

NET ENTERTAINMENT
INTERIM REPORT
JANUARY-JUNE 2010
BETTER GAMES

INTERIM REPORT JANUARY–JUNE 2010

THREE NEW AGREEMENTS SIGNED WITH TIER 1 OPERATORS

SECOND QUARTER 2010

- Revenues for the second quarter increased by 27.2 % to SEK 89.2 (70.1) million
- Operating profit increased by 29.7 % to SEK 32.8 (25.3) million
- Operating margin was 36.8 (36.1) %
- Profit after tax amounted to SEK 30.4 (22.6) million
- Earnings per share amounted to SEK 0.77 (0.57)
- Four new license agreements were signed, including Interwetten, Intralot and Stan James and four new customers' casinos were launched

FIRST SIX MONTHS 2010

- Revenues for the first six months increased by 27.6 % to SEK 177.1 (138.8) million
- Operating profit increased by 25.0 % to SEK 68.6 (54.9) million
- Operating margin was 38.7 (39.5) %
- Profit after tax amounted to SEK 61.4 (54.5) million
- Earnings per share amounted to SEK 1.55 (1.38)
- Six new license agreements were signed, including Gioco Digitale/bwin.it, Interwetten, Intralot and Stan James, and seven new customers' casinos were launched

IMPORTANT EVENTS IN THE SECOND QUARTER

Growth for the second quarter was 42.3 in local currency compared to the second quarter 2009 and 4.6 percent compared to the previous quarter. The strengthened Swedish currency has held back revenue growth in SEK.

Regulation of online gaming in Italy has been further delayed and the market is now estimated to open at year-end. The integration has continued during the quarter together with the preparations for licensing of existing games.

Net Entertainment holds license agreements with several large operators for the Italian market, such as Gioco Digitale/bwin.it, Microgame and Intralot Interactive. Together, these operators are estimated to hold more than half of the online gaming market in Italy.

France recently introduced a licensing system for online gaming which had a negative impact on revenues from French players in June.

SUMMARY IN FIGURES	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jan-Dec 2009
Operating revenues	89 158	70 085	177 093	138 668	300 050
Operating expenses	-56 344	-44 781	-108 530	-83 937	-179 868
Operating profit	32 814	25 304	68 563	54 854	120 182
Operating margin	36,8 %	36,1 %	38,7 %	39,5 %	40,1 %
Cash flows from operating activities	47 770	17 105	84 320	86 552	150 042
Cash flows for the period	-54 110	-40 961	-33 505	12 600	42 626
Cash and liquid assets at end of period ¹	67 020	77 379	67 020	77 379	105 009
¹ Closing cash and cash equivalents include funds held on behalf of licensees	35 835	23 735	35 835	23 735	33 216

Net Entertainment is a premium supplier of digitally distributed gaming systems used by some of the world's most successful online gaming operators. The core product, CasinoModule™, is a complete gaming platform comprising high quality games and a powerful administration tool. Operators are provided a customized solution that is easily integrated ensuring 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 on www.netent.com.

COMMENTS FROM JOHAN ÖHMAN, PRESIDENT AND CEO

Traditionally, the second quarter offers lower growth potential due to seasonal effects, which this year was strengthened by the football world cup decreasing player activity for the casino segment during the matches. Despite this, revenues increased by 27.2 percent (42.3 percent in local currency) compared to the same period last year.

The industry for online gaming is changing to a regulated and more mature market which leads to near-term challenges and significant opportunities in the longer term. This means increased costs for Net Entertainment, driven by adjustments for the regulatory demands and more complex integrations. Meanwhile, we have a stable order backlog, consisting of Stan James and Expekt who will start to generate revenues primarily in the fourth quarter.

The additional delays announced by the Italian gaming authority (AAMS) mean that the agreements we have signed are estimated to start generating revenues at year-end. Our close working dialogue with AAMS and the customer base we have established in Italy creates a very strong position for Net Entertainment when the market is allowed to open. The regulatory development in France has resulted in challenges for some of our customers which impacted our business during the quarter.

We continue to reap the results of our sales success and during this quarter we signed three agreements with leading gaming operators. In addition, an important bridgehead to the South American market was established by signing a new license agreement with one of the largest gaming operators in South America, Betboo, in July. South America is one of many interesting geographical regions on which we will increase our focus going forward. For all of the three Tier 1 operators with whom we signed agreements during the quarter, we will replace the existing casino supplier which is very pleasing.

Organizationally, work is ongoing to create conditions for further growth. 35 new employees were recruited during the quarter, mostly to our development unit. We are gradually increasing the share of development activities carried out abroad while speeding up the pace of development in order to deliver more games and also broaden our product portfolio to include new gaming segments, and thereby create bases for new revenue streams. We have also signed an agreement for a more appropriate office in Malta, a natural step as the number of employees within sales and account management increases.

