in 2008, the Company demonstrated sound growth as a result of continued strong market advances. Another four successful product releases with new games were launched during the year and 20 new customers' casinos were launched, thereby further boosting revenues. 20 new agreements (18 and 16, respectively) were signed for CasinoModule™ in 2008. This generated revenue in the form of licence revenues and setup fees. The Company has terminated its agreements with a number of smaller customers whose casinos have not generated the required minimum revenues. The Company's customer base now therefore comprises operators with healthy cash flows and steady growth.

Revenues rose to SEK 204.6 (131.1 and 99.5, respectively) million in 2008, a 56.0 percent increase over the previous year. Operating profit increased to SEK 87.8 (50.6 and 40.8, respectively) million and the operating margin was 42.7 percent (38.3 and 40.9, respectively).

Revenue for the past six years is presented in the diagram below.



Higher volumes throughout 2008 led to a very strong increase in royalty revenues over the previous year. However, higher volumes have led to a lower average price since the customers have a staggered price system in which a higher volume gives a lower price. Royalty levels for each step remained stable during Q4 and the year. Fluctuations in currency exchange rates had a positive effect on Net Entertainment's revenue growth in 2008, especially in the fourth quarter, compared

with the same period last year. Approximately 6 percent of increased revenue was attributed to exchange rate factors throughout the year and 14 percent in the fourth quarter. By far the largest share of increased revenue is thus attributable to higher volumes.

Royalty revenues accounted for 93 percent (93 and 96, respectively) of total revenue.

The operating profit rose by 74 percent (24 and 122, respectively) over the previous year. The increase is due to a increase in revenue and a moderate increase in operating expenses in relation to the revenue increase, as most of these are fixed costs. Operating expenses were higher than last year since the Company has stepped up of development pace to secure a leading market position and broaden its product portfolio. Contract developments in the Ukraine and external development resources in Stockholm help to increase the rate of development. This has also resulted in higher capitalization of intangible assets. The Company has also incurred costs related to the listing on the NASDAQ OMX Stockholm stock exchange.

At the close of 2008, the Company had contracts with 16 new customers that had not been launched.

Cash and cash equivalents, financing and financial position

The Group's cash flow from operating activities amounted to SEK 89.1 (35.9 and 36.4, respectively) million. Cash flow from investing activities amounted to SEK -23.4 (-13.4 and -18.6, respectively) million. The cash flow from financing activities resulted in an outflow of SEK -29.7 (-9.9 and -9.9, respectively) million attributable to the payment of dividends to shareholders. At the close of the year, consolidated cash and cash equivalents amounted to SEK 65.1 (25.9 and 13.1, respectively) million, of which SEK 12.2 (5.4 and 0.0, respectively) million are funds held on behalf of licensees. The Group's strong liquidity is a result of the strong cash flow generated by operating activities.

The Group had an effective tax rate of 7.0 percent (9.6 and 28.5, respectively) in 2008. The Group's effective tax rate is primarily affected by the distribution of profit between Sweden and the countries in which the Group conducts operations. Since earnings for 2008 in Sweden were lower than for the previous year, the effective tax rate for the Group is lower.

Investments

The Group's capitalization of development costs as intangible assets amounted to SEK 16.9 (10.5 and 14.6, respectively) million in 2008 and capital investment in property, plant and equipment amounted to SEK 6.6 (3.0 and 4.5, respectively) million. Capitalised development expenses increased mainly as a result of greater activity in this area and the type of work that is being carried out since not everything meets the IAS 38 requirements for capitalisation. Servers and other computer equipment were recorded as fixed asset investment along with consultants' fees and other expenses directly attributed to completion of the asset.

Parent Company

Parent Company revenues for the year were SEK 111.0 million compared with SEK 78.1 million last year. Operating profit amounted to SEK 2.3 (4.9) million and profit after tax amounted to SEK 57.7 (33.0) million. Financial income includes anticipated dividends from the Maltese subsidiary.

Parent Company revenues comprise services provided by subsidiaries. The Parent Company does not capitalise development expenses since the projects are ordered and owned by the Maltese subsidiary. The original technology is still owned by the Parent Company and generates royalties.

Cash and cash equivalents in the Parent Company amounted to SEK 14.6 (12.5) million at year-end.

PERSONNEL AND ORGANISATION

At year-end, there were 85 (67 and 53, respectively) employees. Including subcontractors, Net Entertainment employed 132 (77 and 63, respectively) persons. At the end of February 2009, the Company had 93 employees and 57 subcontractors.

Three new members joined the executive management in 2008 – Bertil Jungmar as Chief Financial Officer, Mathias Crona, Strategy and Business Development and Fredrik Petersson, Product Ownership. The IT operations and delivery organisation has gradually been strengthened during the autumn, partly by introducing clearer processes and management to meet the increasing volumes and demands generated by new customers.

A partially new organisation was created in March 2009 to bring clearer focus and build stronger decision-making structures linked to the Company's rapid growth. The new organisation brings product ownership, development, testing, IT operations and product delivery into a coherent function under the responsibility of the Chief Technology Officer. Patrick Fröding, formerly CTO at Teligent AB, has been appointed CTO on a temporary basis.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

Guidelines adopted by the 2008 Annual General Meeting

It is of fundamental importance, from both a short and long-term point of view, that the principles of remuneration and other terms of employment provide a sound structure that enables the Company to attract, retain and motivate competent personnel. The Company must therefore have just and internally balanced conditions that simultaneously are competitive. Terms of employment for senior executives should contain a well-balanced combination of fixed salary, annual bonus, incentive schemes, pension benefits and conditions relating to termination of employment.

Remuneration should be based on performance and should therefore consist of a combination of fixed salary and variable compensation, where variable compensation constitutes a relevantly large share of the overall remuneration.

Remuneration to the CEO and other senior executives comprises fixed salary, variable compensation, benefits and pension. The fixed salary shall be related to the individual's role, competence, experience and responsibility and shall be reviewed annually. Variable compensation shall be based on the attainment by the individual of quantitative and qualitative goals. Pension benefits are defined-contribution.

The annual variable remuneration may be no more than 100 percent of the fixed salary and is based on the actual achievement of specified financial and operational objectives. Terms for variable compensation should include the lowest achievement level in relation to objectives. No compensation is paid for achievements below this level. Variable compensation with a deferred payment arrangement (between 12 and 24 months) may be offered to secure long-term

commitment, continued employment and internationally competitive remuneration. A delayed compensation arrangement pays 50 percent of the fixed salary at maximum and, in all other respects, the principles for annual variable compensation apply.

Pension benefits should offer market-based terms, be defined contribution and allow a maximum contribution of 33 percent of the pensionable salary. Other benefits should be on market terms and should make up a smaller part of the total remuneration package.

The notice period should be between three and six months. Severance pay, including the notice period, should not exceed 18 months' salary.

Proposal to the 2009 Annual General Meeting for changes to the guidelines for remuneration of senior executives

The Board of Directors proposes that the Annual General Meeting shall approve the introduction of a warrant scheme for senior executives and key persons.

NOMINATING COMMITTEE

Per Hamberg (the Kling and Hamberg families) and Martin Larsson (the Eriksson, Lundström and Knutsson families and himself) have been appointed, together with the Chairman of the Board, as the Nominating Committee for the 2009 Annual General Meeting, in accordance with the principles for the appointment of a Nominating Committee as adopted by the 2008 AGM. The Nominating Committee shall announce a list of nominees prior to or on the date of issuing the invitation to the Annual General Meeting. The term of office of the Nominating Committee runs until a new Nominating Committee is appointed in accordance with a decision on the constitution of a Nominating Committee at the 2009 Annual General Meeting.

EVENTS AFTER THE END OF THE FISCAL YEAR

In January 2009, the Company announced that two breakthrough agreements had been signed for CasinoCafé™ with Delta Invest Ltd in Russia and PCP Electronics Ltd on Cyprus. Delta Invest has considerable experience of land-based gaming operations and will incorporate CasinoCafé™ into its network in more than 500 shops throughout Russia. PCP Electronics also has extensive experience of land-based gaming and operates arcades across the whole of Cyprus. PCP Electronics aims to install CasinoCafé™ in 20 arcades on Cyprus over a twelve-month period. CasinoCafé™ will be installed and launched in the second quarter of 2009. CasinoCafé™ is a new product line for Net Entertainment. It is possible that Delta Invest may become one of the Company's single largest licensees if Delta Invest achieves the goals that it has set.

The Parent Company's Series B shares began trading on the NASDAQ OMX Stockholm Stock Exchange on January 13, 2009.

A partially new organisation was created in March 2009 to bring clearer focus and build stronger decision-making structures linked to the Company's rapid growth. The new organisation brings product ownership, development, testing, operations and product delivery into a coherent function under the responsibility of the Chief Technology Officer.

FUTURE DEVELOPMENTS

Net Entertainment is constantly evaluating opportunities to add more products to its portfolio through acquisitions and its own product development as well as in gaming segments other than casino games. New users who have not played previously, such as women and older persons, are key drivers behind the underlying market growth and also place different demands on the products. Net Entertainment has customers in Europe and will continue to focus on the European market. At the same time, it is keeping track of developments in the rest of the world, especially Asia, which is expected to become a major online gaming market in the future.

Internet-based gaming is forecasted to grow by more than 20 percent on average in the next few years. Other driving factors, in addition to those above, are the migration from land-based gaming to Internet-based gaming and a general increase in gaming activities. Although the financial unrest has not yet had an effect on Internet-based gaming, it should not be ruled out that a long-term recession could lead to a decrease in gaming per capita as household incomes fall.

THE SHARE

Net Entertainment's share capital is SEK 1,190,566.85 distributed across 5,610,000 Series A shares with ten votes per share and 33,943,716 Series B shares with one vote per share. Holders of Series A shares are entitled, within the parameters for the highest number of Series B shares that may be issued under the articles of association, to propose in writing to the Board of Directors that one or more Series A shares be converted to Series B shares. All classes of shares have equal rights to Net Entertainment's assets and earnings. In the event of liquidation, shareholders are entitled to a share of the surplus in relation to the number of shares held by the shareholder. A shareholder may vote for the full number of shares represented at the Annual General Meeting.

There are no outstanding warrants in the Company. Nor has Net Entertainment issued any convertible debentures.

