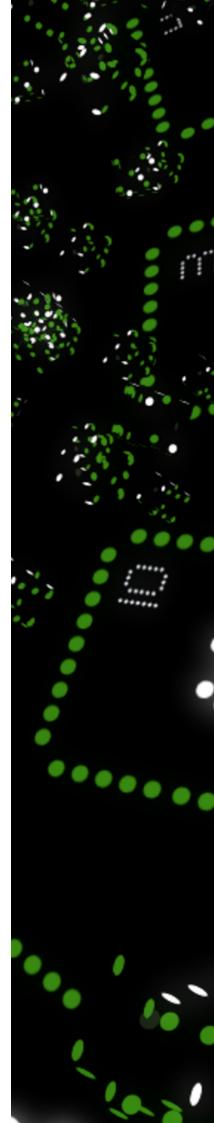


# Third quarter report 2008



### **Net Entertainment NE AB (publ)**

# Net Entertainment hereby submits its Interim Report for the period January - September 2008

### Nine-month period 2008

- Revenue for the nine-month period increased by 50% to SEK 143.0 (95.1) million.
- Profit after tax rose by 65% to SEK 52.8 (32.1) million
- Operating margin was 40.0 (37.0)%
- Earnings per share before and after dilution amounted to SEK 1.34 (0.81)
- 16 new license agreements for CasinoModule<sup>TM</sup> were signed

### Third quarter 2008

- Revenues increased by 63% to SEK 52.6 (32.3) million.
- Profit after tax rose by 104% to SEK 19.9 (9.8) million.
- Operating margin was 42.2 (32.9)%
- Earnings per share before and after dilution amounted to SEK 0.50 (0.25)
- 8 new license agreements for CasinoModule<sup>TM</sup> were signed

## Comments from Johan Öhman, CEO

"Net Entertainment is continuing to evolve strongly. The primary driving force is volume growth with our existing customers and infusion of new. The games and functionalities that the Company launched have strongly contributed to the success. The development during the second and third quarter is characterised by lower seasonal effect compared to previous years. We see no tendencies for a slowdown in the market growth for online gaming and the fourth quarter have started of strong.

The development work in the Ukraine is proceeding well and the Company have now two development teams in place. The downloadable casino is at present undergoing acceptance testing and will be launched for customer shortly. During the third quarter a virtual horseracing game witch belongs to the category "soft games" was launched. The game offers a gaming experience of the highest standard and the result will determine whether additional soft games will be developed.

The sales towards new customers have been successful. Agreements have during the first nine month of the year been signed with four so called Tier 1 operators. As a result of this the Company's dependence on individual customers is drastically diminished.

In purpose of equipping the Company for the future the company management have been strengthened with three new co-workers, all with wide experience and special knowledge within there specific area. In addition, the work of developing the business to handle expected new customers and volume growth.

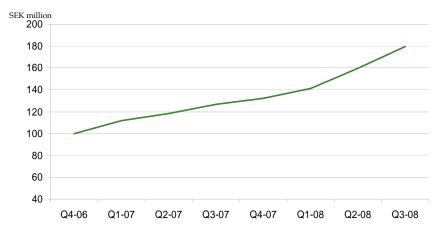
#### **About Net Entertainment**

Net Entertainment NE AB and its subsidiary Net Entertainment Malta Ltd (which together form the Group or the Company) are leading suppliers of digitally distributed Internet gaming software. The company was established in 1996 and has a customer base of scarcely sixty international gaming companies. Revenues consist of royalties based on the revenues generated by the Company's products and setup fees when new agreements are signed. Net Entertainment is a pure development company and thus does not conduct any gaming operations of its own. The Company's brand is internationally recognised and associated with innovation, service and quality.

The Group has offices in Stockholm housing all technical development, and on Malta where all commercial operations including sales, marketing and product management are found.

The Parent Company has been listed on the Nordic Growth Market (NGM) Equity since April 5, 2007. As announced previously, Net Entertainment's Board of Directors has decided to file an application to move its exchange listing to the OMX Nordic Exchange Stockholm, in 2008. Trading is scheduled to start on the OMX Nordic Exchange Stockholm in the beginning of 2009.