The average gaming activity in the beginning of the third quarter is somewhat lower than during the second quarter, primarily due to the development in France. Excluding France, the activity level has increased.

NEW AGREEMENTS AND CUSTOMERS

During the second quarter four new customer agreements were signed; including Tier 1 operators Intralot Interactive, Interwetten and Stan James.

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. Intralot Interactive is a newly established online gaming subsidiary of the Intralot Group that focuses both on providing its pioneering technology to Lotteries and State Organizations worldwide. Intralot has 5,500 employees on five continents and is listed on the Athens Stock Exchange in Greece.

Interwetten was founded in 1990 in Vienna and is today one of Europe's largest sports betting companies, with over one million customers in more than 100 countries. Interwetten has historically focused on betting in Central Europe.

Stan James is a global gaming operator who has been one of the market leaders within sports betting since 1973. With more than one million registered players, Stan James is known for pioneering industry innovation, and providing the best customer service in the industry. Stan James has a strong position in the UK which is Europe's largest market for online casino. Lunch is scheduled to take place in the fourth quarter

The license agreement with Betsson was renewed for an additional three years. Net Entertainment thereby continues to be a strategic partner within casino games for the Betsson Group.

CUSTOMERS TO BE LAUNCHED

At the end of the period, the Company holds agreements with Stan James, Intralot Interactive, Gioco Digitale/bwin.it, Microgame and Expekt that have not yet launched operations.

The partnerships with Intralot, Microgame and Gioco Digitale are focused on Italy, which is in the process of regulating the market for casino games online. In parallel to the development of the regulatory framework, the integration process has been ongoing. The framework has been further delayed which in turn deferred the launch. The integration and licensing process continues, pending the final decision on when the launch can take place. It is expected at year-end and the launch of slot machines are likely to be delayed until March 2011.

The launch of Net Entertainment's casino to Expekt's customers has been delayed and is expected during the fourth quarter.

Agreements have been terminated with a number of smaller customers who did not generate the minimum sales that the Company requires.

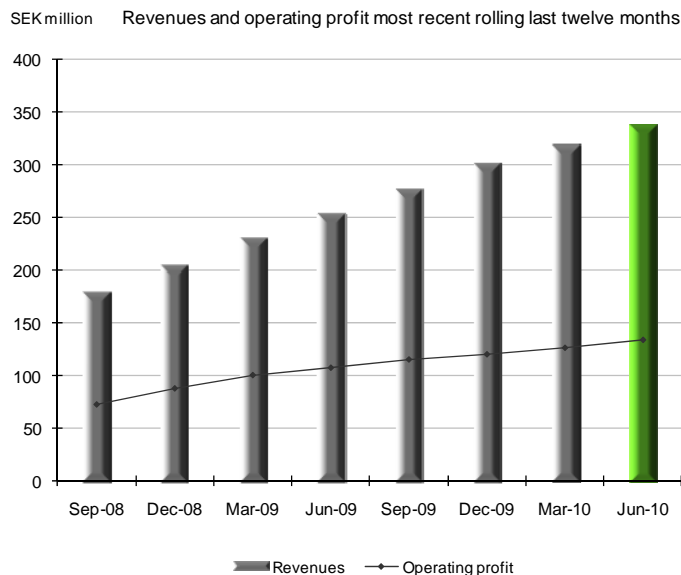
NEW AGREEMENTS DURING THE THIRD QUARTER

In July, an agreement was signed with Betboo, one of the leading operators in South America with Brazil as its primary focus market. Betboo was recently acquired by Gaming VC who is already a customer to Net Entertainment. Betboo is Net Entertainment's first customer in South America which is a continent with a strong interest in games with a rapidly increasing broadband penetration.

In August, Net Entertainment signed an agreement with Intergame Ltd, a wholly owned subsidiary to Casinos Austria International (CAI), a well-renowned operator in the industry who together with partners operate 39 land based casinos in 17 countries and shipboard casinos. Intergame already offers games online but will base additional operations in Belgium, provided under a license issued by the local authority, on Net Entertainment's casino software.

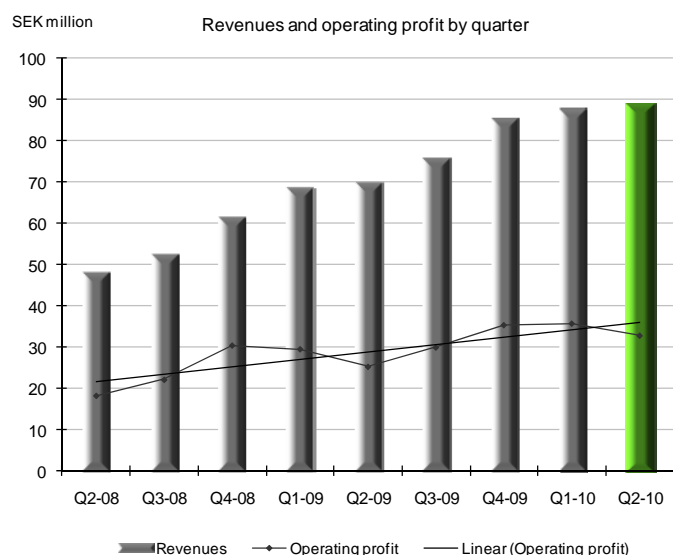
REVENUES AND PROFITABILITY

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 89.2 (70.1) million, which is 27.2 percent higher than the same period 2009. Operating profit amounted to SEK 32.8 (25.3) million and the operating margin was 36.8 (36.1) percent.