On December 31, 2008, Per Hamberg directly or indirectly owned 8.91 percent of the shares and 20.90 percent of the votes and Rolf Lundström 6.54 percent of the shares and 14.38 percent of the votes.

Mandate for new share issues

The Annual General Meeting held on April 10, 2008, granted Net Entertainment's Board of Directors the authority to decide, on one or more occasions prior to the next AGM and with or without preferential rights for the Company's existing shareholders, to issue up to 4,000,000 new Series B shares for a cash payment and/or determination of subscription in kind or through offset or otherwise, subject to conditions. If the authorisation is used in full, it corresponds to an increase of about 10.1 percent of share capital and about 4.4 percent of the votes in the Company. The reason for allowing new shares to be issued without the shareholder's preferential right is to allow financing to be provided in a time efficient manner in connection with company acquisitions.

Authorisation for repurchase and disposal of the Company's own shares

The Annual General Meeting held on April 10, 2008, granted Net Entertainment's Board of Directors the authority to resolve on the acquisition of as many shares in the Company as possible, without the Company's holding at any time exceeding 10 percent of the total number of shares in the Company. The shares shall be acquired on a regulated market where shares in the Company are listed and only at a price within the price range registered at any given time or through a purchase offer to all shareholders. The Board of Directors was further authorised to decide on the sale of shares in the Company as payment upon the acquisition of companies or businesses. The shares shall be sold at a price equivalent to the quoted share price on the transfer date. It shall also be possible to sell shares to finance such acquisitions and, in such cases, shares shall be sold on a regulated market where shares in the Company are listed and at a price within the share price range registered at the time.

The articles of association are available for viewing on the website, www.netent.com.

Proposed dividends

The Board of Directors proposes that no dividend is paid for the fiscal year 2008.

The Board of Directors proposes the Annual General Meeting to resolve upon the transfer of SEK 49,442,145 (equivalent to SEK 1.25 per share) to the shareholders through a share redemption programme. The record date is planned for May 8, 2009. The complete proposal and an information folder will be available for download two weeks prior to the Annual General Meeting. Information will be available to shareholders at the Company and on its website www.netent.com as from April 15. The information will also be sent free of charge to those shareholders who so request and provide their postal address.

THE BOARD OF DIRECTOR'S PROPOSED ALLOCATION OF PROFIT IN THE PARENT COMPANY

The following profits are at the disposal of the Annual General Meeting:

Opening profit brought forward	6,995,044
Profit/loss for the year	57,691,147
	<u>64,686,191</u>

The Board of Directors proposes:

That the following amount should be carried forward	64,686,191
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The Group's and Company's earnings and financial position are otherwise presented in subsequent income statements, balance sheets, statements of changes in equity and cash flow analyses, with accompanying notes, additional comments and information, which form an integral part of this annual report.

INCOME STATEMENT – GROUP

SEK 000	Note	2008	2007	2006
Revenue	3	204,602	131,145	99,475
Other revenue	4	971	875	298
Total operating revenue		205,573	132,020	99,773
OPERATING EXPENSES				
Personnel expenses	5	-52,630	-36 105	-20,613
Depreciation/amortization	11, 12	-15,513	-7 839	-4,407
Other operating expenses		-49,627	-37 496	-33,952
Total operating expenses		-117,770	-81,440	-58,972
Operating profit		87,803	50,580	40,801
FINANCIAL ITEMS				
Financial income	7	2,757	411	237
Financial expense	8	-4,607	-187	-1,195
Total financial items		-1,850	224	-958
Profit before tax		85,953	50,804	39,843
Income tax	9	-5,986	-4,893	-11,361
Profit for the year		79,967	45,911	28,482
OF WHICH ATTRIBUTED TO:				
Parent Company shareholders		79,967	45,911	28,482
Basic earnings per share (SEK)	10	2.02	1.16	0.72
Diluted earnings per share (SEK)	10	2.02	1.16	0.72
Proposed/implemented dividend per share		1.25	0.75	0.25

BALANCE SHEET – GROUP

SEK 000	Note	Dec 31, 2008	Dec 31, 2007	Dec 31, 2006
ASSETS				
FIXED ASSETS				
Intangible fixed assets	11	31,409	24,246	19,534
Tangible fixed assets	12	10,788	5,860	4,722
Other long-term receivables	14	5	18	42
Total fixed assets		42,202	30,124	24,298
CURRENT ASSETS				
Accounts receivable	15	11,254	11,143	5,386
Prepaid expenses and accrued income	16	30,040	15,874	7,889
Current tax assets		9,641	–	–
Other receivables	18	3,744	2,085	5,935
Cash and cash equivalents	19	65,132	25,915	13,053
Total current assets		119,811	55,017	32,263
TOTAL ASSETS		162,013	85,141	56,561
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	20	1,191	1,191	1,187
Other capital contributed		34,200	34,200	34,204
Reserves		13,847	801	–232
Retained earnings incl. profit for the year		67,255	16,953	–19,069
Total equity		116,493	53,145	16,090
LONG-TERM LIABILITIES				
Deferred tax liabilities	17	1,676	2,195	835
Total long-term liabilities		1,676	2,195	835
CURRENT LIABILITIES				
Accounts payable		9,541	4,739	3,159
Current tax liabilities		–	8,922	5,172
Other liabilities	22	17,147	7,399	21,047
Accrued expenses and deferred income	23	17,156	8,741	10,258
Total current liabilities		43,844	29,801	39,636
TOTAL EQUITY AND LIABILITIES		162,013	85,141	56,561
Pledged assets		None	None	None
Contingent liabilities	24	0	0	None

CHANGES IN EQUITY – GROUP

SEK 000	Note 20	Share capital	Other capital contributed	Reserves	Retained earnings incl. profit for year	Total equity
Opening equity Jan 1, 2006		1,021	34,204	–	–23,096	12,129
Translation differences for the year				–232		–232
Total changes in value recognised directly in equity, excl. transactions with company's owners				–232		–232
Profit for the year					28,482	28,482
Total changes in value, excl. transactions with company's owners				–232	28,482	28,250
Dividend to former Parent Company (Betsson AB)					–9,889	–9,889
Group contributions to former Parent Company (Betsson AB)					–20,000	–20,000
Effect of taxation on Group contribution					5,600	5,600
Bonus issue and split		166			–166	–
Closing equity Dec 31, 2006		1,187	34,204	–232	–19,069	16,090
Opening equity Jan 1, 2007		1,187	34,204	–232	–19,069	16,090
Translation differences for the year				1,033		1,033
Total changes in value recognised directly in equity, excl. transactions with company's owners				1,033		1,033
Profit for the year					45,911	45,911
Total changes in value, excl. transactions with company's owners				1,033	45,911	46,944
Dividend paid					–9,889	–9,889
Bonus issue		4	–4			–
Closing equity Dec 31, 2007		1,191	34,200	801	16,953	53,145
Opening equity Jan 1, 2008		1,191	34,200	801	16,953	53,145
Translation differences for the year				13,046		13,046
Total changes in value recognised directly in equity, excl. transactions with company's owners				13,046		13,046
Profit for the year					79,967	79,967
Total changes in value, excl. transactions with company's owners				13,046	79,967	93,013
Dividend paid					–29,665	–29,665
Closing equity Dec 31, 2008		1,191	34,200	13,847	67,255	116,493

There is no minority interest in the Group. All equity is therefore attributable to Parent Company shareholders.

CASH FLOW STATEMENT – GROUP

SEK 000	Note	2008	2007	2006
OPERATING ACTIVITIES				
Profit after financial items		85,953	50,804	39,843
Adjustments for non-cash items				
– Depreciation/amortization	11, 12	15,513	7,839	4,407
– Capital gain/loss on sales		–	–	–130
– Other		5,803	529	398
Income taxes paid		–24,988	184	–795
Cash flow from operating activities before changes in working capital		82,281	59,356	43,723
Change in receivables		–16,172	–9,892	3,036
Change in accounts payable		4,802	1,580	1,751
Change in current liabilities		18,162	–15,165	–12,128
Cash flow from operating activities		89,073	35,879	36,382
INVESTING ACTIVITIES				
Acquisition of intangible fixed assets	11	–16,867	–10,460	–14,560
Acquisition of tangible fixed assets	12	–6,560	–3,003	–4,461
Sale of tangible fixed assets		–	–	190
Disposal of other financial fixed assets		13	24	–8
Change in long-term receivables		–	–	278
Cash flow from investing activities		–23,414	–13,439	–18,561
FINANCING ACTIVITIES				
Dividend paid		–29,665	–9,889	–9,889
Cash flow from financing activities		–29,665	–9,889	–9,889
CASH FLOW FOR THE YEAR				
		35,994	12,551	7,932
Cash and cash equivalents at beginning of year		25,915	13,053	5,535
Exchange rate differences in cash and cash equivalents		3,223	311	–414
Cash and cash equivalents at year-end	19	65,132	25,915	13,053
Additional disclosures				
Unutilized credit facilities amounted to		–	–	–
Interest paid during the period amounted to		290	187	16
Interest received during the period amounted to		1,192	411	237

INCOME STATEMENT – PARENT COMPANY

SEK 000	Note	2008	2007	2006
Revenue	3	111,005	78,050	110,022
Other revenue	4	249	874	293
Total operating revenue		111,254	78,924	110,315
OPERATING EXPENSES				
Capitalized work for own use		–	4,620	6,600
Other external expenses		–42,601	–32,827	–43,976
Personnel expenses	5	–57,276	–40,509	–25,963
Depreciation/amortization	11, 12	–8,869	–5,208	–4,275
Other operating expenses		–248	–56	–1,127
Total operating expenses		108,994	–73,980	–68,741
Operating profit		2,260	4,944	41,574
FINANCIAL ITEMS				
Profit/loss from interests in Group companies	6	52,830	29,515	–61
Interest and similar income	7	1,951	195	193
Interest and similar expense	8	–1,427	–186	–1,192
Total financial items		53,354	29,524	–1,060
Profit after financial items		55,614	34,468	40,514
Appropriations	21	2,982	–	–1,702
Profit before tax		58,596	34,468	38,812
Tax	9	–905	–1,458	–10,885
PROFIT FOR THE YEAR		57,691	33,010	27,927

