

NET ENTERTAINMENT
INTERIM REPORT JANUARY-JUNE 2011



NETENT

PUSHING THE LIMITS IN GAMING ENTERTAINMENT

NEW PRODUCTS, NEW MARKETS, CONTINUED GROWTH

SECOND QUARTER 2011

- Revenues for the second quarter increased by 12.0 % to SEK 99.9 (89.2) million
- Operating profit amounted to SEK 27.2 (32.8) million
- Operating margin was 27.2 (36.8) %
- Profit after tax amounted to SEK 25.1 (30.4) million
- Earnings per share amounted to SEK 0.64 (0.77) before and after dilution
- One new license agreement was signed, and two new customers' casinos were launched

FIRST SIX MONTHS 2011

- Revenues for the first six months increased by 10.2 % to SEK 195.1 (177.1) million
- Operating profit amounted to SEK 53.5 (68.6) million
- Operating margin was 27.4 (38.7) %
- Profit after tax amounted to SEK 48.0 (61.4) million
- Earnings per share amounted to SEK 1.21 (1.55) before and after dilution
- Two new license agreements were signed, and four new customers' casinos were launched

SUMMARY IN FIGURES	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Dec 2010
Operating revenues	99 852	89 158	195 088	177 093	368 280
Operating expenses	-72 692	-56 344	-141 638	-108 530	-231 869
Operating profit	27 160	32 814	53 450	68 563	136 411
Operating margin	27.2%	36.8%	27.4%	38.7%	37.0 %
Cash flows from operating activities ²	30 352	47 770	79 285	84 320	119 629
Cash flows for the period	-66 909	-54 110	-42 285	-33 505	-53 300
Cash and cash equivalents at end of period ¹	4 663	67 020	4 663	67 020	47 034
¹ Funds held on behalf of licensees included in cash and cash equivalents	-	35 835	-	35 835	-

² The management of cash and cash equivalents regarding pooled jackpots has changed in the third quarter 2010 which affect the cash flow. See further information under accounting policies on page 8.

Net Entertainment is a world leading supplier of digitally distributed gaming systems used by several of the world's most successful gaming operators. The Net Entertainment Casino™ is a complete gaming system comprising a full suite of high quality games and a powerful management platform. The games create the ultimate gaming experience for the player while the management platform enables Net Entertainment's customers, the operators, to optimize their business and profitability. Operators are provided a customized system solution that is easily integrated ensuring a short time to market and a cost efficient operation. Net Entertainment is listed on Nasdaq OMX Stockholm (NET-B). More information about Net Entertainment is available at www.netent.com.

COMMENTS FROM JOHAN ÖHMAN, PRESIDENT AND CEO

The development in the second quarter was primarily a result of growth from the existing customer base. Excluding revenues from France (that in June 2010 introduced a regulatory framework that excludes casino games) revenues increased 25 percent. The number of game transactions continued to increase and amounted to 1.9 billion, an increase of 30 percent compared to the same period 2010.

At the end of June "Frankenstein" was released, a video slot which is based on the classic movie with the same name. Despite launching the game during a period of the year which in general has lower gaming activity, the initial development has been very positive. Frankenstein is priced separately due to the license fee payable to Universal who holds the rights to the brand. During the quarter the partnership with Universal was extended with an additional well known brand which will constitute the base for a game scheduled to be released during the first half of 2012.

The development of casino games for mobile devices is progressing according to plan and launch of the first games will take place during 2011. Gaming through mobile devices holds increasing potential and expected to become an increasingly important distribution channel going forward.

During the quarter two customers were launched and at the beginning of July Expekt launched our games. In addition, Jaxx/Mybet is planning for launch during quarter three.

The opening of the Italian online casino market will according to AAMS (the Italian gaming authority) take place during July. The company's Italian customer base represents a significant market share and the majority of the operators are ready for launch as soon as they obtain a formal approval. Initially table games and video poker will be offered and slot machines are expected to be allowed during the first half of 2012.

Overall Net Entertainment is well positioned and I expect we will see the results from the investments we have made in the business in the coming quarters.

NEW AGREEMENTS AND CUSTOMERS

During the second quarter one new license agreement was signed with start-up operator Leaderbet that focuses on the European market. In addition, the partnership with Interwetten was extended to also include the Italian market

Agreements were terminated with smaller customers that did not generate the minimum turnover in the casino that the Company requires.

CUSTOMERS TO BE LAUNCHED

At the end of the quarter, the company held agreements with Gioco Digitale/bwin.it, Microgame, INTRALOT Interactive, Expekt and JAXX/Mybet that have not yet launched operations.

Gioco Digitale and bwin.it are part of the bwin.party Group which is the world's largest listed online gaming operator. On the Italian market bwin.party is the leading operator offering online poker, sports betting and lotteries with a significant market share. The agreement is to deliver Net Entertainment Casino™ to Gioco Digitale as well as to bwin.it.

JAXX/Mybet is a European investment company with a strong presence through investments in a number of gaming operators. Under the terms of the agreement Net Entertainment will be JAXX Group's preferred casino partner of choice for both download and instant play casino games. Founded in 1998, the JAXX Group is one of the pioneers in online gaming and has through their gaming sites www.jaxx.com and www.mybet.com, established a significant presence in Europe. JAXX SE has been listed on the German Stock Exchange since 1999, and has more than one million registered players. JAXX Group's revenues for 2010 were 135.8 million Euros.

