

NET ENTERTAINMENT

INTERIM REPORT JANUARY-SEPTEMBER 2011



NETENT

PUSHING THE LIMITS IN GAMING ENTERTAINMENT

STRONG QUARTER DRIVEN BY ORGANIC GROWTH

THIRD QUARTER 2011

- Revenues for the third quarter increased by 21.7 % to SEK 111.4 (91.6) million
- Operating profit amounted to SEK 34.0 (34.1) million
- Operating margin was 30.5 (37.2) %, 36.5 % excluding costs amounting to SEK 6.7 million related to former senior executives
- Profit after tax amounted to SEK 31.0 (30.0) million
- Earnings per share amounted to SEK 0.78 (0.76) before and after dilution
- Three new license agreements were signed, and five new customers' casinos were launched

FIRST NINE MONTHS 2011

- Revenues for the first nine months increased by 14.1 % to SEK 306.5 (268.7) million
- Operating profit amounted to SEK 87.5 (102.7) million
- Operating margin was 28.5 (38.2) %, 30.7 % excluding costs amounting to SEK 6.7 million related to former senior executives
- Profit after tax amounted to SEK 79.0 (91.4) million
- Earnings per share amounted to SEK 2.00 (2.31) before and after dilution
- Five new license agreements were signed, and nine new customers' casinos were launched

IMPORTANT EVENTS IN THE THIRD QUARTER

Revenue growth for the third quarter was 24.1 percent in local currency compared to the third quarter 2010. The strengthened Swedish currency has held back revenue growth in SEK which was 21.7 percent.

The number of game transactions amounted to 2.2 billion in the third quarter, an increase of 13.5 percent compared to the previous quarter and 53.5 percent compared to the same period in 2010.

In July 2011, a new legislation took effect regarding online gaming in Italy. Net Entertainment has signed agreements with several large operators for the Italian market. Gioco Digitale was first to launch, followed by Unibet and Betclac. Microgame was launched at the end of the quarter.

Net Entertainment's strategic efforts are progressing well and are necessary to strengthen delivery capacity as the company grows, market matures, new customers are added and customers become larger. In addition, the regulation of the online market creates extensive requirements that must be faced but at the same time creating large business opportunities. The development of mobile games has continued during 2011 and the first games are expected to launch during the fourth quarter.

During the quarter, Johan Öhman left his position as CEO of the company. During the process to recruit a new CEO, Björn Krantz has taken on the position as Acting President and CEO. Björn is currently on leave from his former duties as Sales Director and CEO of Net Entertainment Malta Ltd.

SUMMARY IN FIGURES	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Jan-Dec 2010
Operating revenues	111 434	91 584	306 522	268 677	368 280
Operating expenses	-77 420	-57 492	-219 058	-166 022	-231 869
Operating profit	34 014	34 092	87 464	102 655	136 411
Operating margin	30.5 %	37.2 %	28.5 %	38.2 %	37.0 %
Cash flows from operating activities	45 731	8 177	146 462	92 497	119 629
Cash flows for the period	23 700	-24 226	2 861	-57 731	-53 300
Cash and cash equivalents at end of period	50 040	40 812	50 040	40 812	47 034

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 BJÖRN KRANTZ, ACTING PRESIDENT AND CEO

Taking on the position as Acting President & CEO of Net Entertainment during a strong quarter with several positive events has been very exciting and encouraging. Revenues increased by 21.7 percent compared to last year which is a result of strong casino performance with existing licensees combined with the launch of five new customers in both new and existing markets. In addition, Net Entertainment signed three new customer agreements during the quarter, one of which was G.Matica, focusing on the Italian market.

Net Entertainment launched its first customer on the newly regulated Italian market on July 18, followed by three additional customers later in the quarter. The initial performance has been in line with our expectations and we now start to see results from the investments and efforts we have put into establishing our presence in Italy. I am very excited about the future developments as we launch additional licensees and as the market prepare for commercial launch of slots, which is predicted during first half of 2012.