BALANCE SHEET – PARENT COMPANY

SEK 000	Note	Dec 31, 2008	Dec 31, 2007	Dec 31, 2006
ASSETS				
FIXED ASSETS				
Intangible fixed assets	11			
Games and gaming systems		5,212	12,612	11,603
Concessions, patents and similar rights		–	–	224
Trademarks		–	44	94
Total intangible fixed assets		5,212	12,656	11,921
Tangible fixed assets	12			
Equipment and fittings		4,226	3,635	4,722
Total tangible fixed assets		4,226	3,635	4,722
Financial fixed assets				
Participating interests in Group companies	13	183	216	142
Other long-term receivables	14	5	5	42
Total financial fixed assets		188	221	184
TOTAL FIXED ASSETS		9,626	16,512	16,827
CURRENT ASSETS				
Current receivables				
Accounts receivable	15	–	4	2,965
Receivables from Group companies	27	61,225	29,545	15,528
Current tax assets		985	–	–
Other receivables	18	3,744	2,083	5,935
Prepaid expenses and accrued income	16	1,972	2,024	4,528
Total current receivables		67,926	33,656	28,956
Cash and bank balances	19	14,598	12,462	6,127
TOTAL CURRENT ASSETS		82,524	46,118	35,083
TOTAL ASSETS		92,150	62,630	51,910

SEK 000	Note	Dec 31, 2008	Dec 31, 2007	Dec 31, 2006
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY	20			
Restricted equity				
Share capital		1,191	1,191	1,187
Statutory reserve		38	38	38
Total restricted equity		1,229	1,229	1,225
Unrestricted equity				
Retained earnings		6,995	3,650	-14,385
Profit for the year		57,691	33,010	27,927
Total unrestricted equity		64,686	36,660	13,542
TOTAL EQUITY		65,915	37,889	14,767
Untaxed reserves	21	—	2,982	2,982
CURRENT LIABILITIES				
Accounts payable		9,078	4,504	3,159
Liabilities to Group companies	27	89	1,806	377
Tax liabilities	17	—	6,763	5,172
Other liabilities	22	1,024	924	21,048
Accrued expenses and deferred income	23	16,044	7,762	4,405
TOTAL CURRENT LIABILITIES		26,235	21,759	34,161
TOTAL EQUITY AND LIABILITIES		92,150	62,630	51,910
Pledged assets		None	None	None
Contingent liabilities		None	None	None

CHANGES IN EQUITY – PARENT COMPANY

SEK 000	Note 20	Share equity	Statutory reserve	Retained earnings	Profit for year	Total equity
Opening equity Jan 1, 2006		1,021	204	-10,383	20,287	11,129
Group contribution to former Parent Company (Betsson AB)				-20,000		-20,000
Effect of taxation on Group contribution				5,600		5,600
Profit for the year					27,927	27,927
Bonus issue and split		166	-166			-
Total changes in value, excl. transactions with company's owners		1,187	38	-24,783	48,214	24,656
Allocation adopted by Annual General Meeting				20,287	-20,287	-
Dividend paid in accordance with Extraordinary General Meeting resolution				-9,888	-	-9,888
Closing equity Dec 31, 2006		1,187	38	-14,384	27,927	14,767
Opening equity Jan 1, 2007		1,1187	38	-14,384	27,927	14,767
Profit for the year					33,010	33,010
Bonus issue		4		-4		-
Total changes in value, excl. transactions with company's owners		1,191	38	-14,388	60,937	47,777
Allocation adopted by Annual General Meeting				18,039	-27,927	-9,888
Closing equity Dec 31, 2007		1,191	38	3,650	33,010	37,889
Opening equity Jan 1, 2008		1,191	38	3,650	33,010	37,889
Profit for the year					57,691	57,691
Total changes in value, excl. transactions with company's owners		1,191	38	3,650	90,701	95,580
Allocation adopted by Annual General Meeting				3,345	-33,010	-29,665
Closing equity Dec 31, 2008		1,191	38	6,995	57,691	65,915

CASH FLOW STATEMENT – PARENT COMPANY

SEK 000	Note	2008	2007	2006
OPERATING ACTIVITIES				
Profit after financial items		55,614	34,468	40,514
Adjustments for non-cash items				
– Depreciation/amortization	11, 12	8,869	5,208	4,275
– Capital gain/loss on sales of fixed assets		–	–	–131
– Other		–	–297	205
Income taxes paid		–8,302	–218	–751
Cash flow from operating activities before changes in working capital		56,181	39,161	44,112
Change in receivables		–33,601	–3,930	–6,350
Change in accounts payable		4,575	1,345	1,751
Change in current liabilities		6,630	–15,756	–17,528
Cash flow from operating activities		33,785	20,820	21,985
INVESTING ACTIVITIES				
Acquisition of intangible fixed assets	11	–	–4,620	–6,819
Acquisition of tangible fixed assets	12	–2,560	–2,759	–4,461
Disposal of tangible fixed assets		543	2,820	190
Acquisition of shares and participating interests	13	–	–	–53
Disposal of shares and participating interests	13	33	34	–
Increase in share capital	13	–	–108	30
Change in long-term receivables		–	37	–
Cash flow from investing activities		–1,984	–4,596	–11,113
FINANCING ACTIVITIES				
Dividend		–29,665	–9,889	–9,889
Cash flow from financing activities		–29,665	–9,889	–9,889
CASH FLOW FOR THE YEAR				
Cash and cash equivalents at beginning of year		12,462	6,127	5,349
Exchange rate differences in cash and cash equivalents		–	–	–205
Cash and cash equivalents at year-end	19	14,598	12,462	6,127
Additional disclosures				
Unutilized credit facilities amounted to		–	–	–
Interest paid during the period amounted to		255	135	13
Interest received during the period amounted to		488	187	193

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

Net Entertainment NE AB (Parent Company, corporate registration number 556532-6443) and its subsidiaries (together, the Group) is a Swedish IT consultancy group, which develops and licenses software for Internet-based gaming. The company was founded in 1996 and its customers consists of about sixty international gaming companies. Revenue consist of royalties based on revenues generated by the company's products and setup fees when new agreements are signed. Net Entertainment is a pure development company and thus does not conduct any gaming operations of its own. The company's brand is internationally recognised and associated with innovation, service, and quality.

All technical developments is carried out at the Group's Stockholm office, and all commercial operations such as sales, marketing, and product management are carried out at Malta office.

The Parent Company is listed on NASDAQ OMX Stockholm as of Jan 13 2009. It was previously listed on the Nordic Growth Market (NGM) Equity since April 5, 2007. This annual report was approved for publication by the Board of Directors on March 26, 2009. The Statements of Income and Balance Sheets shall be adopted at the Annual General Meeting on April 29, 2009.

NOTE 2 ACCOUNTING AND VALUATION PRINCIPLES

Preparation of the report

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the statements of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU Commission for application within the EU. The Group has also applied the Swedish Financial Accounting Standards Council's recommendation RFR 1.1 "Supplementary accounting regulations for groups".

This Annual Report has been prepared by the Parent Company with subsidiaries distributed by Betsson AB (publ) as per March 30, 2007. The Group has been historically created via transactions under common control of the former Betsson Group. IFRS 3 provides no guidelines for such transactions and IAS 8 guidelines specify that related standard regulations in such a situation can be used as a principle basis for reporting the specific event. The US GAAP accounting principles provide such a regulatory framework and the principle that has thus been chosen is the preparation of the consolidated financial statements according to the historical value method ("predecessor basis").

This means that the subsidiaries that were subsidiaries of Net Entertainment NE AB on March 30, 2007 and whose operations (under the application of the historical value method of accounting) are historically considered to belong to the Group, have been included in the consolidated financial statements for comparison with 2006 figures. The subsidiaries in Malta (see note 13) were brought over from other companies in the Betsson Group on January 1, 2006. The transaction took place under common control and at book value and no revaluation of assets or liabilities has taken place on account of this. Likewise, the consolidated financial statements do not

include subsidiaries which at the start of 2006 but no later than March 30, 2007 belonged to the Group.

Prerequisites for preparing the Group's financial reports

The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the Parent Company and the Group. This means that the financial reports are presented in SEK. Unless otherwise specified, all amounts are rounded to the nearest thousand. Assets and liabilities are recognised at acquisition value, apart from some financial assets and liabilities that are measured at fair value.

The most important accounting principles in the preparation of these consolidated financial statements are stated below. These principles have been applied consistently for all the years presented, unless otherwise stated.

The Parent Company applies the same principles as the Group, with the exception that the Parent Company also applies RFR 2.1 "Reporting for Legal Entities". This results in certain differences caused by the requirements of the Annual Accounts Act or by tax considerations. The accounting principles for the Parent Company are stated below in the section 'Parent Company accounting principles'.

Standards, changes and interpretations that came into force in 2008

IAS 39 (Amendment), Financial instruments; Recognition and measurement, establishes principles for the initial recognition of financial instruments, measurement, valuation and accounting. The amendment to IAS 39 have had no impact on the Group's accounting policies as of 2008.

IFRS 7, Financial instruments: Disclosures, and the supplementary change of IAS 1, Presentation of Financial Statements – Capital Disclosures. This standard concerns extended disclosure requirements relating to financial instruments but has no effect on the presentation and valuation of the Group's financial instruments.

Standards, changes and interpretations that came into force in 2008 but that are not relevant for the Group

IFRIC 11, IFRS 2 – Group and Treasury Share Transactions, implies share-based payment involving an entity's own equity instruments in which the entity is required to buy its own equity instruments to settle the share-based payment obligation should always be accounted for as equity-settled share-based payment transactions. IFRIC 11 is compulsory for the Group's financial reporting and has been applied retrospectively. The adoption of this accounting policy has had no impact on the Group's accounting policy because the Group does not adopt share-based payment to fulfil its obligations towards employees.

IFRIC 12, Service Concession Arrangements (effective from 1 January, 2008). This interpretation is still subject to endorsement by the EU. IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public service sector. The Group does not supply services to the public sector.

IFRIC 14, "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective from 1 January, 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of surplus that can be recognised as an asset. IFRIC 14 has had no impact on the Group's accounts.

Standards and changes of existing standards which still have not come into force and which have not been applied in advance by the Group

IAS 1 (Amendment), Presentation of Financial Statements (effective from January 1, 2009). The amendment is still subject to endorsement by the EU. The amendments primarily involve changes in format and designations of the financial reports. Thus, the Group's future format of its financial reports will be affected by the introduction of this standard.