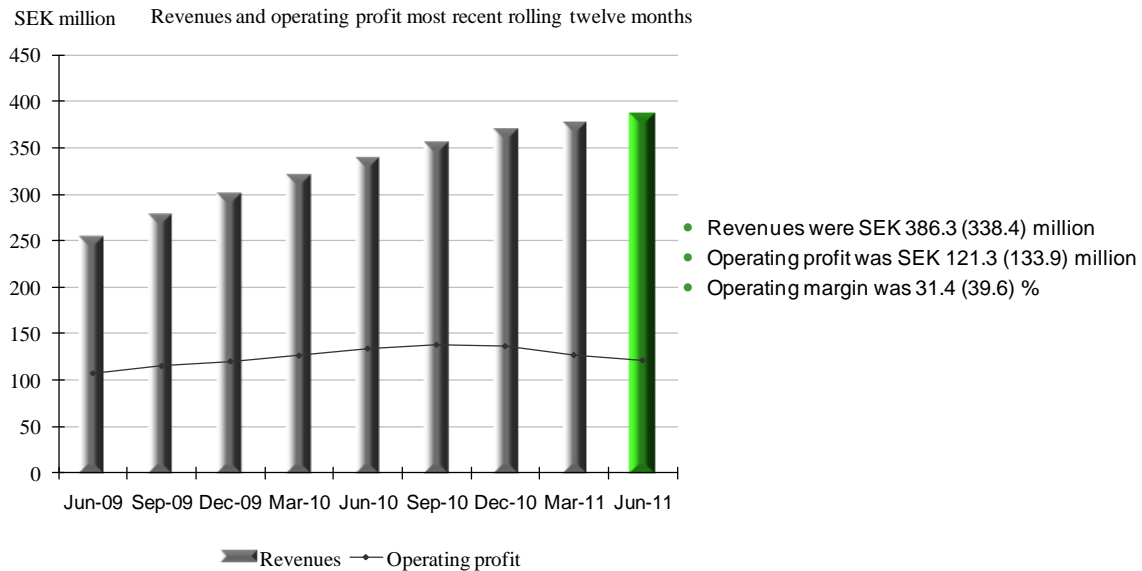
Microgame was founded in 1996 and is Italy's largest independent remote gaming service provider. During 2009 Microgame's customers generated over 1 billion Euros of gross gaming yield while the revenues amounted to 249 million Euros.

INTRALOT Interactive is a newly established online gaming subsidiary within the INTRALOT Group for online gaming that focuses both on providing its pioneering technology to lotteries and state organizations worldwide and on seeking licensing opportunities for operating in the new liberalized environment, where responsible gaming becomes even more important. INTRALOT is a leading supplier of integrated gaming and transaction

processing systems, innovative game content and sports betting management, to state-licensed gaming organizations worldwide. The agreement is to deliver online casino games in Italy under the brand INTRALOT.

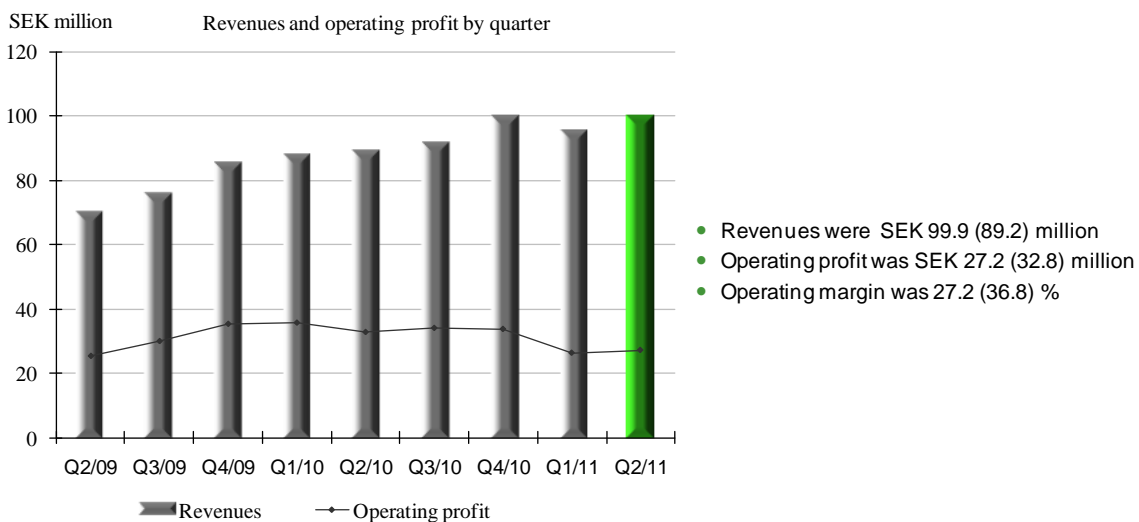
REVENUES AND PROFITABILITY FOR THE SECOND QUARTER

Revenues and operating profit for the most recent rolling twelve months are presented in the diagram below.



Revenues during the second quarter amounted to SEK 99.9 (89.2) million, an increase of 12.0 percent compared to the same period 2010. Operating profit amounted to SEK 27.2 (32.8) million and the operating margin was 27.2 (36.8) percent.

Revenues and operating profit by quarter are portrayed in the diagram below:



REVENUES – VOLUME, PRICE AND CURRENCY DEVELOPMENT

Net Entertainment's revenues are affected by changes in volume, price (royalty levels and mix), and currency. The volume is affected by both existing customers' growth as well as the launch of new customers. The largest part of revenues is derived from royalty revenues and a smaller part from setup-fees as new customer agreements are signed as well as revenues for managing pooled jackpots. Revenues are affected by the development of the Swedish currency in relation to other currencies. The majority of revenues are invoiced in Euros, but also in British pounds and US dollars. Revenues are reported in Euros and then translated into Swedish currency for the Group's reporting.

The number of game transactions continues to grow and amounted to 1.9 billion during the second quarter, which is an increase of 30 percent since last year.

The development during the second quarter was the result of continued market growth. Net Entertainment's revenue increase compared with the corresponding period last year is a combination of existing customers' growth and revenues from the launch of new customers. Two new customer's casinos were launched during the quarter. During the most recent twelve month period, seven new customers have been launched.