Local regulation of our industry is ongoing, and we continuously monitor and evaluate each market individually to assess the impact on the company both from a financial, organizational and strategic perspective. As for latest regulatory initiatives in Denmark we are currently working with necessary system, and game compliance planning, with an objective to establish on the local market which is scheduled for opening in the beginning of 2012.

The development of Mobile games has entered its final testing stage and the games are expected to be launched before year-end. Mobile games are a natural complement to our existing product portfolio, which will create a new channel for additional revenue streams. Two of our most successful slot games, Gonzo's Quest and Jack Hammer, will both be part of the initial launch.

In the end of September, our slot game Mega Fortune paid an 11.7 million euro jackpot to a lucky 20-year old Norwegian, making it the largest ever jackpot in the history of online gaming. We launched a new platinum slot, Robin Hood, during the quarter which holds superior graphics, animations and mathematical design. We continue to push the limits in gaming entertainment and we have a strong commitment to provide our licensees with the most exciting content in order to maximize player experience.

Our strategy to establish a solid footprint in UK remains firm, and as separately announced, we have signed an agreement in October to provide casino games content to Sky Betting and Gaming, which will further strengthen our presence in the UK.

We follow our strategic plan and continue to invest in operational, and portfolio excellence, which will safeguard our competitive edge and long term profitable growth moving forward. I look forward to Net Entertainment's future which holds great opportunities.

NEW AGREEMENTS AND CUSTOMERS

During the third quarter three new license agreements were signed, including G.Matica, an Italian based operator founded in 2004 already holding a license from the Italian gaming authority AAMS to offer online sports betting, poker and casino in Italy. G.Matica is a land based operator with an existing online presence. In addition, the partnership with an existing operator was extended to also include Casino Monte Carlo, one of the most well known land based operators in the world. Casino Monte Carlo is now extending their business by offering online casino games and has chosen Net Entertainment as their supplier.

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

CUSTOMERS TO BE LAUNCHED

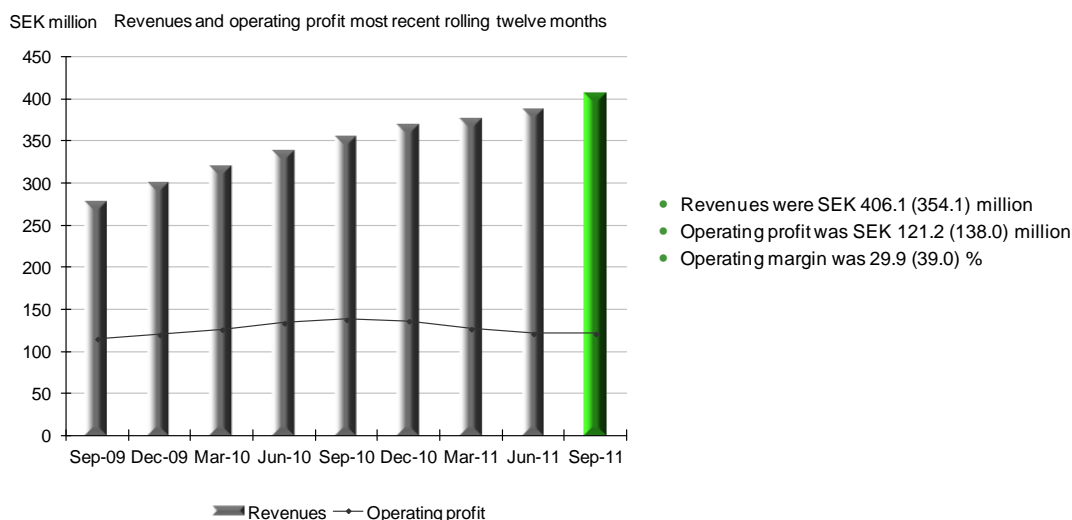
At the end of the quarter, the company held agreements with a number of operators that have not yet launched, including bwin.it, INTRALOT Interactive and G.Matica.