IAS 23 (Amendment), Borrowing costs (effective from January 1, 2009). The amendment is still subject to endorsement by the EU. The amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed.

IAS 27 (Amendment), Consolidated and Separate Financial Statements (effective from July 1, 2009). The amendment is still subject to endorsement by the EU. The amendment requires that income attributable to non-controlling interests must always be recognised even if this means that the share of the non-controlling interests is negative, that all transactions with non-controlling interests must be recognised in equity and that, in cases where a parent company loses the controlling interest, any remaining share must be reassessed at fair value. This amendment to the standard will affect the accounting for future transactions.

IAS 32 (Amendment), Financial instruments (effective from 1 January, 2009). The amendment requires some financial instruments that fulfil the definition of financial liabilities to be classified as equity. The amendment of the standard will not have any impact on the Group's account.

IAS 39 (Amendment), Financial instruments (effective from January 1, 2009). The amendment permits reclassification of some financial assets from category "Fair value through profit and loss" and classified as "Held for trading", if "exceptionell" circumstances occur.

IFRS 1 (Amendment), First-time adoption of IFRS (effective from 1 January, 2009). The amendment requires shares in subsidiaries to be recognised according to previous GAAP or at fair value when adopting IFRS 1, and dividends from subsidiaries are recognised only after a compulsory impairment test of the shares.

IFRS 2, Share-based Payment (Amendment) – Vesting Conditions and Cancellations (effective from January 1, 2009). The amendment clarifies the definition of vesting conditions and introduces the concept of "non-vesting conditions" (conditions not defined as vesting conditions). The Group currently has no share-based remuneration.

IFRS 3 (Amendment), Business Combinations (effective from July 1, 2009). This amendment is still subject to endorsement by the EU. The amendment applies proactively to combinations after the date it comes into force. The application will mean a change in accounting for future business combinations, e.g. accounting of transaction costs, possible conditional purchase prices and successive acquisitions. The amendment will not have any impact on previous business combinations but will affect the accounting for future business combinations.

IFRS 8, Operating segments (effective from January 1, 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the USA standard SFAS 131, Disclosures about segments of an enterprise and related information. The new standard requires an entity to adopt the "management approach" for presenting the segment information, which means that it is presented in the way that is used in the internal reporting. The Group will implement IFRS 8 from January 1, 2009.

Interpretations of existing standards which still have not come into force and which are not relevant for the Group

IFRIC 13, Customer Loyalty Programmes (effective from July 1, 2008). This interpretation is still subject to endorsement by the EU. IFRIC 13 clarifies that when goods or services are sold together with some form of customer loyalty incentive (e.g. loyalty points or free products), the arrangement is a

multiple-element agreement. At present, the Group does not have any loyalty programmes which fall within IFRIC 13.

IFRIC 15, Agreement for the construction of real estate (effective from January 1, 2009). This is still subject to endorsement by the EU. This standard will not have any impact on the Group's accounts.

IFRIC 16, Hedges of net investments in a Foreign Operation, (effective from October 1, 2008 or later). IFRIC 16 deals with currency risk that qualifies for hedge accounting. The Group does not apply hedge accounting wherefore this interpretation will not have any impact on the Group account's.

IFRIC 17, Distribution of Non-cash Assets to Owners, (effective from July 1, 2009 or later). This is still subject to endorsement by the EU. This interpretation will not have any impact on the Group's accounts.

IFRIC 18, Transfer of Assets from Customers, (effective from July 1, 2009 or later). This is still subject to endorsement by the EU. This interpretation will not have any impact on the Group's accounts.

CLASSIFICATIONS

Assets are classified as current assets if they are expected to be sold or are intended to be sold or used in the Company's normal operating cycle, if they are held primarily for trading purposes, if they are expected to be sold within twelve months after the balance sheet date or if they are cash or cash equivalents. All other assets are classified as fixed assets. Liabilities are classified as current liabilities if they are expected to be settled in the Company's normal operating cycle, if they are owned primarily for trading purposes, if they are expected to be settled within twelve months after the balance sheet date or if the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date. All other liabilities are classified as long-term liabilities.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the Parent Company and entities in which the Parent Company, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies so as to obtain economic benefits.

Principles of consolidation

The consolidated financial statements have been prepared in accordance with the purchase method of accounting. This means that the Parent Company indirectly acquires the subsidiary's assets and takes over its liabilities. The cost of an acquisition is measured as the fair value of the assets given, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The difference between the cost of acquisition of the shares and the fair value at the time of acquisition of the Group's share of the identifiable net assets acquired is recognised as consolidated goodwill. If the cost of acquisition is less than the fair value, the difference is recognised directly in the income statement.

The subsidiaries' income, expenses, assets and liabilities are included in the consolidated financial statements from the date on which control arises (acquisition date) until the date on which control ceases. Intra-Group receivables, liabilities and transactions and any associated gains, are eliminated in their entirety.

Translation of foreign operations

Operations that do not have the SEK as their functional currency are translated to SEK using the current method. This means that all assets, provisions and other liabilities are translated at the closing rate, and income statement items are translated at the average rate. Exchange differences arising during this conversion (translation differences) are recognised directly in equity. Independent foreign operations are sold at their accumulated translation differences, less any hedging in the consolidated financial statements.

Revenue

Net Entertainment's revenue is largely dependent on the licensing of online gaming products/services. Revenue consists of the fair value of what is received or will be received for services sold in the Group's operating activities excluding VAT and discounts, and after elimination of internal Group sales. All invoicing takes place monthly in arrears.

CasinoModule™ and CasinoCafé™ generate license revenues in accordance with a royalty model and the size is determined by the earnings the product generates for the customer and is recognised in the period the customer uses the product. Other revenues from related consulting and service activities (start-up and delivery fees) are recognised as revenue when delivery has been made to the customer.

The Group reports a revenue when its amount can be reliably measured. It is likely that the Company will reap financial benefits in the future. If it is considered that the revenue figure cannot be measured in a reliable manner before all obligations with regard to the sale have been fulfilled or have lapsed, the Group bases its assessments and estimates on historical outcomes and takes into account the type of customer, type of transaction and special circumstances in each individual case. If there are any circumstances that might change the original assessment of the size of the revenue, the estimates shall be reviewed. These reviews can result in increases or decreases of the estimated revenue or expenses and affect the revenue during the period that the circumstances that caused the change came to the knowledge of the company management.

Other operating revenue

Revenues from non-core activities are reported as other operating revenue. This item mainly includes recovered amortized receivables, exchange gains from operations and profit from the sale of fixed assets.

Other operating expenses

Costs of secondary activities in ordinary operations relating to operating receivables and operating liabilities are reported as other operating expenses. This item mainly includes exchange losses from operations and losses on the sale of fixed assets and businesses.

Segment reporting

The Company's only product (primary segment) is CasinoModule™. Geographically, Net Entertainment's partners (gaming sites, betting companies) offer gaming to their customers in many different countries. Net Entertainment does not have access to information about the end customer (the player) and therefore cannot determine where gaming revenues originate geographically. The domicile of Net Entertainment's direct customers' (gaming sites) is determined by reasons completely different to proximity to the local market, for instance appropriate gaming legislation, tax-related reasons or other reasons. The advantage of the Internet is that it is a global, cross-border form of distribution, where gaming site owners can be domiciled anywhere in the world and still serve many local markets around the world. Dividing operations into geographical segments according to these companies' legal domicile would not provide relevant information. Similarly, the Net Entertainment Group's operations are spread geographically for legal and tax-related reasons.

Cash flow statement

The cash flow statement is prepared using the indirect method. The recognised cash flow only covers transactions that result in incoming or outgoing payments. This means that discrepancies may occur compared with changes in individual items in the balance sheet.

Intangible fixed assets

Development expenditure is capitalized to the extent that it is expected to result in future economic benefits. Only expenditure associated with the development phase of online gaming products, systems and platforms is capitalized

and recognised as an asset from the date on which the decision is made to complete the project and when conditions allow this. The carrying amount includes expenditure on materials, purchased services, direct payroll expenses and indirect expenses that can be reasonably and consistently attributed to the asset.

Development expenses are recognised in the balance sheet at cost, net of accumulated amortization and impairment losses. Regular assessments are made of the projects' income-generating capacity in order to identify any impairment requirements. Intangible fixed assets also include acquired gaming agreements, concessions and trademarks. These intangible assets are reported in the balance sheet at acquisition value, less accumulated amortization and impairment losses.

All intangible assets have limited useful life.

Tangible fixed assets

Tangible fixed assets are recognised in the balance sheet to the extent that they are expected to result in future economic benefit and that a reliable estimate of the acquisition value can be determined. Tangible fixed assets are recognised at historical cost, less accumulated depreciation and any impairment losses. Repairs and maintenance are expensed as they arise.

Depreciation/amortization and impairment

Depreciation/amortization is based on the original acquisition value less the calculated residual value and any impairment losses. Depreciation/amortization is applied on a straight-line basis over the asset's estimated useful life. Useful lives of assets (years):

- Trademarks, domain names max 5 years.
- Gaming agreements and concessions 3–5 years.
- Capitalized development expenses for games, gaming systems and gaming platforms are based on class of asset and amount to max 5 years.
- Computers and server equipment 4–5 years.
- Computers (workstations for developers, etc.) 1–3 years.
- Office equipment 3–7 years.

The residual value and useful life of an asset is reviewed annually. If the carrying amount of tangible, intangible or financial fixed assets in the Group appears excessive, impairment is identified and quantified by reference to the recoverable value of individual or naturally related types of assets, measured as the higher of net selling price and value in use. The value in use is measured as expected future discounted cash flow. An impairment loss is the difference between the carrying amount and the recoverable value. When a previously recognised impairment loss is no longer warranted, it is reversed. A reversal may not be higher than a value that does not exceed the carrying amount that would have been recognised (net of amortization or depreciation) had no impairment loss been recognised.

Borrowing costs

Borrowing costs are expensed in the income statement for the period to which they relate.

Financial instruments

Financial assets can be classified in the following categories:

(a) financial assets measured at fair value in the income statement, (b) loan receivables and accounts receivable and (c) available-for-sale financial assets. The classification is dependent upon the purpose for which the financial asset was acquired. Group management establishes the classification of the financial assets at the first accounting opportunity.

The Group does not have any assets which come under the categories (a) or (c).