Royalty revenues were positively affected by significantly higher volumes during the entire twelve month period compared to the corresponding period a year earlier. The average royalty level has increased during the quarter compared to previous year. The reason for this is among others a different pricing structure in new agreements, reflecting the increased complexity in games and systems. Revenues increased 12.0 percent in the second quarter compared to the corresponding period last year. In Euros, revenues increased by 19.9 percent.

Currency fluctuations have been significant since the end of 2008. Since the second quarter 2009 the Krona has strengthened. During the second quarter 2011, the Krona was 6.5 percent stronger compared to the previous year and weakened by 1.6 percent compared to previous quarter.

PROFITABILITY

Operating profit for the second quarter decreased by 17.2 percent to SEK 27.2 (32.8) million. Operating expenses increased compared to previous year due to the Company's expansion and strengthening of the organization within areas such as sales, development, and IT operations to meet increased demands from the market and authorities. The expansion of the organization is enabled mostly through own personnel but also through external recourses in the form of outsourcing both within and outside Europe and consultants. During the quarter consultants have been replaced by own personnel which has affected the personnel expenses as well as other operating expenses. Preparations for the launch of the Italian market have also affected expenses as the organization and systems are being prepared for launch as have the strategic initiatives (mobile and platform development) previously announced.

The operating margin amounted to 27.2 percent during the second quarter compared to 36.8 percent the previous year. The margin is affected by the currency development's impact on revenues as well as the effect on operating expenses from the strengthened organization and to what extent development costs are capitalized.

The financial net amounted to SEK 1.4 (0.1) million for the second quarter consisting of exchange rate effects on cash and cash equivalents, financial receivables and financial liabilities as well as the return on cash and cash equivalents. The volatility in the Swedish currency has periodically led to effects on inter-company balances which are items included in the financial net.

The Group had an effective tax rate of 12.1 (7.6) percent during the second quarter. The effective tax rate is affected by the distribution of profit between Sweden and the countries in which the Group conducts operations and can vary from one reporting period to the next. In the second quarter 2011 the Group's share of profit in Sweden is larger than in 2010.

CAPITAL INVESTMENTS

The Group's expenditure for capitalized development projects as intangible assets amounted to SEK 18.6 (17.8) million for the quarter. Investments in property, plant, and equipment amounted to SEK 2.1 (5.0) million.

Investments in intangible assets consist of development of new games, new functionality in the technical platform, adjustments for increased capacity and adjustments of the systems to the regulatory framework in Italy. Among larger development projects for games, the mobile terminal project, Robin Hood and Frankenstein are noticeable as an example.

Capital investments are primarily servers and other computer equipment. The investment pace is driven by both the increased transaction volume and the increased requirements for system availability.

CASH AND CASH EQUIVALENTS, FINANCING AND FINANCIAL POSITION

In the third quarter 2010 a change in procedure regarding funds held on behalf of licensees for pooled jackpots was made which are no longer included in Net Entertainment's cash and cash equivalents. See further the section on accounting policies below for more information.

The Group's cash flow from operating activities for the second quarter amounted to SEK 30.4 (47.8) million. The decrease is mainly attributable to the change in working capital. Cash flow from investing activities amounted to SEK -20.7 (-22.8) million. Cash flow from financing activities amounted to SEK -76.6 (-79.1) million and consist of transfer to shareholders by SEK -79.1 million which was decided at the annual general meeting on April 13, 2011 regarding redemption of shares and received premium amounting to SEK 2.5 million for the share option rights issued in the share option rights program that was decided at the annual general meeting.

The Group's cash and cash equivalents amounted to SEK 4.7 (67.0) million at the end of the period, of which SEK 0 (35.8) million refers to funds held on behalf of licensees for pooled jackpots. In addition, there are available credit lines of SEK 20 million that have not been used. The decline in cash and cash equivalents is mainly attributable to the changed procedure regarding funds held on behalf of licensees and the transfer to shareholders. Significant accrual of pooled jackpots in June where the jackpot funds have not been received from participating operators before the end of the period reduce cash flow and cash and cash equivalents, as do investments financed with own funds.

SUMMARY OF THE FIRST SIX MONTHS

Revenues during the period January-June amounted to SEK 195.1 (177.1) million, an increase of 10.2 percent compared to the same period 2010. Operating profit amounted to SEK 53.5 (68.6) million and the operating margin was 27.4 (38.7) percent.

The Group's expenditure for capitalized development projects as intangible assets amounted to SEK 37.8 (29.2) million for the first six months. Investments in property, plant, and equipment amounted to SEK 7.2 (9.5) million.

The Group's cash flow from operating activities for the first six months amounted to SEK 79.3 (84.3) million. Cash flow from investing activities amounted to SEK -76.6 (-79.1) million.

MARKET

The online gaming market has shown strong growth in recent years. Growth continued during 2011 albeit at a somewhat lower pace. The global gross gaming yield for online gaming is estimated to amount to EUR 22.9 billion in 2011. In coming years, Europe is expected to represent close to half of the global gross gaming yield, making it the single largest gaming market¹.

Deregulation and reregulation of national gaming laws is taking place in many European countries. Italy has created a working licensing system that has however not become operational yet regarding casino and cash poker. France introduced a licensing system in 2010 that includes certain game segments. The development of national licensing systems is partly driven by rulings in the European Court of Justice which have given the member states a somewhat larger freedom to implement limitations regarding the offering of remote gaming across borders. EU member states are now given increased opportunities to secure tax revenues provided the licensing systems create good competitive conditions that are formally open for all operators who meet certain requirements.