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

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 government 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.

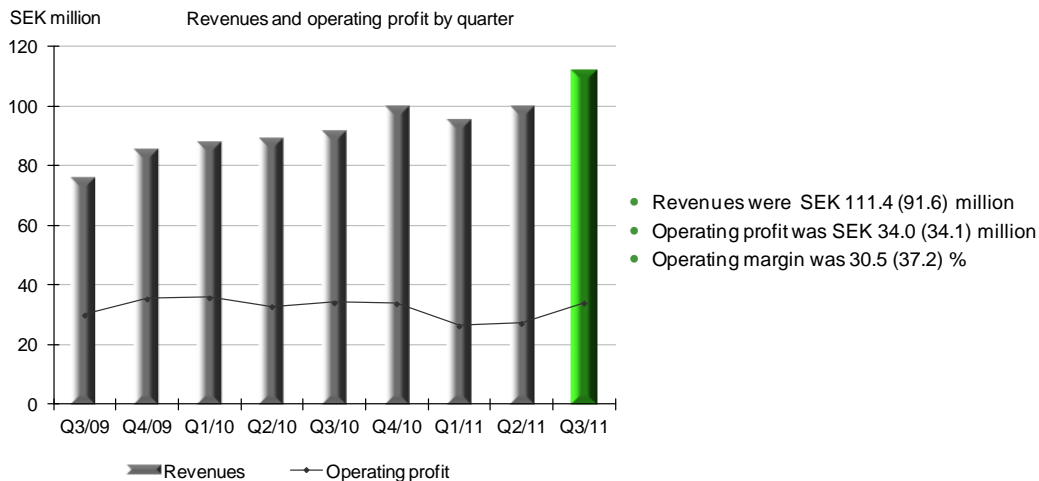
REVENUES AND PROFITABILITY FOR THE THIRD QUARTER

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



Revenues during the third quarter amounted to SEK 111.4 (91.6) million, an increase of 21.7 percent compared to the same period 2010. Operating profit amounted to SEK 34.0 (34.1) million and the operating margin was 30.5 (37.2) 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. Currency effects have affected the company's revenues negatively by 6.3 percent compared to the same period previous year. By far the largest share of revenue growth compared to the same period previous year is thus attributable to higher volumes.

The number of game transactions continues to grow and amounted to 2.2 billion during the third quarter, which is an increase of 53.5 percent since last year.

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. Five new customer's casinos were launched during the quarter. During the most recent twelve month period, eleven 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 21.7 percent in the third quarter compared to the corresponding period last year. In Euros, revenues increased by 24.1 percent.

During the third quarter 2011, the Swedish Krona was 2.5 percent stronger compared to the previous year and weakened by 1.5 percent compared to previous quarter.

PROFITABILITY

Operating profit for the third quarter decreased by 0.2 percent to SEK 34.0 (34.1) 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 strengthening 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 subcontractors. During the quarter a number of subcontractors have been replaced by own personnel which has reduced operating expenses. In addition, the regulation of the online market creates extensive requirements that must be faced which affect costs, as do the strategic initiatives (new product areas such as mobile games and platform development) previously announced.

The operating margin amounted to 30.5 percent during the third quarter compared to 37.2 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.

During the third quarter, costs amounting to SEK 6.7 million due to resignation of senior executives have affected the company's operating profit. Excluding this cost the company's operating margin was 36.5 percent.

The financial net amounted to SEK 0.7 (1.0) million for the third 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 10.7 (9.3) percent during the third 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 third 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 16.8 (19.9) million for the quarter. Investments in property, plant, and equipment amounted to SEK 5.2 (12.5) million.

Investments in intangible assets consist of development of new games, technical adjustments in the platform such as new functionality, increased capacity and adjustments for requirements on regulated markets. Among larger development projects for games, the mobile adjustment project and the new platinum game Jack and the Beanstalk are noticeable as an example.