Loan receivables and accounts receivable

Loan receivables and accounts receivable are financial assets that are not derivatives with fixed payments or payments that can be defined, and are not listed in an active market. They are included in current assets with the exception of items with an expiry date of more than 12 months from the closing date, which are classified as fixed assets. In this category, accounts receivable are categorised by Accounts Receivable and other receivables as well as Cash or cash equivalents in the balance sheet (see notes 15 and 19).

Accounts receivable

Accounts receivable are initially measured at accumulated acquisition value and then at accumulated acquisition value with application of the effective interest method, less any provision for impairment. Provision for impairment on accounts receivable is made when there is direct proof that the Group will not be able to collect all the amounts due under the original terms of the receivable. The amount of a provision is the difference between the asset's carrying value and the current value of assessed future cash flows, discounted using the original effective interest rate, and the adjustment is recognised in the income statement in sales costs. When an accounts receivable cannot be collected, it is completely written off accounts receivable.

Cash and cash equivalents

Cash and cash equivalents include cash, bank balances and other short-term investments with an expiry date within three months of the acquisition date.

Equity

Equity consists of registered shares, other contributions, translation differences, retained earnings and profit for the year. Ordinary shares are classified as equity. Transactions that can be directly attributed to issues of new shares or options are recognised, net after tax, in equity as a deduction from the issue amount. Other contributed capital pertains to contributions through new share issues. Additional costs derived from issue of new shares are recognised directly in equity as a reduction, net after tax, of the issue value. Translation reserves arise from translation differences due to conversion of shares in subsidiaries to the reporting currency.

Accounts payable

Accounts payable are initially recognised at fair value and then at the accumulated acquisition value using the effective interest method.

Other financial liabilities

Financial liabilities not held for trading are measured at accumulated acquisition value. Accumulated acquisition value is measured on the basis of the effective interest calculated when the liability was recognised. This means that surplus and deficit values and direct issue costs are accrued over the liability's maturity.

Financial investments

Financial investments are either financial fixed assets or short-term investments, depending on the purpose of the holding. If their maturity or expected period of ownership exceeds one year they are financial fixed assets, and if it is less than one year they are short-term investments. Financial investments comprising shares are either financial assets measured at fair value in the income statement or available-for-sale financial assets.

Interest-bearing securities acquired with the purpose of holding until maturity are classified as held-to-maturity financial assets and are measured at accrued acquisition value. Interest-bearing securities not acquired to be held until maturity are classified as available-for-sale financial assets. When financial assets are measured at fair value in the income statement, any changes in value are recognised in net financial income/expense.

Cash Flow Hedges

To reduce risk exposure in terms of exchange rate fluctuations, Net Entertainment began hedging parts of its future cash flow beginning 1 April 2008 through currency forward contracts. In September, Net Entertainment discontinued hedging and all hedging contracts expired in 2008. No currency forward contracts were held as of 31 December 2008.

All derivatives are recognised at fair value in the balance sheets. For derivative instruments qualifying as cash flow hedge, the effective portion of the changes in the fair value is recognised in separate equity categories until such time that the hedged item is recognised in the income statement. For derivative instruments that do not meet the criteria for hedge accounting, and for ineffective portions of derivatives qualifying for hedge accounting, changes in the fair value are recognised in the income statement as other interest income/expenses.

Taxes

Tax in the income statement consists of current tax and deferred tax. Current tax is tax (paid or received) that relates to the current year. This also includes adjustment of current tax attributable to prior periods.

Valuation of tax liabilities and receivables takes place at nominal amounts and in accordance with tax regulations and tax rates that are adopted or advised and, in all certainty, will be fixed. For items that are recognised in the income statement, related tax effects are also thus recognised in the income statement. Tax effects of items that are recognised directly in equity are recognised in equity.

Deferred tax is calculated using the balance sheet liability method based on temporary differences between reported and tax related values on assets and liabilities, and applying the tax rates and regulations adopted or advised at the balance sheet date and which are expected to apply when the affected deferred tax receivable is realised or the deferred tax liability is settled. Temporary differences are not taken into consideration in goodwill on consolidation or in differences attributable to shares in subsidiaries and associated companies which are not expected to be taxed in the near future. Untaxed reserves including deferred tax liabilities are reported in legal entities. Deferred tax assets relating to deductible temporary differences and loss carryforwards are only reported insofar as it will be possible to utilize them in the future and that they will result in lower future tax payments.

Leasing

Leasing is classified either as finance or operating leasing in the consolidated financial statements. Leasing of fixed assets where the Group is essentially exposed to the same risks and rewards as in direct ownership is classified as finance leasing. The leased asset is recognised in fixed assets and the corresponding rental liability falls under interest-bearing liabilities. Leasing of assets where the lessor essentially remains the owner of the asset is classified as operating leasing and the leasing charges are expensed on a straight-line basis over the leasing period. Details of operating leasing and rental agreements are shown in note 24.

Dividend

Proposed dividend is recognised as liability when approved at the Annual General Meeting.

Employee benefits**Pension expense and pension commitments**

The Group has various pension plans in different countries. The pension plans are normally financed by payments from the relevant Group companies and in some cases from employees. All pension plans are defined-contribution plans, which means that the Group does not have any legal or informal obligations when the contributions have been paid. The Group's disbursements for defined-contribution pension plans are reported as an expense during the period in which the employee performed the services to which the contribution relates.

Remuneration after termination of employment

The Group has no obligations to employees after they have retired or left their positions.

Termination benefits

Compensation is paid when an employee's job is terminated by Net Entertainment before the normal retiring date or when an employee voluntarily accepts severance pay. The Group recognises severance pay when it is demonstrably committed to either terminating the employment of employees in accordance with a detailed formal plan without the possibility of retraction, or providing termination benefits as a result of an offer which is made to encourage voluntary departure.

Bonus plans

The Group recognises a liability and an expense for bonus, based on various qualitative and quantitative standards. The Group provides for bonuses when earned and when there is a legal obligation or an informal obligation owing to previous practice.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event and it is likely that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made. In a situation where the effect of when the payment takes place is important, provisions are measured by discounting expected future cash flows at an interest rate before tax, so that it reflects the present market value of the expenditure required to settle the amount and, if applicable, the risks associated with the liability. A restructuring provision is recognised when the Group has defined a detailed, formal restructuring plan and the restructuring has either commenced or has been officially approved. No provision is made for future operating expenses.

Contingent liabilities

A contingent liability is recognised when there is a possible obligation arising from past events and its existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or when there is an obligation which is not reported as a liability or a provision due to the fact that it is not probable that an outflow of resources will be required to settle the obligation.

PARENT COMPANY'S ACCOUNTING PRINCIPLES

The Parent Company complies with the same accounting principles as the Group with the exception of that which is stated below.

Interests in subsidiaries are reported at acquisition value with deductions for possible depreciation.

Group and shareholder contributions are reported in accordance with the recommendations of the Swedish Financial Accounting Standards Council's Emerging Issues Task Force. Shareholder contributions are recognised directly in the equity of the recipient company and capitalised in the contributor's shares and participating interests. These assets are subsequently subject to impairment testing. Group contributions are reported on the basis of economic substance. This means that Group contributions made or received for the purpose of minimising the Group's total tax are recognised directly in retained earnings after a deduction for their current tax effect.

All leasing agreements are recognised as operating leasing.

Received dividends are recognised when the right to receive dividends is considered to be reliable.

In the Parent Company, owing to the connection between reporting and taxation, the deferred tax liabilities on untaxed reserves are recognised as a part of the untaxed reserves.

KEY ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions about the future. These estimates are used when preparing the financial reports. By definition, these predictions rarely match the actual results. The estimates and assumptions which involve a risk of significant adjustments in the carrying values of assets and liabilities in the next financial year are presented below. They are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are deemed reasonable in the circumstances.

Income tax and VAT

The Group is liable to pay tax in many different countries. Extensive assessments are required in order to establish the provisions for income tax. There are many transactions and calculations where the final tax is uncertain at the time when the transactions and calculations are carried out. At present, no extra provision has been made for any tax audit issues.

The company's services from Malta is exempt from VAT. However, the relevant authority's interpretation of the applicable Maltese VAT regulations relating to the company's liability to Malta VAT (18 percent) on services purchased was revised in 2007 and 2008 and may come to affect Net Entertainment Malta's purchases from Net Entertainment AB (see note 27). It is currently not possible to determine conclusively the extent to which the changed regulatory interpretation will affect costs. Net Entertainment has reported and in 2009 paid the VAT amounts that are deemed correct and reasonable by the company considering the current uncertainty. However, the amounts may be insufficient if the Maltese tax authority interprets the VAT regulations more restrictively than Net Entertainment currently assess and deems as correct. Net Entertainment is also taking measures to reduce the risk of additional VAT in the future.

Impairment tests

Every year, the Group's assets are tested to determine if any impairment has occurred in accordance with IAS 36. The Group has invested considerable amounts in the development of gaming platforms and their carrying amounts are compared with present value calculated future discounted cash flows.

Development expenses are recognised in the balance sheet at cost, net of accumulated amortization and impairment losses. Regular assessments are made of the projects' income-generating capacity in order to identify any impairment requirements.

NOTE 3 REVENUES

	GROUP			PARENT COMPANY		
	2008	2007	2006	2008	2007	2006
– License revenues, royalties	204,602	131,145	95,550	9,441	6,185	81,531
– Consulting revenues	–	–	3,857	98,991	71,803	28,423
– Invoiced expenses	–	–	65	2,573	62	65
– Rental revenues	–	–	3	–	–	3
Total	204,602	131,145	99,475	111,005	78,050	110,022

NOTE 4 OTHER REVENUES

	GROUP			PARENT COMPANY		
	2008	2007	2006	2008	2007	2006
OTHER OPERATING REVENUE						
– Capital gain on the sale of fixed assets	–	–	293	–	–	293
– Bad debts recovered	82	–	–	–	–	–
– Exchange differences, operations	517	853	–	–	853	–
– Other	372	22	5	249	21	–
Total	971	875	298	249	874	293

NOTE 5 EMPLOYEE BENEFITS

AVERAGE NUMBER OF EMPLOYEES

	2008		2007		2006	
	Average number of employees	Of which men	Average number of employees	Of which men	Average number of employees	Of which men
Sweden	61	76%	55	72%	41	73%
Malta	9	61%	5	65%	1	0%
Costa Rica	–	–	–	–	1	100%
Group total	70	75%	60	72%	43	72%

SALARIES AND SOCIAL SECURITY EXPENSES

	2008		2007		2006	
	Salaries	Social security expenses (of which pension costs)	Salaries	Social security expenses (of which pension costs)	Salaries	Social security expenses (of which pension costs)
PARENT COMPANY						
Board of Directors and the CEO	3,859	1,791 (729)	2,780	1,223 (600)	198	139 (60)
Other employees Sweden	31,438	12,829 (2,726)	22,787	10,176 (2,098)	17,369	7,121 (1,469)
Total Parent Company	35,927	14,620 (3,672)	25,567	11,399 (2,698)	17,567	7,260 (1,529)
Other employees	3,362	1,183 (217)	1,888	585 (77)	194	–
Total Group	38,659	15,803 (3,672)	27,455	11,984 (2,775)	17,761	7,260 (1,529)

Presented salaries and social security expenses represents amounts expensed as well as capitalized as development costs.