However, it is important to highlight that the European Court of Justice has through a number of rulings in September 2010 confirmed the principle that companies legally established within EU also have the right to offer

¹ H2 Gaming Capital, July 2011

and provide online gaming. Any restrictions imposed by a member state shall be continuous, systematic and coherent. National restrictions must always be proportionate to the purpose that justifies the restriction.

The gross gaming yield for online casino in Italy is expected to amount to EUR 754 million year 2015 compared to EUR 334 million in 2011¹. Italy is today a regulated market with sports and horse betting, tournament poker, skill games, and scratch tickets available online via licensed operators. Work is ongoing to extend concessions to also include cash game poker, bingo and casino games. During the second quarter the authorities published the regulatory framework which constitutes the base for the regulation and the process for license applications. Launch of cash game poker, bingo and casino games will according to AAMS take place during July 2011. The launch of slot games is expected to be allowed during the first half of 2012.

France introduced a legal framework in June 2010 where they award licenses to online gaming operators who fulfill the local requirements. This allows private operators to offer betting on sporting events, horse racing, and poker on the Internet. The legal framework, that at the moment does not include casino, involves high taxation which makes it less attractive to private operators.

As a consequence from the rulings in the European Court of Justice in September 2010, the German states have been forced to abolish the gaming monopolies and create legal frameworks which allow a limited number of private operators to conduct gaming operations. There are various proposals of how legal frameworks and taxation shall be structured and it is unclear what the final system will look like.

Denmark is also in the process of introducing a licensing system with the ambition that it will take effect in the beginning of 2012.

In Spain, a temporary provisional federal gambling law took effect in December 2010 to implement the European Court's most recent rulings. This has been carried out to pave the way for liberalization. A challenge for the government in Madrid is that the competence to decide on the gaming laws lies with the autonomous regions. Spain is expected to decide on a federal proposal regarding online games during the summer 2011. It is however uncertain what impact this will have on the nation.

Discussions of a change in regulation for online gaming in the Netherlands are ongoing, where a proposal is expected to be presented in autumn 2011.

Net Entertainment believes that the conditions for continued expansion are good. The key reason for this is that the company can continue to gain market share by delivering a first-class product. Good products and an effective product development secure the conditions for new deals. By extending the product portfolio, Net Entertainment can target a wider market and broaden its customer base.

Net Entertainment's customers are located in Europe, which is the largest geographical market for online gaming. The Company will continue to focus on the European market, but at the same time monitor new markets. The business potential in Asia and USA among others, are estimated positive which could create great opportunities for Net Entertainment. It is however uncertain if these markets will open up for online gaming.

ABOUT NET ENTERTAINMENT

Net Entertainment is a world leading supplier of digitally distributed gaming systems used by some of the world's most successful online gaming operators. The Net Entertainment Casino™ is a complete gaming system comprising a full suite of high quality games and a powerful management platform. The games create the ultimate gaming experience for the player while the management platform enables Net Entertainment's customers, the operators, to optimize their business and profitability. Operators are provided a customized system solution that is easily integrated ensuring short time to market and a cost efficient operation. Revenues 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 recognized and associated with innovation, service, and quality.

¹ H2 Gaming Capital, July 2011

All technical development is carried out at the Group's Stockholm office and all commercial operations: sales, marketing, and product management are carried out from the Malta office. The company also has an office in Gibraltar. Development is also carried out in India and the Ukraine.

The parent company is listed on NASDAQ OMX Stockholm (NET-B.ST)

BUSINESS MODEL AND OBJECTIVES

Net Entertainment's business model is to provide gaming operators with leading edge solutions, enabling them to offer the ultimate entertainment experience. This will enable them to profitably grow their business faster than the competition. By doing so, Net Entertainment shall generate sustainable profit and growth for its shareholders.

The gaming operators pay a monthly license fee calculated 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. Through the launch of new and unique games with high entertainment value and different kinds of bonus and loyalty schemas, players are stimulated to stay on the operator's site.

The European market for online gaming is expected to maintain good growth and Net Entertainment's objective is to grow faster than the market.

PERSONNEL AND ORGANIZATION

At the end of the period, the number of employees amounted to 229 versus 139 people one year ago. Including external recourses such as dedicated persons with contract suppliers and consultants, Net Entertainment employed 322 (236) persons.

INCENTIVE PROGRAM

PROGRAM 2011-2014

The Annual General Meeting on April 13, 2011 resolved to introduce a long-term incentive program intended for senior management and key employees within Net Entertainment. The resolution entailed the issue of a maximum of 740,000 share option rights to personnel with permanent employment within Net Entertainment to subscribe for an equal amount of shares in Net Entertainment NE AB.

At the end of the subscription period 353,100 share option rights had been subscribed to corresponding to 62 percent of the offer. The share option rights were issued at market value determined to SEK 7.20 which generated SEK 2.5 million to equity for the Group. The strike price for the shares is determined to SEK 70.20 which represents 130 percent of the average share price during the measurement period in May 2011. Subscription of shares can be made during the period August 1 to October 14, 2014. An additional 160,000 share option rights were issued to the wholly owned subsidiary Mobile Entertainment ME AB intended for current and future recruitments. The subscription terms of these share option rights are the same as for the others and they will be issued at market value.

At the end of the quarter, the total outstanding share option rights amounted to 513,100 corresponding to the same number of shares. In the case of full subscription of these share option rights the parent company's equity will increase by SEK 36.0 million.

To stimulate participation in the program the board has decided to offer a loyalty compensation which will be paid no later than September 1, 2014 to the participants in the program who are still employed at Net Entertainment at the date of payment and have not resigned. The compensation can amount to a maximum of 50 percent of paid premium for the share option rights net after tax or a total of SEK 3.7 million including social security costs paid by the Company. This commitment is accrued for in the accounts on an ongoing basis considering forecasted employee turnover and interest.