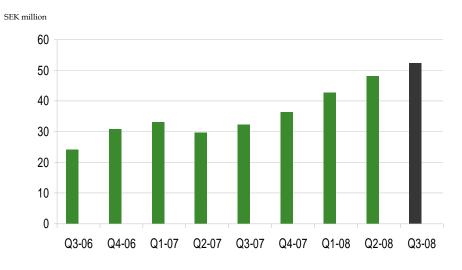
Revenue for the most recent rolling 12 months is presented in the diagram below.



#### **Developments during the third quarter**

Earnings and profitability

Net sales for the quarter increased to SEK 52.6 (32.3) million, 62.9% higher than the same period last year. Operating profit rose to SEK 22.2 (10.7) million and the operating margin was 42.2 (32.9)%.



The growth during the year's third quarter was as a result of continued strong market advances good. Another successful product release with three new games was released during the period and three new customers' casinos were taken into operation, thereby boosting the company's revenue base. During the third quarter eight new agreements were signed witch added revenue in form of setup fees. Moreover, the agreements with four smaller operators that did not reach the minimum turnover in the casino that the Company requires were cancelled.

Revenue was favourably affected by the higher volumes reported for the third quarter as compared with the equivalent period 2007. However, higher volumes also mean a somewhat lower average price since customers adopt a pricing system whereby a higher volume generates a lower price. The royalty levels per pricing system remained stable throughout the quarter. Fluctuations in exchange rates had a slightly positive effect on Net Entertainment's revenue growth in the third quarter compared with the same period last year. Third quarter sales increased 9% over the previous quarter.

Operating profit was up 108% compared with the period last year and 21% over the previous quarter. Operating expenses rose somewhat after the useful life reassessment of intangible assets made at start of 2008. Furthermore, the company has accelerated its development pace to ensure a leading market position and broaden its selection of products. Contract developments in the Ukraine and external development resources in Stockholm help to increase the rate of development. This has resulted in a larger number of intangible assets being recognised. The Company has also incurred costs related to the ongoing listing process for the trading of shares on the OMX Nordic Exchange Stockholm.

At the end of the quarter, the Company had 17 contracted customers that yet have not been launched.

The market [move out of the financial section, focus on the final quarter]

The market for online gaming has exhibited strong growth the past years and global sales for internet gaming are expected to exceed USD 16 billion in 2008. In the next few years, Europe is expected to represent more than half the total gaming revenues and grow by 15-20% annually, making it by far the largest gaming market.<sup>1</sup>

Net Entertainment views the conditions for continued expansion in the casino market as good. A more generous product portfolio will enable the Company to target a broader market. Expansion may take the form of organic growth or be attained through acquisitions or in-licensing.

Additional information about the market can be found in the 2007 annual report.

New assignments and customers

During the third quarter, new agreements for delivery of CasinoModule<sup>TM</sup> were signed with eight operators: King, Chipleader, 21Media, Bingo Las Vegas, No IQ Poker and three operators that for now wish to remain anonymous (which of two are so called Tier 1 operators).

#### Cash and cash equivalents, financing and financial position

The Group's cash flow from operating activities during the nine-month period amounted to SEK 63.0 (29.3) million. Cash flow from investing activities amounted to SEK -12.9 (-9.5) million. Cash flow from financing activities amounted to SEK -29.7 (-9.9) million and relates in both periods to dividends to shareholders. At the close of the period, consolidated cash and cash equivalents stood at SEK 46.7 (23.1) million (SEK 4.9 million of which refers to funds held on behalf of licensees). The Group's strong liquidity is attributed to the large cash flow generated by operating activities. The Group had an effective tax rate of 7.4 (9.5)% during the nine-month period. The Group's effective tax rate is primarily affected by the distribution of profit between Sweden and Malta. Since the profit in Sweden for the nine-month period is lower than for the same period last year, the effective tax rate for the Group is lower.

#### **Investments**

The Group's capitalization of development expenses as intangible assets amounted to SEK 11.5 (6.7) million during the first nine months of the year, and property, plant, and equipment amounted to SEK 1.5 (2.8) million.