SICKNESS ABSENCE

January 1–December 31	PARENT COMPANY		
	2008	2007	2006
Total sickness absence – employees' total standard working hours	2.4%	2.5%	2.0%
Share of sickness absence pertaining to absence exceeding 60 consecutive days; proportion of long-term absence	8.9%	25.4%	0.0%
– Sickness absence, women	3.1%	4.0%	2.6%
– Sickness absence, men	2.2%	1.9%	1.8%
– Sickness absence, employees under 30*	2.0%	2.2%	2.4%
– Sickness absence, employees 30–49*	2.2%	2.6%	1.9%
– Sickness absence, employees over 49*	–	–	–

* as a percentage of the Group's total normal working hours.

Information has intentionally been omitted if a group of employees' is too small to be specified as per the Swedish Annual Accounts Act.

REMUNERATION TO SENIOR EXECUTIVES

	2008	2007	2006
MEMBERS OF THE BOARD, CURRENT			
Rolf Blom, Chairman of the Board	332	112	–
Vigo Carlund	131	–	–
Fredrik Erbring	131	–	–
Niclas Eriksson	131	–	–
Mikael Gottschlich	131	–	–
MEMBERS OF THE BOARD, PREVIOUS			
Pontus Lindwall, former Chairman of the Board	83	225	–
John Wattin	42	112	–
Ann-Catrine Appelquist	42	112	–
Einar-Gunnar Gudmundsson	42	112	–
Peter Hamberg, deputy board member	50	–	–
Total	1,115	673	0

NUMBER AND PERCENTAGE OF WOMEN IN EXECUTIVE POSITIONS AT YEAR-END

	2008			2007			2006		
	No. of men	No. of women	Women, %	No. of men	No. of women	Women, %	No. of men	No. of women	Women, %
Board of Directors	5	0	0%	4	1	20%	1	0	0%
Other senior executives	6	0	0%	2	1	33%	4	3	43%
Total Group Board of Directors and senior executives	11	0	0%	6	2	25%	5	3	38%

REMUNERATION TO THE BOARD OF DIRECTORS

Remuneration to the Board of Directors are approved by the Annual General Meeting. At the Annual General Meeting April 10, 2008 it was resolved, for the period up until the end of the next Annual General Meeting, that remuneration would be paid of SEK 1,210 thousand of which SEK 400 thousand to the Chairman of the Board, SEK 180 thousand to each Board member, and SEK 90 thousand to the deputy Board member.

REMUNERATION TO SENIOR EXECUTIVES

During 2008 the remuneration to the CEO amounted to SEK 2,744 (2,107 and 198, respectively) thousand, of which SEK 1,064 (400 and 0, respectively) thousand was variable compensation, and pension costs of SEK 729 (600 and 60, respectively) thousand. Other benefits, such as health care insurance amounted to SEK 6 (5 and 0, respectively) thousand.

The notice period for termination of employment is mutually six months. If termination is initiated by the Company, the CEO is entitled to a severance pay corresponding to 12 months salary.

The deputy CEO took office during 2009, wherefor information regarding him is included among other senior executives.

Remuneration for other senior executives during 2008 amounted to SEK 3,762 (2,112 and 2,723, respectively) thousand, of which SEK 1,249 (566 and 88, respectively) thousand was variable compensation, and pension costs of SEK 391 (218 and 328, respectively) thousand. Other senior executives consisted of 6 (3 and 7, respectively) persons during 2008, of which several only for a portion of the year.

The notice period for other senior executives varies between 3 and 6 months and is mutual. Other benefits amounted to SEK 6 (0 and 0, respectively) thousand.

NOTE 6 EARNINGS FROM SHARES IN SUBSIDIARIES

	PARENT COMPANY		
	2008	2007	2006
Anticipated dividend from subsidiaries	52,830	29,576	–
Capital loss on sale of shares in subsidiaries and liquidation	–	–61	–61
Total	52,830	29,515	–61

In 2007, the Parent Company sold all interests in the Costa Rican subsidiary Feliz Europa. The capital loss amounted to SEK 61,000.

In 2006, the Parent Company divested all participating interest in the Costa Rican subsidiary Mil Treinta y Dos and liquidated the subsidiary. The total loss amounted to SEK 61,000.

NOTE 8 FINANCIAL EXPENSES

	GROUP		
	2008	2007	2006
Interest expense	–290	–187	–16
Exchange rate differences	–4,317	–	–1,179
Total	–4,607	–187	–1,195

	PARENT COMPANY		
	2008	2007	2006
Interest expense	–255	–186	–13
Exchange rate differences	–1,172	–	–1,179
Total	–1,427	–186	–1,192

NOTE 7 FINANCIAL INCOME

	GROUP		
	2008	2007	2006
Interest income	1,259	492	237
Exchange rate differences	1,498	–81	–
Total	2,757	411	237

	PARENT COMPANY		
	2008	2007	2006
Interest income	488	225	193
Exchange rate differences	1,463	–30	–
Total	1,951	195	193

NOTE 9 INCOME TAX

	GROUP			PARENT COMPANY		
	2008	2007	2006	2008	2007	2006
CURRENT TAX						
Sweden	905	1,458	10,885	905	1,458	10,885
Outside Sweden	5,534	2,108	–	–	–	–
Total current tax	6,439	3,566	10,885	905	1,458	10,885

DEFERRED TAX						
Sweden	–835	–	476	–	–	–
Outside Sweden	382	1,327	–	–	–	–
Total deferred tax	–453	1,327	476	–	–	–

Total tax expense	5,986	4,893	11,361	905	1,458	10,885
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	GROUP			PARENT COMPANY		
	2008	2007	2006	2008	2007	2006
DIFFERENCE BETWEEN ACTUAL TAX EXPENSE AND TAX EXPENSE BASED ON PRESENT TAX RATE						
Recognised profit before tax	85,953	50,804	39,843	55,614	34,468	38,812
Tax according to present tax rate (28%)	24,067	14,225	11,156	15,572	9,651	10,867
Difference in tax rates in foreign operations	-18,206	-9,420	187	-	-	-
Tax effect from non-taxable items	-	-	-	-14,792	-8,281	-
Tax attributable to prior years	-47	-	-	-47	-	-
Tax effect from non-deductible items	172	88	18	172	88	18
Recognised tax expense	5,986	4,893	11,361	905	1,458	10,885
SPECIFICATION OF DEFERRED TAX EXPENSE						
Tax on appropriations	-835	0	476	-	-	-
Tax on temporary differences	382	1,327	-	-	-	-
	453	1,327	476	-	-	-

There are temporary differences between the fiscal and carrying amounts. For appropriations, see note 21.

NOTE 11 INTANGIBLE ASSETS

GROUP	Gaming products, systems and platforms	Gaming contracts and licenses	Trademarks	Total
2006				
Opening acquisition value	12,994	1,615	147	14,756
Capitalized development expenses for the year	14,560	-	-	14,560
Closing accumulated acquisition value	27,554	1,615	147	29,316
Opening amortization	5,672	853	4	6,529
Amortization during the year	2,670	538	49	3,257
Closing accumulated amortization	8,342	1,391	53	9,786
Closing residual value according to plan Dec 31, 2006	19,212	224	94	19,530
2007				
Opening acquisition value	27,554	1,615	147	29,316
Capitalized development expenses for the year	10,098	-	-	10,098
Translation difference	363	-	-	363
Closing accumulated acquisition value	38,015	1,615	147	39,777
Opening amortization	8,342	1,391	53	9,786
Amortization during the year	5,425	224	49	5,698
Translation difference	47	-	-	47
Closing accumulated amortization	13,814	1,615	102	15,531
Closing residual value according to plan Dec 31, 2007	24,201	0	45	24,246
2008				
Opening acquisition value	38,015	1,615	147	39,777
Capitalized development expenses for the year	16,867	-	-	16,867
Translation difference	4,432	-	-	4,432
Closing accumulated acquisition value	59,314	1,615	147	61,076
Opening amortization	13,814	1,615	102	39,777
Amortization/write-downs during the year	13,007	-	45	13,052
Translation difference	1,084	-	-	1,084
Closing accumulated amortization	27,905	1,615	147	29,667
Closing residual value according to plan Dec 31, 2008	31,409	0	0	31,409

The Group has reviewed the useful life of gaming platforms and has with the current and expected market and competition situation concluded that a useful life of 5 years can not be motivated, therefore the useful life for gaming platforms has been reduced to 3 years from January 1, 2008 and onwards. This assessment has not caused any write-downs on existing platforms.

NOTE 10 EARNINGS PER SHARE

	GROUP			PARENT COMPANY		
	2008	2007	2006	2008	2007	2006
Profit after tax attributable to Parent Company shareholders (SEK 000)	79,967	45,911	28,482	57,961	33,010	28,135
No. of shares	39,553	39,553	39,553	39,553	39,553	39,553
Earnings per share (SEK)	2.02	1.16	0.72	1.46	0.83	0.72

Earnings per share is calculated based on the average number of shares. The number of shares has been adjusted for bonus issue and share split according to IAS 33 Earnings per share.

There are no potential shares, hence no dilution effect occurs.