Investments in property, plant, and equipment are primarily servers and other computer equipment. Additional investments include furniture, fixtures and equipment for the company's new and larger office which was completed during the quarter. 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

The Group's cash flow from operating activities for the third quarter amounted to SEK 45.7 (8.2) million. The increase is mainly attributable to the change in working capital which during the third quarter 2010 was negatively affected by a change in procedure of Funds held on behalf of licensees. During 2011, the date at which the transfer occurs of accrued jackpot balance from the Group's own cash to the client fund account (Funds held on behalf of licensees) has been postponed to better match the date for payment from the operators which improved cash flow during 2011. The effect of this change positively affected cash flow in the third quarter by SEK 12.1 million and SEK 33.5 million for the nine-month period.

Cash flow from investing activities amounted to SEK -22.0 (-32.4) million.

The Group's cash and cash equivalents amounted to SEK 50.0 (40.8) million at the end of the period. In addition, there are available credit lines of SEK 40 million that have not been used.

SUMMARY OF THE FIRST NINE MONTHS

Revenues during the period January-September amounted to SEK 306.5 (268.7) million, an increase of 14.1 percent compared to the same period 2010. Operating profit amounted to SEK 87.5 (102.7) million and the operating margin was 28.5 (38.2) percent. Excluding costs amounting to SEK 6.7 million related to former senior executives, the operating margin was 30.7 percent.

The Group's expenditure for capitalized development projects as intangible assets amounted to SEK 54.6 (49.2) million for the first nine months. Investments in property, plant, and equipment amounted to SEK 12.4 (21.9) million.

The Group's cash flow from operating activities for the first nine months amounted to SEK 146.5 (92.5) million. Cash flow from investing activities amounted to SEK -67.0 (-71.1) million.

MARKET

The online gaming market has shown positive growth in recent years. Growth continued during 2011 albeit at a somewhat lower pace. The global gross gaming yield for online gaming, including all game segments, 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. 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 cross 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 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.

Net Entertainment closely monitors the development on all markets that are undergoing regulation. A selection of markets is stated below.

Italy was previously a regulated market, limited to sports and horse betting, tournament poker, skill games, and scratch tickets available online via licensed operators. In July a new legal framework took effect which also includes cash game poker, bingo and casino games. The launch of slot games is expected to be allowed during the first half of 2012.

France adopted a legal framework in June 2010 where they grant 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.

Denmark is also in the process of introducing a licensing system with the ambition that it will take effect in January 2012. The legal framework includes sports and horse betting, online casino and poker. The casino games include blackjack, roulette, slots, baccarat and punto banco.

Spain has introduced a federal gaming legislation which is expected to take effect during the first quarter 2012. At the same time the autonomous regions can admit their own legal framework. Madrid has utilized this right and has granted licenses to two land based operators.

In Germany, the 16 states are preparing a federal legal framework with the ambition that it will take effect during spring 2012. Simultaneously the state Schleswig-Holstein has adopted a new legislation which has been approved by the EU-commission under which private operators are awarded licenses for betting and online casino.

In Sweden, discussions of a potential change in regulation regarding online gaming have been initiated as the Swedish Social Democratic Party presented a new political position for online gaming. A new legal framework has not been presented however and it is uncertain if a new proposal for re-regulation will be presented before the election in 2014.

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.

¹ H2 Gaming Capital, August 2011

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 potential markets such as Asia and the US.

EVENTS AFTER THE END OF THE PERIOD

In October, an agreement was signed with Sky Betting and Gaming for delivery of games to skyvegas.com. Sky Betting and Gaming offers a wide range of betting and gaming services under the SkyBet, SkyPoker, SkyVegas and SkyBingo brands. The company is licensed on Alderney and is owned by BSkyB Group Plc.

Furthermore, the company's new CFO, Maria Hedengren, has commenced her position. Maria has an extensive experience from IT related businesses, most recently working at IBS, an international supplier of ERP systems.