#### Personnel and organisation

The executive management team has expanded in the third quarter to include Bertil Jungmar as Financial Director, Mathias Crona, Strategy and Business Development, and Fredrik Petersson, Product Ownership. At the end of the period, there were 77 (59) employees. Including subcontractors, Net Entertainment employed 107 (79) persons.

#### **Parent Company**

The parent company reported revenue of SEK 28.3 million for the quarter, compared with SEK 21.3 million for the same period last year. Revenue for the nine-month period was SEK 79.0 (62.5) million. Operating profit was SEK 4.2 (1.9) million for the quarter and SEK 6.1 (8.4) million for the nine-month period. Profit after tax was SEK 3.2 (1.3) million for the quarter and SEK 4.3 (6.0) million for the nine-month period. Cash and cash equivalents in the parent company were SEK 9.0 (3.0) million at the end of the period.

#### Events after the end of the period

Since the close of the reporting period, the Company has signed an agreement with the smaller operator JEK Parcel for delivery of the CasinoModule<sup>TM</sup>. Moreover the Company have after independent auditing been certified by the industry organization eCogra and received their "safe and fair seal".

#### **Accounting policies**

#### Preparation of the report

This interim report is prepared in accordance with IAS 34, Interim Financial Reporting, which complies with Swedish legislation through the application of the Swedish Financial Reporting Board's recommendation RFR 1.1, Supplementary Accounting Rules for Groups and RFR 2:1, Accounting for Legal Entities, in respect to the Parent Company. The same accounting principles, definitions for key ratio and calculation methods have been used as in the previous Annual Report.

No new standards have come into effect that have an impact on Net Entertainment's position or result.

#### Changed accounting principles

The Group has previously recognised capitalized development expenses in the income statement as a type of revenue. As of Q2 2008, these expenses are instead recognised in net amounts allocated to the type of costs from which they stem, i.e. personnel expenses or other operating expenses. Historical comparative figures have been recalculated. The change only affects the presentation and structure of financial statements for the Group.

#### First-time adoption of accounting principles this year

To reduce risk exposure in terms of exchange rate fluctuations, Net Entertainment will hedge parts of its future cash flow as of 1 April 2008. This means that the Group's financial instruments will also include derivatives as of this date. Net Entertainment stopped hedging in September. Hedging agreements entered into have matured or will mature in 2008.

Financial assets will be derecognised from the balance sheets when the right to receive cash flow from the instrument has matured or been transferred and the Group has transferred basically all ownership-associated risks and benefits.

#### Derivative instruments

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

#### Risks and uncertainties

Net Entertainment's operations are exposed to certain risks that could have a varying impact on earnings or the Company's financial position. These can be divided into industry, operational and financial risks. The management's general view of the risks that could 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 2007 Annual Report, pages 27-28 and page 47.

#### 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 a 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 changes in legislation. Net Entertainment has a Class 4 license on Malta, which means that the Group is permitted to operate hosting for its customers. It is crucial that this license is maintained and extended. Since 2005, Net Entertainment is a member of the organisation G4, which works to prevent gaming addiction (this membership is despite the fact that the company itself does not have any gaming operations). CasinoModule<sup>TM</sup> has been adapted to follow the organisation's guidelines.

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.

#### Financial risks

The Group's results are exposed to changes in exchange rates as the majority of its sales are in Euro, and costs (transaction exposure) are in Swedish kronor. Net Entertainment hedges part of the risk for exchange rate fluctuations through cash flow hedging.

Profit/loss and equity are also affected by changes in exchange rates when the foreign subsidiaries' profits, assets and liabilities are translated to SEK (translation exposure). Foreign subsidiaries' equity is not currently hedged.

The Group's operations on Malta have been exempt from VAT to date. The Maltese authorities are currently reviewing their regulations on foreign gaming companies, but it is not currently possible to gain a definite understanding of possible pending regulatory changes. Net Entertainment makes regular provisions in the event that parts of the company's activities become subject to VAT.