PARENT COMPANY	Gaming products, systems and platforms	Gaming contracts and licenses	Trademarks	Total
2006				
Opening acquisition value	12,994	1,615	147	14,756
Capitalized development expenses for the year	6,819	—	—	6,819
Closing accumulated acquisition value	19,813	1,615	147	21,575
Opening amortization	5,672	853	4	6,529
Amortization during the year	2,538	538	49	3,125
Closing accumulated amortization	8,210	1,391	53	9,654
Closing residual value according to plan Dec 31, 2006	11,603	224	94	11,921
2007				
Opening acquisition value	19,813	1,615	147	21,575
Capitalized development expenses for the year	4,620	—	—	4,620
Closing accumulated acquisition value	24,433	1,615	147	26,195
Opening amortization	8,210	1,391	53	9,564
Amortization during the year	3,612	224	49	3,885
Closing accumulated amortization	11,822	1,615	102	13,539
Closing residual value according to plan Dec 31, 2007	12,611	0	45	12,656
2008				
Opening acquisition value	24,433	1,615	147	26,195
Capitalized development expenses for the year	—	—	—	—
Closing accumulated acquisition value	24,433	1,615	147	26,195
Opening amortization	11,822	1,615	102	13,539
Amortization during the year	7,399	—	45	7,444
Closing accumulated amortization	19,221	1,615	147	20,983
Closing residual value according to plan Dec 31, 2008	5,212	0	0	5,212

NOTE 12 TANGIBLE FIXED ASSETS

	GROUP			PARENT COMPANY		
	2008	2007	2006	2008	2007	2006
EQUIPMENT AND FITTINGS						
Opening acquisition value	11,181	8,178	4,026	8,117	8,178	4,026
Acquisitions for the year	6,560	3,003	4,461	2,560	2,759	4,461
Translation differences	1,102	—	—	—	—	—
Sales and disposals	—	—	—309	—544	—2,820	—309
Closing accumulated acquisition value	18,843	11,181	8,178	10,133	8,117	8,178
Opening amortization	5,321	3,456	2,555	4,482	3,456	2,555
Sales and disposals	—	—296	—249	—	—297	—249
Amortization during the year	2,461	2,141	1,150	1,425	1,323	1,150
Translation differences	273	20	—	—	—	—
Closing accumulated amortization	8,055	5,321	3,456	5,907	4,482	3,456
Closing residual value according to plan	10,788	5,860	4,722	4,226	3,635	4,722

NOTE 13 PARTICIPATING INTERESTS IN GROUP COMPANIES

PARENT COMPANY	Corp. Reg. No.	Reg. HQ	Share %	No. of shares	Carrying amount 2008	Carrying amount 2007	Carrying amount 2006
Company							
Mobile Entertainment ME AB	556185-1758	Stockholm	100%	1,000	89	89	89
– Net Entertainment Malta Holding Ltd		Malta	0.01%	1			
– Net Entertainment Malta Ltd		Malta	0.01%	1			
– Net Entertainment Malta Services Ltd		Malta	0.01%	1			
Feliz Europa S.A.		Costa Rica	–	–	–	–	34
Net Entertainment Malta Holdings Ltd		Malta	99.99%	9,999	94	127	19
– Net Entertainment Malta Ltd		Malta	99.99%	9,999			
– Net Entertainment Malta Services Ltd		Malta	99.99%	2,999			
– NE Services Ltd		Gibraltar	100%	2,000			
Total					183	216	142

				PARENT COMPANY		
				2008	2007	2006
Changes in participations in Group companies						
Opening acquisition value					216	142
External divestment of companies					–	–34
Voluntary liquidation of companies					–	–8
External acquisition of companies					–	34
Increase in share capital					–	108
Divestment of companies to subsidiaries					–33	–
Acquisition of companies from Betsson Group					–	19
Closing carrying amount					183	216

NOTE 14 LONG-TERM RECEIVABLES

	GROUP			PARENT COMPANY		
	2008	2007	2006	2008	2007	2006
Long-term portion of deposits	5	5	42	5	5	42
Total	5	5	42	5	5	42

NOTE 15 ACCOUNTS RECEIVABLE

The carrying amounts for accounts receivable comply with the fair values and corresponds to nominal amounts. No receivables have been placed as security for liabilities or contingent liabilities.

On December 31, 2008, accounts receivable due totaled SEK 3,028 (339) thousand with no indication of impairment identified. This applies to a number of independent customers that have not previously had payment difficulties. Acknowledged bad debts during the period and an age analysis of consolidated accounts receivable are presented below.

	GROUP			PARENT COMPANY		
	2008	2007	2006	2008	2007	2006
Accounts receivable						
Customer losses in the income statement	326	572	1,151	3	196	1,033
Age analysis accounts receivable						
Not due	8,226	10,807	5,163	–	4	2,762
30–60 days	2,406	203	28	–	–	28
Older than 30 days	622	136	195	–	–	175
Total	11,254	11,143	5,386	0	4	2,965

NOTE 16 PREPAID EXPENSES AND ACCRUED INCOME

	GROUP			PARENT COMPANY		
	2008	2007	2006	2008	2007	2006
Accrued license/royalty income	27,767	13,429	7,117	–	–	3,756
Prepaid rent	1,146	1,023	18	1,146	988	18
Other prepaid expenses	2,127	1,442	754	826	1,036	754
Total	30,040	15,874	7,889	1,972	2,024	4,528

NOTE 17 DEFERRED TAX LIABILITY

	GROUP			PARENT COMPANY		
	2008	2007	2006	2008	2007	2006
Provisions for taxes						
– Deferred tax on untaxed reserves	–	835	835	–	–	–
– Deferred tax on temporary differences	1,676	1,360	–	–	–	–
Total	1,676	2,195	835	–	–	–

NOTE 18 OTHER RECEIVABLES

	GROUP			PARENT COMPANY		
	2008	2007	2006	2008	2007	2006
VAT	3,687	1,604	1,151	3,687	1,604	1,151
Receivables, parent company	–	0	4,779	–	–	4,779
Other	57	481	5	57	479	5
Total	3,744	2,085	5,935	3,744	2,083	5,935

NOTE 20 SHAREHOLDERS' EQUITY

	2008		2007		2006	
	No. of shares	Share capital	No. of shares	Share capital	No. of shares	Share capital
Share capital distribution (SEK 000)						
Shares, series A (10 votes)	5,610 000	168	5,610 000	168	5,610 000	168
Shares, series B (1 vote)	33,943 716	1,023	33,943 716	1,023	33,943 720	1019
Total number of shares	39,553 716	1,191	39,553 716	1,191	39,553 720	1,187

GROUP

Other capital contributed

This pertains to shareholders' equity contributed by the owners and Group contributions.

RESERVES

Translation reserve

The translation reserve comprises all exchange-rate differences that arise from the translation of financial statements from foreign operations that have prepared their financial statements in a currency other than the currency in which the consolidated financial statements are presented. At year end, the accumulated translation differences were SEK 13,847 (801) thousand.

NOTE 21 UNTAXED RESERVES, APPROPRIATIONS

	PARENT COMPANY		
	2008	2007	2006
BALANCE SHEET			
Accumulated accelerated depreciation	0	2,982	2,982
Total untaxed reserves	0	2,982	2,982
Deferred tax in untaxed reserves amounts to	0	835	835
INCOME STATEMENT			
Difference between recognised depreciation and depreciation according to plan	2,982	0	–1,702
Total appropriations	2,982	0	–1,702

NOTE 19 CASH AND CASH EQUIVALENTS

	GROUP			PARENT COMPANY		
	2008	2007	2006	2008	2007	2006
Cash and bank balances	65,132	25,915	13,053	14,598	12,462	6,127
Total cash and cash equivalents	65,132	25,915	13,053	14,598	12,462	6,127

Of the Groups' balance SEK 12,152 (5,438 and 0) thousand refers to funds held on behalf of licensees on December 31, 2008. The parent company has no funds held on behalf of licensees

SPECIFICATION RESERVES

	Translation difference
Opening balance Jan 1, 2006	–
Translation differences for the year	–232
Closing balance Dec 31, 2006	–232
Translation differences for the year	1,033
Closing balance Dec 31, 2007	801
Translation differences for the year	13,046
Closing balance Dec 31, 2008	13,847

RETAINED EARNINGS INCL. PROFIT FOR THE YEAR

Retained earnings including profit for the year comprise earnings in the Parent Company and its subsidiaries, as well as the portion of untaxed reserves attributable to shareholders' equity. Previous provisions to statutory reserves are also included in this equity item.

NOTE 22 OTHER CURRENT LIABILITIES

	GROUP			PARENT COMPANY		
	2008	2007	2006	2008	2007	2006
Other current liabilities						
Personnel's tax	3,150	1,848	711	1,024	924	712
Liabilities to Group companies	–	–	20,336	–	–	20,336
Processed Jack-Pot	12,795	5,438	–	–	–	–
Other	1,202	13	–	–	–	–
Total	17,147	7,399	21,047	1,024	924	21,048

NOTE 23 ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP			PARENT COMPANY		
	2008	2007	2006	2008	2007	2006
Accrued wages and salaries	7,984	2,127	241	7,680	1,902	241
Vacation pay liability	2,781	2,613	1,370	2,479	2,318	1,370
Social security contributions	1,760	1,501	1,066	1,760	1,501	1,066
Payroll tax	838	617	342	838	598	342
Other	3,793	1,883	7,239	3,287	1,443	1,386
Total	17,156	8,741	10,258	16,044	7,762	4,405

NOTE 24 CONTINGENT LIABILITIES

The company's services from Malta is exempt from VAT. However, the relevant authority's interpretation of the applicable Maltese VAT regulations relating to the company's liability to Malta VAT (18 percent) on services purchased was revised in 2007 and 2008 and may come to affect Net Entertainment Malta's purchases from Net Entertainment AB (see note 27). It is currently not possible to determine conclusively the extent to which the changed regulatory interpretation will affect costs. Net Entertainment has reported and in 2009 paid the VAT amounts that are deemed correct and reasonable by the company considering the current uncertainty. However, the amounts may be insufficient if the Maltese tax authority interprets the VAT regulations more restrictively than Net Entertainment currently assess and deems as correct. Net Entertainment is also taking measures to reduce the risk of additional VAT in the future.