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.

Technical development and operations are managed at the Group's head office in Stockholm and sales, customer support, product management and marketing are managed 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 225 versus 165 people one year ago. Including external recourses such as dedicated persons with contract suppliers and subcontractors, Net Entertainment employed 313 (268) 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 62.5 percent of the offer which amounted to a total of 565,000 share option rights, offered to employees. 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 are held by the wholly owned subsidiary Mobile Entertainment ME AB, which will not be utilized.

At the end of the quarter, the total outstanding share option rights amounted to 513,100 corresponding to the same number of shares of which 160,000 will be canceled. In the case of full subscription of these share option rights the parent company's equity will increase by SEK 24.8 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 or been dismissed. 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 2.4 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. Further information about this program can be viewed in the annual report 2010.

PARENT COMPANY

The parent company's revenues for the third quarter amounted to SEK 76.6 (62.6) million. Operating profit amounted to SEK 6.1 (5.3) million for the third quarter. Currency effects on inter-company transactions are included in financial items. Profit after tax was SEK 6.5 (4.6) million for the third 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. Some parts of the 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 11.9 (17.5) million.

The parent company's revenues for the period January-September amounted to SEK 231.2 (179.7) million. Operating profit amounted to SEK 20.7 (15.4) million and the operating margin was 9.0 (8.6) percent.

Investments in property, plant and equipment amounted to SEK 9.3 (8.1) million for the period January-September.

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.

As of January 1, 2011, the Group applies the amendments to IAS 24, Related Party Disclosures, amended definition and some relaxation of disclosure requirements for companies with government ties. Part from this, new or revised standards that came into effect after December 31, 2010 have not 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.

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 enables the delivery of systems and certain associated services to the company's customers. The company also has a category 2 license on Alderney. It is crucial that these licenses are maintained and extended. An extended license for another five years was obtained in November 2010 for the Malta license and the Alderney license is valid until further notice.

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 (the players) 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 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.

NOMINATING COMMITTEE

In accordance with the principles resolved by the Annual General Meeting 2011 for appointment of nominating committee, Per Hamberg (appointed by the Hamberg family), Christoffer Lundström (Provobis Invest AB) and Eugen Steiner (Kling family) have been appointed to, together with the Chairman of the Board of Directors Vigo Carlund, form nominating committee for the Annual General Meeting 2012.

The nominating committee is to prepare proposals for decisions at the Annual General Meeting in 2012 as regards the Chairman of the meeting, Chairman and other members of the Board of Directors, auditor when applicable, remuneration for the Board of Directors and auditor, and principles for appointment of the nominating committee. The period in office of the nominating committee runs until a new nominating committee is appointed in accordance with decisions on appointment of a nominating committee at the annual general meeting in 2012.

Shareholders can submit proposals to the nominating committee at: Nominating Committee, Net Entertainment NE AB, Luntmakargatan 18, SE-111 37 Stockholm, Sweden and nomination@netent.com. The nominating committee's proposal will be published at the latest in connection with the notice for the Annual General Meeting.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held in Stockholm on April 18 2012

PRESENTATION OF INTERIM REPORT

On Thursday, October 27 at 9.00 the report will be presented by Acting CEO Björn Krantz at the company's office at Luntmakargatan 18 in Stockholm. 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.

Earnings report and report for the fourth quarter 2011	February 9, 2012
Annual General Meeting	April 18, 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 October 26, 2011

Vigo Carlund
Chairman of the Board

Fredrik Erbing

Niclas Eriksson

Mikael Gottschlich

Peter Hamberg

Pontus Lindwall

Björn Krantz
Acting President and CEO

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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 October 27, 2011 at 7.30 am.