#### **Nominating committee**

In accordance with the principles resolved by the Annual General Meeting 2008 for appointment of nominating committee, Per Hamberg (the Kling and Hamberg families) and Martin Larsson (the Eriksson, Lundström and Knutsson families as well as himself) have been appointed to, together with the Chairman of the Board of Directors Rolf Blom, form nominating committee for the Annual General

Meeting 2009. Shareholders can submit proposals to the nominating committee at: Nominating Committee, Net Entertainment NE AB, Birger Jarlsgatan 57B, SE-113 56 Stockholm, Sweden or <a href="mailto:valberedning@netent.com">valberedning@netent.com</a>. The nominating committee's proposal will be published at the latest in connection with the notice for the Annual General Meeting. The term of office of the nominating committee runs until a new nominating committee has been appointed in accordance with the resolution on appointment of the nominating committee by the Annual General Meeting 2009.

#### **Annual Genaral Meeting**

The Annula Genaral Meeting 2009 of Net Entertainment will be held in Stockholm Wednesday the 29th April 2009 at 3.00pm

#### **Financial information**

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

Year-end report for 2008 and

quarterly report for Q4February 6, 2009Interim report January-March 200927 April 2009Annual General Meeting29 April 2009

Financial reports, press releases and other information are published on Net Entertainment's website <a href="https://www.netent.com">www.netent.com</a>. Financial reports are available from the date of publication.

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

Stockholm, November 2, 2008.

Rolf Blom Vigo Carlund Niclas Eriksson

Chairman of the Board

Mikael Gottschlich Fredrik Erbing

Johan Öhman Chief Executive Officer/President

Questions may be directed to:

Johan Öhman Bertil Jungmar

President and CEO CFO

Phone: +46 8 556 967 00 Phone: +46 8 556 967 00 johan.ohman@netent.com bertil.jungmar@netent.com

Website: www.netent.com

## This Interim Report has not been subject to review by the Company's auditor.

#### Legal disclaimer

Certain statements in this interim 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**

Net Entertainment NE AB (publ) is required to publicly disclose the information in this interim report under the Securities Market Act and/or Financial Instruments Trading Act. The information was submitted for publication on November 3, 2008, at 7.30 am.

## Consolidated income statement in summary

	July-Sept 2008	July-Sept 2007	Jan-Sept 2008	Jan-Sept 2007	Jan-Dec 2007
	2000	2007	2000	2007	2007
Revenue	52 550	32 256	143 035	95 117	131 145
Other revenue	103	121	550	583	875
Personnel expenses	-11 960	-9 872	-37 117	-26 693	-36 105
Depreciation/amortisation	-3 261	-1 771	-10 353	-5 511	-7 839
Other operating expenses	-15 282	-10 066	-38 763	-28 130	-37 496
Operating profit	22 150	10 668	57 352	35 366	50 580
- 0-					
Financial revenue	535	62	1 438	300	411
Financial expense	-652	-47	-1 732	-183	-187
Profit before tax	22 033	10 683	57 058	35 483	50 804
Tax on the period's profit	-2 124	-923	-4215	-3 387	-4 893
Profit/loss for the period	19 909	9 760	52 843	32 096	45 911
Attributable to:					
Parent Company shareholders	19 909	9 760	52 843	32 096	45 911
Earnings per share (before/after dilution,	0,50	0,25	1,34	0,81	1,16
SEK)					
Number of employees at period's end	39 553 716	39 553 716	39 553 716	39 553 716	39 553 716
Average number of shares	39 553 716	39 553 716	39 553 716	39 553 716	39 553 716

## Parent Company income statement in summary

	July-Sept 2008	July-Sept 2007	Jan-Sept 2008	Jan-Sept 2007	Jan-Dec 2007
Revenue	28 292	21 284	79 014	62 522	78 050
Other revenue	100	108	249	568	874
Capitalised work for own use	-	-	-	4 620	4 620
Other external expenses	-8 183	-7 931	-25 838	-24 737	-32 827
Personnel expenses	-13 470	-10 420	-40 328	-30 758	-40 509
Depreciation/amortisation	-2 368	-1 172	-6 798	-3 847	-5 208
Other operating expenses	-200	-	-200	-	-56
Operating profit	4 171	1 869	6 099	8 368	4 944
Financial revenue	281	29	876	151	29 710
Financial expense	-6	-47	-1 052	-183	-186
Profit before tax	4 446	1 851	5 923	8 336	34 468
Tax on the period's profit	-1 244	-518	-1 658	-2 334	-1 458
Profit/loss for the period	3 202	1 333	4 265	6 002	33 010