PROGRAM 2009-2012

The Annual General Meeting in April 2009 resolved to introduce a long-term incentive program intended for management and key employees within Net Entertainment. The resolution entailed the issue of a maximum of 760,000 share option rights to personnel with permanent employment within Net Entertainment to subscribe for an equal amount of shares in Net Entertainment NE AB.

The share option rights were issued at market value determined to SEK 7.10 which generated SEK 4.2 million to equity for the group. The strike price for the shares amounts to SEK 71.70 which represents 130 percent of the average share price during the measurement period in May 2009. Subscription of shares can be made during the period May 15 to July 15, 2012.

At the end of the quarter, the total outstanding share option rights amounted to 586,225 corresponding to the same number of shares. In the case of full subscription of these share option rights the parent company's equity will increase by SEK 42.0 million.

To stimulate participation in the program the board has resolved to offer a loyalty compensation which will be paid out no later than June 15, 2012 to participants who are still employed at the date of payment and have not resigned. The compensation can amount to a maximum of 50 percent of paid premium for the share option rights net after tax or a total of SEK 3.9 million including social security costs paid by the Company. This commitment is accrued for in the accounts on an ongoing basis considering forecasted employee turnover and interest.

PARENT COMPANY

The parent company's revenues for the second quarter were SEK 79.7 (67.1) million. Operating profit amounted to SEK 7.9 (9.6) million for the second quarter. Currency effects on inter-company transactions are included in financial items. Profit after tax was SEK 7.2 (7.3) million for the second quarter.

Revenues in the parent company come from services provided to subsidiaries. No development costs are capitalized in the parent company as projects are ordered and owned by subsidiaries in Malta. The original technologies are still owned by the parent company and generate inter-company royalty revenues.

Cash and cash equivalents in the parent company at the end of the period amounted to SEK 3.6 (8.5) million.

ACCOUNTING POLICIES

Net Entertainment prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union. This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The parent company uses the same accounting principles as the Group, with the addition of the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The same accounting and valuation principles have been applied as in the 2010 annual report. For further information on the principles, please refer to the annual report on www.netent.com.

Of the new or revised standards that came into effect on December 31, 2010 no changes have had any effect on the financial reports for the Group.

The potential shares issued from the share option rights are considered, when calculating the number of shares and earnings per share after dilution, to the extent that they affect dilution in accordance with IAS 33. According to IAS 33 there is a dilution effect when the quoted stock price exceeds the strike price, taking into consideration the subscription price.

During the third quarter 2010 the procedure for pooled jackpots was changed which has affected the accounting for these. Previously, the funds were separated to specific bank accounts that have been included in Net Entertainment's reported cash and cash equivalents. The new procedure entails a different type of bank account that is excluded from the Company's cash and cash equivalents. In the balance sheet the funds are now reported as current receivables. As before, a corresponding amount is reported under liabilities in the balance sheet as other current liabilities. In the cash flow statement, jackpot funds and payment of winnings are included in changes in working capital. As this is not a change in accounting policies, historical comparable figures have not been affected.

Amounts are expressed in SEK (thousands of Swedish Kronor) unless otherwise indicated. Amounts or figures in parentheses indicate comparative figures for the corresponding period last year.

RISKS AND UNCERTAINTIES

Net Entertainment's operations are exposed to certain risks that could have a varying impact on earnings or financial position. These can be divided into industry, operational, and financial risks. The management's general view of the risks that may affect operations has not changed significantly compared with the description given in

the most recently published annual report. The description below is a summary. For a detailed description of the risk profile, see Net Entertainment's 2010 Annual Report, pages 31-34 and page 66.

INDUSTRY AND OPERATIONAL RISKS

As specific industry-related operational risks it is noted that since gaming is regulated by law on most national markets, Net Entertainment, as supplier of casino games, and its customers are dependent on the legal situation of the gaming industry, and can be significantly affected by political decisions and legislative changes. Net Entertainment has a Class 4 license on Malta, which means that the Group is permitted to supply its customers with systems and certain associated services. It is crucial that this license is maintained and extended. An extended license for another five years was obtained in November 2010.

Other operational risks include the Group's dependency on access to qualified employees, maintaining larger customer contracts, and protecting internally developed products, intellectual property, and contracts. The Group's competitors and general market fluctuations naturally also affect the company's situation. With Net Entertainment's success the Company has at various times been sued for alleged infringement of intangible rights. Although the company has not lost in any such allegation there could be a risk for a negative effect in the future in the case a court would rule to the company's disadvantage. Each case involves costs in varying extent for legal advisors.

FINANCIAL RISKS AND TAXES

The Group's results are exposed to changes in exchange rates as the majority of the revenues are in Euro, and most costs are in the Swedish Krona. The Group's revenues in Euro are also affected indirectly by the end customer's currency which can be different from the billing currency. Profit and equity are also affected by changes in exchange rates when foreign subsidiaries' earnings, assets and liabilities are translated to SEK. The Group does not hedge its net exposure to currency fluctuations.

The Group's tax expense is primarily affected by the distribution of profit between Sweden and the countries in which the Group conducts operations and tax laws in each respective country. 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 taking place. The Company has with legal experts assessed how tax rules affect the business to ensure a correct tax situation. This also applies to indirect taxes. The Company reports and pays the tax authorities the tax amounts the Company and its legal experts deem are correct. However, these amounts may be insufficient if tax authorities make more restrictive interpretations of tax regulations than the Company has done and deems as correct.

EVENTS AFTER THE END OF THE PERIOD

In July a multi-year customer agreement was signed with G.Matica for delivery of the Net Entertainment Casino™. G.Matica was established in 2004 and is already licensed by the Italian gaming authority AAMS to offer online sports betting, poker and casino in Italy. G.Matica is one of the most appreciated land based operators with a significant online presence.