AUDITOR'S REPORT

INTRODUCTION

We have reviewed the interim report for Net Entertainment NE AB (publ) for the period 1 January – 30 September 2011. The Board of Directors and the Chief executive officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, October 26, 2011

Deloitte AB

Therése Kjellberg

Authorized Public Accountant

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

INCOME STATEMENTS	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2010
Revenues	111 189	91 584	305 970	268 574	368 170
Other revenues	245	0	552	103	110
Total operating revenues	111 434	91 584	306 522	268 677	368 280
Personnel expenses	-40 432	-27 041	-111 303	-71 213	-98 219
Depreciation and amortization	-12 371	-7 905	-31 302	-21 698	-30 959
Other operating expenses	-24 617	-22 547	-76 453	-73 111	-102 691
Total operating expenses	-77 420	-57 492	-219 058	-166 022	-231 869
Operating profit	34 014	34 092	87 464	102 655	136 411
Financial items	646	-977	1 302	-3 185	-4 972
Profit before tax	34 660	33 115	88 766	99 470	131 439
Tax on the period's profit	-3 707	-3 071	-9 788	-8 029	-10 972
Profit for the period	30 953	30 044	78 978	91 441	120 467
<i>Earnings per share before dilution (SEK)</i>	<i>0.78</i>	<i>0.76</i>	<i>2.00</i>	<i>2.31</i>	<i>3.05</i>
<i>Earnings per share after dilution (SEK)</i>	<i>0.78</i>	<i>0.76</i>	<i>2.00</i>	<i>2.31</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	30.5%	37.2%	28.5%	38.2%	37.0%
Effective tax rate	10.7%	9.3%	11.0%	8.1%	8.3%
Profit for the period attributable to parent company shareholders	30 953	30 044	78 978	91 441	120 467
STATEMENTS OF TOTAL INCOME					
Profit for the period	30 953	30 044	78 978	91 441	120 467
Other total income					
Exchange differences arising from the translation of foreign operations	2 295	-5 401	4 726	-13 821	-15 532
Sum of other total income for the period. net after tax	2 295	-5 401	4 726	-13 821	-15 532
Total income for the period	33 248	24 644	83 704	77 620	104 935

CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	2011-09-30	2010-09-30	2010-12-31
Intangible assets	124 626	76 208	87 021
Property, plant, and equipment	46 749	43 794	44 471
Total non-current assets	171 375	120 002	131 492
Accounts receivable	2 482	14 815	5 473
Prepaid expenses and accrued revenues	52 221	42 019	47 111
Other receivables	45 275	17 913	29 351
Funds held on behalf of licensees	25 382	34 808	46 408
Cash and cash equivalents	50 040	40 812	47 034
Total current assets	175 400	150 367	175 377
TOTAL ASSETS	346 775	270 369	306 869

EQUITY AND LIABILITIES	2011-09-30	2010-09-30	2010-12-31
Share capital	1 191	1 191	1 191
Other capital contributed	40 904	38 362	38 362
Reserves	-1 832	-4 847	-6 558
Retained earnings including profit for the period	166 722	137 825	166 850
Total equity	206 985	172 531	199 845
Accounts payable	21 309	17 460	19 458
Current tax liabilities	14 828	14 615	11 262
Other liabilities	65 117	38 491	49 845
Accrued expenses and prepaid revenues	38 536	27 272	26 459
Total current liabilities	139 790	97 838	107 024
TOTAL EQUITY AND LIABILITIES	346 775	270 369	306 869