## Consolidated balance sheet in summary

ASSETS	2008-09-30	2007-09-30	2007-12-31
Intangible assets	26 458	22 541	24 246
Property, plant and equipment	5 653	5 804	5 860
Other long-term receivables	5	31	18
Total non-current assets	32 116	28 376	30 124
Accounts receivable	819	6 878	11 143
Prepaid expenses and accrued revenues	21 572	13 897	15 874
Current tax recoverable	11 801	-	12 953
Other receivables	1 734	2 429	2 085
Cash and cash equivalents	46 687	23 056	25 915
Total current assets	82 613	46 260	67 970
TOTAL ASSETS	114 729	74 636	98 094
EQUITY AND LIABILITIES	2008-09-30	2007-09-30	2007-12-31
Share capital	1 191	1 191	1 191
Other capital contributed	34 200	34 200	34 200
Reserves	3 396	-303	801
Retained earnings incl. profit/loss for the period	39 568	3 138	16 953
Total equity	78 355	38 226	53 145
Deferred tax liabilities	1 943	835	2 195
Total non-current liabilities	1 943	835	2 195
Accounts payable	4 009	11 906	4 739
Current tax liabilities	0	8 079	21 875
Other liabilities	8 584	6 582	7 399
Provisions	2 448	-	_
Accrued expenses and prepaid revenue	19 390	9 008	8 741
Total current liabilities	34 431	35 575	42 754
TOTAL EQUITY AND LIABILITIES	114 729	74 636	98 094

<sup>\*</sup>Closing cash and cash equivalents for the period include SEK 4 868 (5 457) 000 which are funds held on behalf of licensees.

# **Parent Company balance sheet in summary**

ASSETS	2008-09-30	2007-09-30	2007-12-31
Intangible assets	6 869	13 991	12 656
Property, plant and equipment	2 893	2 773	3 635
Shares in subsidiary	183	216	216
Other long-term receivables	5	42	5
Total non-current assets	9 950	17 022	16 512
		20.045	4
Accounts receivable	-	20 047	4
Receivables from Group companies	11 213	6 668	29 545
Prepaid expenses and accrued revenues	1 928	2 005	2 024
Current tax recoverable	983	2 211	2.000
Other receivables	1 308	2 211	2 083
Cash and cash equivalents	8 952	2 959	12 462
Total current assets	24 384	33 890	46 118
TOTAL ASSETS	34 334	50 912	62 630
EQUITY AND LIABILITIES	2008-09-30	2007-09-30	2007-12-31
Share capital	1 191	1 191	1 191
Share capital Statutory reserve	1 191 38	1 191 38	1 191 38
Share capital Statutory reserve Retained earnings	1 191 38 6 868	1 191 38 3 650	1 191 38 3 650
Share capital Statutory reserve Retained earnings Profit/loss for the period	1 191 38 6 868 4 265	1 191 38 3 650 6 001	1 191 38 3 650 33 010
Share capital Statutory reserve Retained earnings	1 191 38 6 868	1 191 38 3 650	1 191 38 3 650
Share capital Statutory reserve Retained earnings Profit/loss for the period	1 191 38 6 868 4 265	1 191 38 3 650 6 001	1 191 38 3 650 33 010
Share capital Statutory reserve Retained earnings Profit/loss for the period  Total equity  Untaxed reserves	1 191 38 6 868 4 265 12 362	1 191 38 3 650 6 001 10 880	1 191 38 3 650 33 010 37 889
Share capital Statutory reserve Retained earnings Profit/loss for the period  Total equity  Untaxed reserves  Accounts payable	1 191 38 6 868 4 265 12 362 2 982	1 191 38 3 650 6 001 10 880 2 982	1 191 38 3 650 33 010 37 889 2 982
Share capital Statutory reserve Retained earnings Profit/loss for the period  Total equity  Untaxed reserves	1 191 38 6 868 4 265 12 362 2 982 3 165	1 191 38 3 650 6 001 10 880 2 982	1 191 38 3 650 33 010 37 889 2 982 4 503
Share capital Statutory reserve Retained earnings Profit/loss for the period  Total equity  Untaxed reserves  Accounts payable Liabilities to Group companies	1 191 38 6 868 4 265 12 362 2 982 3 165	1 191 38 3 650 6 001 10 880 2 982 10 947 10 770	1 191 38 3 650 33 010 37 889 2 982 4 503 1 806
Share capital Statutory reserve Retained earnings Profit/loss for the period  Total equity  Untaxed reserves  Accounts payable Liabilities to Group companies Current tax liabilities	1 191 38 6 868 4 265 12 362 2 982 3 165 89	1 191 38 3 650 6 001 10 880 2 982 10 947 10 770 7 040	1 191 38 3 650 33 010 37 889 2 982 4 503 1 806 6 763
Share capital Statutory reserve Retained earnings Profit/loss for the period  Total equity  Untaxed reserves  Accounts payable Liabilities to Group companies Current tax liabilities Other liabilities	1 191 38 6 868 4 265 12 362 2 982 3 165 89 - 1 059	1 191 38 3 650 6 001 10 880 2 982 10 947 10 770 7 040 899	1 191 38 3 650 33 010 37 889 2 982 4 503 1 806 6 763 924