NOTE 25 LEASING

Leasing expenses for vehicles, rent for premises and other rented equipment as well as that which falls under the heading operational leasing amounted to:

	GROUP			PARENT COMPANY		
	2008	2007	2006	2008	2007	2006
Expensed lease payments and rental charges	-5,562	-3,046	-2,113	-4,956	-2,715	-2,103
Total	-5,562	-3,046	-2,113	-4,956	-2,715	-2,103

Future minimum charges for non-cancellable operating leases and rental agreements:

	GROUP	PARENT COMPANY
– during 2009	5,299	4,978
– during 2010–2013	3,298	3,298
– after 2013	–	–
Total	8,597	8,276

NOTE 26 AUDITORS' FEES

Deloitte AB were elected auditors by the 2008 Annual General Meeting for a period of four years. Deloitte AB are auditors for Net Entertainment NE AB and the Swedish subsidiaries. In addition to the auditing assignment, Net Entertainment has also used Deloitte AB for consultation on taxation, VAT and accounting matters and analyses. An audit assignment includes the audit of the annual accounts, the accounting records and the administration of the board of directors. The audit assignment includes additional work given by the by the company to the auditors and consultations or other assistance resulting from observations made during the audit or completion of such additional work. Everything else is considered as non-audit assignments.

	GROUP			PARENT COMPANY		
	2008	2007	2006	2008	2007	2006
AUDITING ASSIGNMENTS						
Deloitte AB	505	–	–	505	–	–
Ernst & Young	148	254	160	148	254	160
Other accounting firms	82	94	49	–	–	–
OTHER ASSIGNMENTS THAN THE AUDITING ASSIGNMENT						
Deloitte	273	–	–	273	–	–
Ernst & Young	30	74	–	30	74	–
Total	1,038	422	209	956	328	160

NOTE 27 RELATED PARTY TRANSACTIONS

	PARENT COMPANY		
	2008	2007	2006
PURCHASE OF SERVICES FROM RELATED PARTIES			
Purchase from subsidiaries	–	–	13,792
– share of total operating expenses	–	–	18.3%
SALE OF SERVICES TO RELATED PARTIES			
Sales to subsidiaries	111,005	77,857	24,584
– share of total revenue	99.78%	98.65%	22.3%
LIABILITY TO RELATED PARTIES			
Liability to subsidiaries	89	1,806	377
RECEIVABLE FROM RELATED PARTIES			
Receivable from subsidiaries	61,225	29,545	15,528

The Parent Company is related to its subsidiaries. Sold services pertain mainly to consulting services, license fees, hosting and forward invoiced expenses. Related party transactions are priced on the basis of normal market conditions.

For 2007 and 2006, Net Entertainment had license revenues from the Betsson Group, in which the Chairman of the Board and two Board Members were partners and board members until April 1, 2008.

For remuneration to board members and senior executives, see note 5.

Net Entertainment Malta Ltd is related to WH Law, thus the CEO of Net Entertainment Malta Ltd, Dr. Olga Finkel, is also Managing Partner at WH Law. Remuneration to WH Law has amounted to SEK 698 (51) thousand.

NOTE 28 FINANCIAL RISKS

The Group's financial activities are pursued on the basis of a low-risk financial policy as established by the Board. Financial activities and the management of financial risks are coordinated via the Parent Company Net Entertainment NE AB, which is also responsible for the investment of excess liquidity.

The wholly owned operating subsidiaries are themselves responsible for managing their financial risks within the framework set by the Board and following coordination with the Parent Company.

MARKET RISK

Group earnings are exposed to changes in exchange rates since most sales are in Euros, and expenses are in SEK (transaction exposure). Net Entertainment does not currently hedge this portion. Earnings are also affected by exchange rate fluctuations when foreign subsidiaries' earnings are translated to SEK (translation exposure). Moreover, exchange rate movements affect Group equity when assets and liabilities in foreign subsidiaries are translated to SEK (translation exposure). At the present time there is no hedging of equity in foreign subsidiaries.

If the SEK had weakened/strengthened by 10 percent in relation to the Euro with all other variables constant, earnings for the year as of December 31, 2008, would have been SEK 14.8 (10.6 and 8.2, respectively) thousand higher/lower.

INTEREST RATE RISKS

Net Entertainment is largely a debt-free company, which means that the

interest rate risk to which Group revenue and cash flows are exposed, is low. Changes in the interest rate position affect the Group's return on cash and cash equivalents. The risk in these changes is deemed immaterial.

CREDIT RISK

The Group does not have any significant concentration of credit risks. The Group has set guidelines for safeguarding the sale of services to customers with a suitable credit background. No credit limits were exceeded during the reporting period and management does not expect any losses resulting from failed payments from these other parties.

LIQUIDITY RISK

Liquidity risk is managed by means of the Group holding sufficient cash and cash equivalents in order to finance the operation. Management also monitors rolling forecasts for the Group's liquidity reserve, which consist of cash and cash equivalents (note 19) on the basis of expected cash flows.

Group financial liabilities essentially consist of accounts payable, where the contractual expiry date falls within 12 months.

CAPITAL RISK MANAGEMENT

The aim of Net Entertainment with regard to the capital structure is to secure the Group's ability to continue its operations, so that it can continue to generate return for its shareholders and maintain an optimum capital structure in order to keep the capital costs down.

In order to maintain or adjust the capital structure, Net Entertainment can change the allocation paid to the shareholders, repay capital to the shareholders, issue new shares or sell assets to reduce liabilities.

Net Entertainment assesses the capital on the basis of net debt/equity ratio and quick ratio.

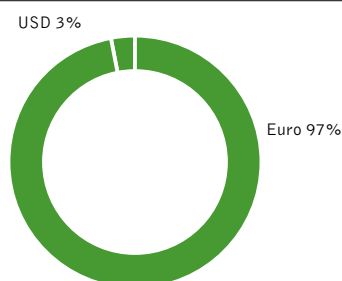
The net debt/equity ratio (multiple) at the end of the reporting period amounted to -0.6 (-0.5 and -0.8, respectively) whilst the quick ratio amounted to 273 (184 and 65, respectively) percent.

TAX RISKS

Net Entertainment operates in Sweden and Malta. Its activities, including transactions between the Group's companies, are managed in compliance with current tax laws, tax agreements and provisions in the countries concerned and the requirements of the tax authorities, as these have been interpreted by Net Entertainment. However, it is generally not possible to rule out that the interpretation of applicable laws, policies, taxation agreements and provisions, or the interpretations of these by authorities concerned, is wrong. Furthermore, these regulations may be amended and possibly with retroactive effect. It is possible that Net Entertainment's previous or present tax situation will become less favourable as a result of decisions taken by the tax authorities.

See also note 24.

LICENSING REVENUES PER CURRENCY 2008



Calculated on average exchanges rates for 2008

The Board of Directors and the CEO guarantee that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as approved by the European Union, and provide a true and fair picture of the Group's financial position and income. The Annual Report has been prepared in accordance with auditing standards generally accepted in Sweden and provides a true and fair picture of the Parent Company's position and income.

Stockholm, March 19, 2009

Rolf Blom
Chairman of the Board

Vigo Carlund

Fredrik Erbing

Niclas Eriksson

Mikael Gottschlich

Johan Öhman
CEO

Our audit report was submitted on March 19, 2009

Deloitte AB

Therese Kjellberg
Authorised Public Accountant

AUDIT REPORT

To the Annual General Meeting of Net Entertainment NE AB
Corp. Reg. No. 556532-6443

We have audited the Annual Report, the consolidated financial statements and the accounting records and the administration of the Board of Directors and the managing director of Net Entertainment NE AB for the financial year 2008. The Company's annual accounts and consolidated financial statements are included on pages XXX of the printed version of this document. The Board of Directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Swedish Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards (IFRS) as adopted by the European Union and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information

in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, March 19, 2008

Deloitte AB

Therese Kjellberg
Authorised Public Accountant

ANNUAL GENERAL MEETING AND OTHER INFORMATION

ANNUAL GENERAL MEETING

Net Entertainment NE AB will hold its Annual General Meeting on Wednesday 29 April 2009 at 15.00 CET in Konferens Spårvagnshallarna, Birger Jarlsgatan 57A, Stockholm, Sweden. Notification of the Annual General Meeting is published on Net Entertainment's website www.netent.com/stamma.

Right of attendance and registration

Shareholders wishing to attend the Annual General Meeting must be recorded in the register of shareholders maintained by Euroclear Sweden AB (formerly VPC AB, the Swedish Securities Register Centre) on Thursday 23 April 2009, and also notify Net Entertainment of their intention to attend no later than Thursday 23 April 2009.

Shareholders must send written notice of attendance with their name, personal ID (social security no.)/company registration number, address, email address and telephone number to Net Entertainment NE AB, Attn: AGM, Birger Jarlsgatan 57A, SE-113 56 Stockholm, Sweden, by fax at +46 8-55 69 67 07, by email to stamma@netent.com or on Net Entertainment's website at www.netent.com/agm.

Share registration

Shareholders whose shares are registered in the name of a nominee must temporarily register their shares in their own names to be entitled to participate in the Meeting. Such registration must be affected no later than 23 April 2009. This means that shareholders must notify their nominee well in advance of that date.

OTHER INFORMATION

Set financial reporting dates:

Interim report: January–March	27 April 2009
Annual General Meeting	29 April 2009
Interim report: January–June	27 August 2009
Interim report: January–September	28 October 2009
Earnings report 2009	4 February 2010

Net Entertainment's principal method of distributing financial reports is by electronic means. Financial reports, press releases and other information are available for viewing on Net Entertainment's website (www.netent.com/finance) where it is also possible to subscribe to reports and press releases via email. Financial reports are available on the website from the date of publication. Printed copies of the Annual Report are sent by regular post upon request. For further information, please contact Johan Öhman, CEO, or Bertil Jungmar, CFO, on +46 8-55 69 67 00, or email investor@netent.com.

ADDRESSES

HEADQUARTERS AND DEVELOPMENT

Net Entertainment NE AB
Birger Jarlsgatan 57B
S-113 56 Stockholm, Sweden
Telephone: +46 8 55 69 67 00

SALES AND MARKETING

Net Entertainment Malta Ltd.
Suite A
Dolphin Court A
Embassy Way
Ta' Xbiex MSD 11 Malta
Telephone: +356 21 311 621



Net Entertainment NE AB (publ)
 Corp. Reg. No. 556532-6443
 Birger Jarlsgatan 57 B
 113 56 Stockholm, Sweden
www.netent.com
info@netent.com