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Jan-Dec 2010
Operating profit	34 014	34 092	87 464	102 655	136 411
<i>Adjustment for items not included in cash flows:</i>					
Depreciation and amortization	12 371	7 905	31 302	21 698	30 959
Other	988	-786	1 699	-1 511	-4 922
Interest received	2	-	159	99	167
Interest paid	-48	-4	-124	-32	-29
Tax paid	-1 261	-110	-6 222	-2 242	-8 538
Cash flows from operating activities before changes in working capital	46 066	41 097	114 278	120 667	154 048
Changes in working capital	-335	-32 920	32 184	-28 170	-34 419
Cash flows from operating activities	45 731	8 177	146 462	92 497	119 629
Capitalized intangible assets	-16 846	-19 937	-54 633	-49 184	-67 645
Acquisition of property, plant, and equipment	-5 185	-12 466	-12 403	-21 937	-26 177
Cash flows from investing activities	-22 031	-32 403	-67 036	-71 121	-93 822
Transfer to shareholders	-	-	-79 107	-79 107	-79 107
Received premium for share option rights	-	-	2 542	-	-
Cash flows from financing activities	-	-	-76 565	-79 107	-79 107
Cash flow for the period	23 700	-24 226	2 861	-57 731	-53 300
Cash and cash equivalents at beginning of period ¹	26 109	67 020	47 034	105 009	105 009
Exchange rate differences in cash and cash equivalents	231	-1 982	145	-6 466	-4 675
Cash and cash equivalents at end of period	50 040	40 812	50 040	40 812	47 034

¹ A reclassification has been made for the second quarter 2011 of SEK 21.4 million from Funds held on behalf of licensees to Cash and cash equivalents in order for the balance to correspond to accessible cash. This is due to postponed date for transfer of cash and cash equivalents to the client fund account from May 2011. View further information under section Cash and cash equivalents, financing and financial position.

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

	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
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
Total income for the period Jul-Sep	-	-	2 295	30 953	33 248
Closing equity 2011-09-30	1 191	40 904	-1 832	166 722	206 985

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

CONSOLIDATED KEY DATA AND FIGURES

	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Jan-Dec 2010
Operating revenues (SEK thousands)	111 434	91 584	306 522	268 677	368 280
Operating revenues (EUR thousands)	12 166	9 758	33 967	27 832	38 704
Operating margin (percent)	30.5	37.2	28.5	38.2	37.0
Profit margin (percent)	31.1	36.2	29.0	37.0	35.7
EBITDA margin (percent)	41.6	45.9	38.7	46.3	45.4
Return on shareholders' equity (percent)	16.3	18.8	38.8	52.8	64.1
Equity/assets ratio (percent)	59.7	63.8	59.7	63.8	65.1
Quick ratio (percent)	125.5	153.7	125.5	153.7	163.9
Net interest-bearing liabilities (SEK thousands) ¹	-50 040	-40 812	-50 040	-40 812	-47 034
Net debt/equity ratio (multiple)	-0.2	-0.2	-0.2	-0.2	-0.2
Average number of employees	228	155	217	143	152
Employees at period's end	225	165	225	165	182
Employees and external resources at period's end	313	268	313	268	284
Earnings per share before and after dilution	0.78	0.76	2.00	2.31	3.05
Equity per share (SEK)	5.23	4.36	5.23	4.36	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			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Operating revenues (SEK millions)	111.4	99.9	95.2	99.6	91.6	89.2	87.9	85.4	75.8
Operating revenues (EUR millions)	12.2	11.1	10.7	10.8	9.8	9.2	8.8	8.2	7.3
Operating profit (SEK million)	34.0	27.2	26.3	33.8	34.1	32.8	35.7	35.4	30.0
Operating margin (percent)	30.5	27.2	27.6	33.9	37.2	36.8	40.7	41.4	39.5
EBITDA-margin (percent)	41.6	37.2	37.0	43.2	45.9	45.3	47.7	48.2	46.5
Growth in SEK vs previous year (percent)	21.7	12.0	8.3	16.6	20.8	27.2	28.0	37.8	44.0
Growth in EUR vs previous year (percent)	24.1	19.9	21.3	31.7	35.1	42.3	41.0	34.4	30.7
Growth in SEK vs previous quarter (percent)	11.6	4.8	-4.4	8.8	2.7	1.4	3.0	12.6	8.2
Growth in EUR vs previous quarter (percent)	9.8	3.4	-0.8	10.2	6.0	4.6	7.7	13.1	11.7
Cash and cash equivalents (excl. funds held on behalf of licensees) ²	50.0	26.1	71.7	47.0	40.8	31.2	94.9	71.8	56.6
Funds held on behalf of licensees ²	25.4	57.5	26.2	46.4	34.8	35.8	27.4	33.2	40.1
Equity/assets ratio (percent)	59.7	53.2	69.4	65.1	63.8	62.4	73.6	70.0	64.7
Return on shareholders' equity (percent)	16.3	12.7	10.8	15.6	18.8	17.5	16.6	20.6	16.1
Net debt/equity ratio (multiple)	-0.2	-0.2	-0.3	-0.2	-0.2	-0.5	-0.6	-0.6	-0.7
Earnings per share	0.78	0.64	0.58	0.73	0.76	0.77	0.78	0.82	0.53
Equity per share (SEK)	5.23	4.39	5.62	5.05	4.36	3.74	5.05	4.40	3.55
Average number of employees	228	223	200	179	155	137	136	131	114