## Consolidated changes in equity for the period

		Other	Other re	eserves	Retained	
2008	Share capital	capital contri- butions	Hedging reserve	Trans- lation difference	earnings incl. profit for the year	Total equity
Opening equity, 1 January 2008	1 191	34 200	- -	801	16 953	53 145
Cash flow hedging, profit before tax			-635			-635
Cash flow hedging, tax effect			72			72
Translation differences for the						
period _				2 595		2 595
Total changes in value recognised						
directly in equity, excl. transactions with company owners			-563	2 595		2 032
Profit/loss for the period					52 843	52 843
Total changes in value, excl.						
transactions with company owners			-563	2 595	52 843	54 875
Dividends for 2007					-29 665	-29 665
Closing equity 30 September 2008	1 191	34 200	-563	3 396	40 131	78 355

2007	Share capital	Other capital contri- butions	Reserves	Retained earnings incl. profit for the year	Total equity
Opening equity, 1 January 2007	1 187	34 204	-232	-19 069	16 090
Translation differences for the period _ Total changes in value recognised directly in equity, excl. transactions			-71		-71
with company owners Profit/loss for the period			-71	32 096	-71 32 096
Total changes in value, excl. transactions with company owners			-71	32 096	32 096
Bonus issue	4	-4			0
Dividends for 2006				-9 889	-9 889
Closing equity 30 September 2007	1 191	34 200	-303	-3 138	38 226

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

## Consolidated cash flow statement in summary

	Jan-Sept 2008	Jan-Sept 2007	Jan-Dec 2007
Operating profit	57 352	35 366	50 580
Adjustments for items not included in cash flow			
Depreciation/amortisation	10 353	5 511	7 839
Interest	209	117	224
Other	1 363	-284	561
Taxes paid	-24 925	-480	184
Cash flows from operating activities before			
changes in working capital	45 862	40 230	59 388
Changes in working capital	18 613	-10 964	-23 509
Cash flow from operating activities	62 965	29 266	35 879
Capitalized intangible assets	-11 498	-6 669	-10 460
Acquisition of property, plant and equipment	-1 454	-2 793	-3 003
Divestment of other financial assets	13	-	24
Cash flow from investing activities	-12 939	-9 462	-13 439
Dividends paid	-29 665	-9 889	-9 889
Cash flows from financing activities	-29 665	-9 889	-9 889
Exchange rate differences in cash and cash equivalents	411	88	311
Cash flow for the period	20 772	10 003	12 862
Cash and liquid assets at beginning of period	25 915	13 053	13 053
Cash and liquid assets at end of period	46 687*	23 056	25 915

<sup>\*</sup>Closing cash and cash equivalents for the period include SEK 4,868,000 which are funds held on behalf of licensees.