Expekt.com was launched in July and will therefore generate revenues as from the third quarter 2011.

REDEMPTION OF SHARES AND TRANSFER TO SHAREHOLDERS

On April 13, 2011 the Annual General Meeting decided to approve the Board's proposal for share split and automatic redemption procedure, involving a cash transfer to shareholders of SEK 2.00 per share. In accordance with the Annual General Meeting's authorization, the Board decided on the subsequent board meeting to set the record date for share split of the Company's shares to April 21, 2011 and the record date for withdrawal of the redemption shares to May 13, 2011. Cash was transferred to the holders of redemption shares on May 18 through Euroclear.

PRESENTATION OF INTERIM REPORT

On Friday July 15, at 9.00 the report will be presented by CEO Johan Öhman via a live audio web cast. The presentation can be followed live via webcast on Net Entertainment's website www.netent.com.

FINANCIAL INFORMATION

Net Entertainment intends to distribute financial reports and statements on the dates below.

Interim report January-September 2011	October 27, 2011
Earnings report and report for the fourth quarter 2011	February 9, 2012

Financial reports, press releases, and other information are available from the date of publication on Net Entertainment's website www.netent.com.

The Board of Directors and the CEO certify that the report gives a true and fair view of the operations, position, and results of the Group and parent company and describes principal risks and uncertainties facing the company and Group companies.

Stockholm July 14, 2011

Vigo Carlund
Chairman of the Board

Fredrik Erbing

Niclas Eriksson

Mikael Gottschlich

Peter Hamberg

Pontus Lindwall

Johan Öhman
President and CEO

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This report has not been subject to review by the Company's auditor.

LEGAL DISCLAIMER

Certain statements in this 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.

PUBLICATION

The information in this interim report is such information that Net Entertainment NE AB (publ) is required to publicly disclose under the Securities Market Act and/or Financial Instruments Trading Act. The information was submitted for publication on July 15, 2011 at 7.30 am.

CONDENSED CONSOLIDATED INCOME STATEMENTS AND STATEMENTS OF TOTAL INCOME FOR THE GROUP

INCOME STATEMENTS	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Dec 2010
Revenues	99 769	89 155	194 781	176 990	368 170
Other revenues	83	3	307	103	110
Total operating revenues	99 852	89 158	195 088	177 093	368 280
Personnel expenses	-37 789	-23 279	-70 871	-44 172	-98 219
Depreciation and amortization	-9 956	-7 574	-18 931	-13 793	-30 959
Other operating expenses	-24 947	-25 491	-51 836	-50 565	-102 691
Total operating expenses	-72 692	-56 344	-141 638	-108 530	-231 869
Operating profit	27 160	32 814	53 450	68 563	136 411
Financial items	1 424	93	656	-2 208	-4 972
Profit before tax	28 584	32 907	54 106	66 355	131 439
Tax on the period's profit	-3 447	-2 502	-6 081	-4 958	-10 972
Profit for the period	25 137	30 405	48 025	61 397	120 467
<i>Earnings per share before dilution (SEK)</i>	<i>0.64</i>	<i>0.77</i>	<i>1.21</i>	<i>1.55</i>	<i>3.05</i>
<i>Earnings per share after dilution (SEK)</i>	<i>0.64</i>	<i>0.77</i>	<i>1.21</i>	<i>1.55</i>	<i>3.05</i>
<i>Average number of shares</i>					
- before dilution	39 553 716	39 553 716	39 553 716	39 553 716	39 553 716
- after dilution	39 553 716	39 553 716	39 553 716	39 553 716	39 553 716
Operating margin	27.2%	36.8%	27.4%	38.7%	37.0%
Effective tax rate	12.1%	7.6%	11.2%	7.5%	8.3%
Profit for the period attributable to parent company shareholders	25 137	30 405	48 025	61 397	120 467
STATEMENTS OF TOTAL INCOME					
Profit for the period	25 137	30 405	48 025	61 397	120 467
Other total income					
Exchange differences arising from the translation of foreign operations	2 959	-3 152	2 431	-8 421	-15 532
Sum of other total income for the period. net after tax	2 959	-3 152	2 431	-8 421	-15 532
Total income for the period	28 096	27 253	50 456	52 976	104 935

CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	2011-06-30	2010-06-30	2010-12-31
Intangible assets	114 817	63 927	87 021
Property, plant, and equipment	45 130	35 181	44 471
Total non-current assets	159 947	99 108	131 492
Accounts receivable	2 760	10 535	5 473
Prepaid expenses and accrued revenues	47 530	42 433	47 111
Other receivables	32 501	17 911	29 351
Funds held on behalf of licensees	78 912	-	46 408
Cash and cash equivalents ¹	4 663	67 020	47 034
Total current assets	166 366	137 899	175 377
TOTAL ASSETS	326 313	237 007	306 869

EQUITY AND LIABILITIES	2011-06-30	2010-06-30	2010-12-31
Share capital	1 191	1 191	1 191
Other capital contributed	40 904	38 362	38 362
Reserves	-4 127	554	-6 558
Retained earnings including profit for the period	135 768	107 780	166 850
Total equity	173 736	147 887	199 845
Accounts payable	20 567	16 923	19 458
Current tax liabilities	12 383	11 653	11 262
Other liabilities	84 190	39 570	49 845
Accrued expenses and prepaid revenues	35 437	20 974	26 459
Total current liabilities	152 577	89 120	107 024
TOTAL EQUITY AND LIABILITIES	326 313	237 007	306 869

¹ Closing cash and cash equivalents include funds held on behalf of licensees with - 35 835 -