¹ A reclassification has been made for the second quarter 2011 of SEK 21.7 million from Funds held on behalf of licensees to Cash and cash equivalents in order for the balance to correspond to accessible cash. This is due to postponed date for transfer of cash and cash equivalents to the client fund account from May 2011. View further information under section Cash and cash equivalents, financing and financial position.

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 subcontractors 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	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Jan-Dec 2010
Operating revenues	76 577	62 577	231 221	179 728	248 863
Other external expenses	-24 365	-27 670	-79 311	-74 763	-99 821
Personnel expenses	-43 822	-27 651	-124 721	-83 484	-118 521
Depreciation and amortization	-2 314	-1 975	-6 446	-6 046	-8 094
Operating profit	6 076	5 281	20 743	15 435	22 427
Financial items	462	-694	1 367	-3 330	64 867
Profit after financial items	6 538	4 587	22 110	12 105	87 294
Tax on the period's profit	-2 158	-1 232	-6 122	-3 283	-5 359
Profit for the period	4 380	3 355	15 988	8 822	81 935

STATEMENT OF TOTAL INCOME

Profit for the period	4 380	3 355	15 988	8 822	81 935
Other total income	-	-	-	-	-
Sum of other total income for the period, net after tax	-	-	-	-	-
Total income for the period	4 380	3 355	15 988	8 822	81 935

CONDENSED PARENT COMPANY BALANCE SHEET

ASSETS	2011-09-30	2010-09-30	2010-12-31
Intangible assets	-	73	-
Property, plant, and equipment	26 019	23 587	23 136
Shares in subsidiary	512	512	512
Total non-current assets	26 531	24 172	23 648
Accounts receivable	-	-	2
Receivables from Group companies	273 405	114 844	235 068
Prepaid expenses and accrued revenues	5 837	4 413	3 762
Other receivables	5 816	5 332	5 980
Cash and cash equivalents	11 863	17 543	33 760
Total current assets	296 921	142 132	278 572
TOTAL ASSETS	323 452	166 304	302 220

EQUITY AND LIABILITIES	2011-09-30	2010-09-30	2010-12-31
Share capital	1 191	1 191	1 191
Statutory reserve	38	38	38
Share premium reserve	6 015	3 473	3 473
Retained earnings	20 107	17 279	17 279
Profit for the period	15 988	8 822	81 935
Total equity	43 339	30 803	103 916
Accounts payable	19 600	12 550	16 789
Liabilities to Group companies	218 387	92 717	149 417
Current tax liabilities	5 671	3 369	5 928
Other liabilities	2 879	1 892	2 501
Accrued expenses and prepaid revenues	33 576	24 973	23 669
Total current liabilities	280 113	135 501	198 304
TOTAL EQUITY AND LIABILITIES	323 452	166 304	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.

MULTIPLAYER GAMES

Net Entertainment has developed blackjack and roulette where several players can participate.

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 Robin Hood and Victorious.