### Consolidated key data and figures

	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Jan-Dec
	2008	2007	2008	2007	2007
D (CEV.(1 1)	FO 4F0	00.077	140.005	05 500	101 145
Revenues (SEK thousands)	52 453	32 377	143 385	95 700	131 145
Operating profit (SEK thousands)	22 150	10 668	57 352	35 366	50 580
Profit before tax (SEK thousands)	22 033	10 683	57 058	35 483	50 804
Profit/loss for the period (SEK	19 909	9 760	52 843	32 096	45 911
thousands)					
Operating margin (percent)	42,2	32,9	40,0	37,0	38,6
EBIT margin (percent)	43,1	33,1	40,6	37,3	38,5
Profit margin (percent)	42,0	33,0	39,8	37,1	38,7
Return on investment on shareholders'	,-	/ -	,-	- /	/
equity (percent)	29,5	29,2	80,4	118,2	132,6
Equity/assets ratio (percent)	68,3	51,2	68,3	51,2	54,2
Quick ratio (percent)	239,9	130,0	239,9	130,0	159,0
Net interest-bearing liabilities (SEK					
thousands) *	-46 687	-23 056	-46 687	-23 056	-25 915
Net debt/equity ratio (multiple)	-0,6	-0,6	-0,6	-0,6	-0,5
Average number of employees	72	60	67	60	60
Employees at period-end	77	59	77	59	67
Earnings per share	0,50	0,25	1,34	0,81	1,16
Equity per share (SEK)	1,98	0,97	1,98	0,97	1,34
Cash flow per share (SEK)	0,46	0,54	0,53	0,25	0,33
Average number of outstanding shares	39 553 716	39 553 716	39 553 716	39 553 716	39 553 716
Number of outstanding shares at period-	39 553 716	39 553 716	39 553 716	39 553 716	39 553 716
end	37 333 7 10	07000710	07 000 7 10	07 000 7 10	07 000 710

<sup>\*</sup> A negative figure means that the Company has a net cash position (the Company has a positive cash flow and no debt).

#### **Definitions**

**Operating margin -** Operating profit/loss divided by revenues for the period.

EBIT margin - Operating profit/loss plus financial income, divided by revenues for the period.

Profit margin - Profit/loss after financial items divided by revenues for the period.

**Return on investment on shareholders' equity -** Year's profit/loss divided by 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 divided by current liabilities, including proposed but not yet adopted dividends.

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

**Net debt/equity ratio (multiple) -** Net of interest-bearing earnings and liabilities minus financial assets incl. cash and cash equivalents divided by shareholder's equity.

Average number of employees - The number of employees converted into full-time equivalents.

**Number of employees at year-end** - The number of employees on the last monthly wage-payment day.

Earnings per share - Earnings after tax 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.

Cash flow per share - Cash flow for the year, divided by the weighted average number of shares outstanding during the period.

**Number of shares outstanding -** The number of shares outstanding at the close of each period, adjusted for bonus issue and share split.

### **Net Entertainment's products**

#### Casino

The company's core product, CasinoModule<sup>TM</sup>, is a complete gaming platform consisting of more than 60 casino games and a powerful administration system. Games are divided into four categories: table games, video poker, slot machines and other games (including scratch cards, keno, etc).

The games are customised for each licensee to 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.

#### Multiplayer games

Net Entertainment has developed and offers a poker game for the Turkish market. In addition, the company has developed a multiplayer blackjack game.

#### Casino Café<sup>TM</sup>

Casino Café is a product that allows gaming in a physical environment. A very small initial investment allows an operator to set up a mini casino using standard PCs where gaming can be operated through one-time accounts. The product will become commercially available during 2009.

#### 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

The company releases a new product every twelve weeks, ensuring that the licensees are always able to offer an exciting new selection of games. Each product release includes 4-6 new games that licensees receive access to within the framework of the existing license agreement.

Two of the latest games that has been developed are Devils Delight and Golden Derby