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Dec 2010
Operating profit	27 160	32 814	53 450	68 563	136 411
<i>Adjustment for items not included in cash flows:</i>					
Depreciation and amortization	9 956	7 574	18 931	13 793	30 959
Other	1 576	-110	711	-725	-4 922
Interest received/paid	-75	9	81	71	138
Tax paid	-1 210	-1104	-4 961	-2 132	-8 538
Cash flows from operating activities before changes in working capital	37 407	39 183	68 212	79 570	154 048
Changes in working capital	-7 055	8 587	11 073	4 750	-34 419
Cash flows from operating activities	30 352	47 770	79 285	84 320	119 629
Capitalized intangible assets	-18 630	-17 766	-37 787	-29 247	-67 645
Acquisition of property, plant, and equipment	-2 066	-5 007	-7 218	-9 471	-26 177
Cash flows from investing activities	-20 696	-22 773	-45 005	-38 718	-93 822
Transfer to shareholders	-79 107	-79 107	-79 107	-79 107	-79 107
Received premium for share option rights	2 542	-	2 542	-	-
Cash flows from financing activities	-76 565	-79 107	-76 565	-79 107	-79 107
Cash flow for the period	-66 909	-54 110	-42 285	-33 505	-53 300
Cash and cash equivalents at beginning of period	71 717	122 226	47 034	105 009	105 009
Exchange rate differences in cash and cash equivalents	-145	-1 096	-86	-4 484	-4 675
Cash and cash equivalents at end of period¹	4 663	67 020	4 663	67 020	47 034
¹ Closing cash and cash equivalents include funds held on behalf of licensees with	-	35 835	-	35 835	-

CONDENSED CONSOLIDATED CHANGES IN EQUITY

	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
2010					
Opening equity 2010-01-01	1 191	38 362	8 975	125 490	174 018
Total income for the period Jan-Mar	-	-	-5 269	30 992	25 723
Closing equity 2010-03-31	1 191	38 362	3 706	156 482	199 741
Transfer to shareholders	-	-	-	-79 107	-79 107
Total income for the period Apr-Jun	-	-	-3 152	30 405	27 253
Closing equity 2010-06-30	1 191	38 362	554	107 780	147 887
Total income for the period Jul-Sep	-	-	-5 401	30 044	24 644
Closing equity 2010-09-30	1 191	38 362	-4 847	137 825	172 531
Total income for the period Oct-Dec	-	-	1 711	29 026	27 315
Closing equity 2010-12-31	1 191	38 362	-6 558	166 850	199 845
2011					
Opening equity 2011-01-01	1 191	38 362	-6 558	166 850	199 845
Total income for the period Jan-Mar	-	-	-528	22 888	22 360
Closing equity 2011-03-31	1 191	38 362	-7 086	189 738	222 205
Transfer to shareholders	-	-	-	-79 107	-79 107
Premium received for share option rights	-	2 542	-	-	2 542
Total income for the period Apr-Jun	-	-	2 959	25 137	28 096
Closing equity 2011-06-30	1 191	40 904	-4 127	135 768	173 736

There is no minority interest in the Group. All equity is therefore attributed to parent company shareholders.

CONSOLIDATED KEY DATA AND FIGURES

	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Dec 2010
Operating revenues (SEK thousands)	99 852	89 155	195 088	176 990	368 280
Operating revenues (EUR thousands)	11 083	9 242	21 801	18 075	38 704
Operating margin (percent)	27.2	36.8	27.4	38.7	37.0
Profit margin (percent)	28.6	36.9	27.7	37.5	35.7
EBITDA margin (percent)	37.2	45.3	37.1	46.5	45.4
Return on shareholders' equity (percent)	12.7	17.5	25.7	38.1	64.1
Equity/assets ratio (percent)	53.2	62.4	53.2	62.4	65.1
Quick ratio (percent)	109.0	154.7	109.0	154.7	163.9
Net interest-bearing liabilities (SEK thousands) ¹	-4 663	-67 020	-4 663	-67 020	-47 034
Net debt/equity ratio (multiple)	0.0	-0.5	0.0	-0.5	-0.2
Average number of employees	223	137	211	137	152
Employees at period's end	229	139	229	139	182
Employees and external resources at period's end	322	236	322	236	284
Earnings per share before and after dilution	0.64	0.77	1.21	1.55	3.05
Equity per share (SEK)	4.39	3.74	4.39	3.74	5.05
Average number of outstanding shares before dilution	39 553 716	39 553 716	39 553 716	39 553 716	39 553 716
Average number of outstanding shares after dilution	39 553 716	39 553 716	39 553 716	39 553 716	39 553 716
Number of outstanding shares at the period's end before dilution	39 553 716	39 553 716	39 553 716	39 553 716	39 553 716
Number of outstanding shares at the period's end after dilution	39 553 716	39 553 716	39 553 716	39 553 716	39 553 716

¹ A negative figure means that the Group has a net cash position (positive cash flow and no interest-bearing liabilities)

CONSOLIDATED KEY DATA AND FIGURES BY QUARTER

	2011		2010			2009			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Operating revenues (SEK millions)	99.9	95.2	99.6	91.6	89.2	87.9	85.4	75.8	70.1
Operating revenues (EUR millions)	11.1	10.7	10.8	9.8	9.2	8.8	8.2	7.3	6.5
Operating profit (SEK million)	27.2	26.3	33.8	34.1	32.8	35.7	35.4	30.0	25.3
Operating margin (percent)	27.2	27.6	33.9	37.2	36.8	40.7	41.4	39.5	36.1
EBITDA-margin (percent)	37.2	37.0	43.2	45.9	45.3	47.7	48.2	46.5	43.5
Growth in SEK vs previous year (percent)	12.0	8.3	16.6	20.8	27.2	28.0	37.8	44.0	45.5
Growth in EUR vs previous year (percent)	19.9	21.3	31.7	35.1	42.3	41.0	34.4	30.7	26.1
Growth in SEK vs previous quarter (percent)	4.8	-4.4	8.8	2.7	1.4	3.0	12.6	8.2	2.0
Growth in EUR vs previous quarter (percent)	3.4	-0.8	10.2	6.0	4.6	7.7	13.1	11.7	3.7
Cash and cash equivalents (excl. funds held on behalf of licensees)	4.7	71.7	47.0	40.8	31.2	94.9	71.8	56.6	53.6
Funds held on behalf of licensees	78.9	26.2	46.4	34.8	35.8	27.4	33.2	40.1	23.7
Equity/assets ratio (percent)	53.2	69.4	65.1	63.8	62.4	73.6	70.0	64.7	64.1
Return on shareholders' equity (percent)	12.7	10.8	15.6	18.8	17.5	16.6	20.6	16.1	17.5
Net debt/equity ratio (multiple)	0.0	-0.3	-0.2	-0.2	-0.5	-0.6	-0.6	-0.7	-0.7
Earnings per share	0.64	0.58	0.73	0.76	0.77	0.78	0.82	0.53	0.57
Equity per share (SEK)	4.39	5.62	5.05	4.36	3.74	5.05	4.40	3.55	2.96
Average number of employees	223	200	179	155	137	136	131	114	103

DEFINITIONS

Operating margin

Operating profit in relation to operating revenues.

Profit margin

Profit after financial items in relation to operating revenues.

EBITDA-margin

Operating profit excluding depreciation and amortization in relation to operating revenues.

Return on investment on shareholders' equity

Period's profit/loss in relation to average shareholder equity for the period.

Equity/assets ratio

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

Quick ratio

Current assets in relation to current liabilities.

Net interest-bearing liabilities

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

Net debt/equity ratio (multiple)

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

Average number of employees

The average number of employees during the period.

Number of employees at end of period

The number of employees at the end of the period.

Number of employees and external resources at end of period

The number of employees and external resources such as dedicated persons with contracted suppliers and consultants at the end of the period.

Earnings per share

Profit for the period divided by the average number of shares outstanding during the period.

Equity per share

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

Average number of shares outstanding

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

Number of shares outstanding

The number of shares outstanding, adjusted for bonus issue and share split.

CONDENSED PARENT COMPANY INCOME STATEMENT

INCOME STATEMENTS	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Dec 2010
Operating revenues	79 730	67 117	154 644	117 151	248 863
Other external expenses	-26 728	-26 376	-54 946	-47 093	-99 821
Personnel expenses	-43 006	-29 107	-80 899	-55 833	-118 521
Depreciation and amortization	-2 079	-2 019	-4 132	-4 071	-8 094
Operating profit	7 917	9 615	14 667	10 154	22 427
Financial items	1 630	-235	905	-2 636	64 867
Profit after financial items	9 547	9 380	15 572	7 518	87 294
Tax on the period's profit	-2 305	-2 051	-3 964	-2 051	-5 359
Profit for the period	7 242	7 329	11 608	5 467	81 935

STATEMENT OF TOTAL INCOME

Profit for the period	7 242	7 329	11 608	5 467	81 935
Other total income	-	-	-	-	-
Sum of other total income for the period, net after tax	-	-	-	-	-
Total income for the period	7 242	7 329	11 608	5 467	81 935

CONDENSED PARENT COMPANY BALANCE SHEET

ASSETS	2011-06-30	2010-06-30	2010-12-31
Intangible assets	-	147	-
Property, plant, and equipment	23 312	22 591	23 136
Shares in subsidiary	512	512	512
Total non-current assets	23 824	23 250	23 648
Accounts receivable	20	-	2
Receivables from Group companies	197 722	387 534	235 068
Prepaid expenses and accrued revenues	4 859	5 052	3 762
Other receivables	6 494	5 787	5 980
Cash and cash equivalents	3 550	8 529	33 760
Total current assets	212 645	406 902	278 572
TOTAL ASSETS	236 469	430 152	302 220

EQUITY AND LIABILITIES	2011-06-30	2010-06-30	2010-12-31
Share capital	1 191	1 191	1 191
Statutory reserve	38	38	38
Premium received for share option rights	6 015	3 473	3 473
Retained earnings	20 107	17 279	17 279
Profit for the period	11 608	5 467	81 935
Total equity	38 959	27 448	103 916
Accounts payable	18 863	14 973	16 789
Liabilities to Group companies	139 256	363 793	149 417
Current tax liabilities	4 846	2 517	5 928
Other liabilities	3 178	2 172	2 501
Accrued expenses and prepaid revenues	31 367	19 249	23 669
Total current liabilities	197 510	402 704	198 304
TOTAL EQUITY AND LIABILITIES	236 469	430 152	302 220

NET ENTERTAINMENT'S PRODUCTS

CASINO

The Net Entertainment Casino™ is a complete gaming system consisting of a powerful administration tool and a full suite of high quality games. Games are divided into four categories: table games, video poker, slot games and other games such as scratch cards and Keno.

The games are customized for each licensee so they become a natural, integral part of the licensee's gaming site. Net Entertainment also provides assistance with graphical design of the website where the games are presented.

Distributing the games is possible through a number of channels where browser based solutions are the most common but the Company has also developed a downloadable client and a system for games in a physical environment.

MULTIPLAYER GAMES

Net Entertainment has developed a poker game for the Turkish market. The Company has also developed a multiplayer blackjack and roulette for simultaneous playing.

SERVICE

Net Entertainment offers a number of peripheral services including technical support, hosting, account management and system surveillance. This allows the licensees to focus on their core business.

DEVELOPMENT

Extensive analysis and development efforts ensure that the Company can deliver new exciting games and functions. The complexity within casino games is continuously increasing and Net Entertainment is seen as a market leader within its market.

Two new games are Frankenstein and Flowers.