Revenues and operating profit by quarter is 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. 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 gaming transactions continued to increase and amounted to 1.4 billion during the second quarter, which is an increase by 69 percent since last year.

Growth during the second quarter was the result of continued market growth, which is also affected by seasonal variation as the summer months traditionally have lower activity levels. 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. Three new customer's casinos were launched during the quarter. 14 new customers have been launched. since the second quarter 2009.

Royalty revenues were positively affected by higher volumes during the last twelve months compared to the same period last year. However, the higher volumes have also meant a somewhat lower average price since the customers have staggered pricing systems whereby a higher volume generates a lower price. This volume discount is however alleviated by new operators that have not yet reached a corresponding level of discount. The royalty levels for each step remained stable throughout the quarter. Royalty revenues for the second quarter increased 27 percent compared to the corresponding period last year. In Euros, royalty revenues increased 42 percent.

Currency fluctuations, that have been significant since the fourth quarter 2008, have contributed positively to Net Entertainment's revenue growth during 2009 due to the weakened Swedish Krona compared to 2008. However, since the second quarter 2009 the Krona has strengthened. During the second quarter 2010, the Krona was 10.6 percent stronger compared to the same period 2009.

PROFITABILITY

Operating profit for the second quarter increased by 29.7 percent to SEK 32.8 (25.3) million. Operating expenses increased during 2010 compared to the previous year due to the Company's expansion and strengthening of the organization within areas such as sales, development, and operations. The expansion of the organization is enabled through own personnel as well as through external consultants and out-sourcing both within and outside Europe. The increased development pace for games and platform results in an increased volume of intangible assets being capitalized regarding development as well as higher operating expenses to the extent development costs are not capitalizable.

The operating margin was 36.8 percent during the second quarter compared to 36.1 percent the year before.

The financial net amounted to SEK 0.1 (-0.4) million for the second quarter, consisting of the return on cash and cash equivalents, and exchange rate effects on cash and cash equivalents, and financial receivables and liabilities. The volatility in the Swedish currency has periodically led to significant effects on inter-company balances which are items included in the financial net.

The Group had an effective tax rate of 7.6 (9.5) percent during the second quarter. The Group's 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.

CASH AND CASH EQUIVALENTS, FINANCING AND FINANCIAL POSITION

The Group's cash flow from operating activities increased during the second quarter to SEK 47.8 (17.1) million. The change in cash flow is due to the pay-out of jackpot winnings of SEK 27.1 (47.3) million through changes in working capital and cash and cash equivalents by the corresponding amount. Cash flow from investing activities amounted to SEK -22.8 (-12.1) million. Cash flow from financing activities amounted to SEK -79.1 (-46.0) million from the share redemption program..

The Group's consolidated cash and cash equivalents amounted to SEK 67.0 (77.4) million on June 30, of which SEK 35.8 (23.7) million refers to funds held on behalf of licensees for pooled jackpots. The Group's strong liquidity is attributed to the large cash flow generated by operating activities.

CAPITAL INVESTMENTS

The Group's expenditure for capitalized development projects as intangible assets amounted to SEK -17.8 (-8.8) million during the second quarter and investments in property, plant, and equipment amounted to SEK -5.0 (-3.3) million.

The increased investment in intangible assets is due to intensified product development. Larger projects currently being capitalized are new functionality in the technical platform and adjustments for increased capacity, new games, and adjustments of the systems to the regulatory framework in Italy.

Fixed asset 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.

MARKET

The online gaming market has shown strong growth in recent years. Growth continued during 2010 albeit at a somewhat lower pace. The global gross gaming yield for online gaming is expected to amount to USD 29.9 billion in 2010 compared to USD 25.2 billion in 2009, an increase by 18.7 percent. 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. France has recently introduced a licensing system that is somewhat less attractive to private operators due to high taxation and other restrictions. 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 better competitive conditions that are formally open for all operators who meet certain requirements.

The Italian gambling market, for all types of gaming, is expected to generate approximately EUR 19 billion in gross gaming yield in 2010, making it the largest market in Europe¹. Italy is today a regulated market with sports and horse betting, tournament poker, skill games, and scratch tickets available on the internet via licensed operators. Work is ongoing to extend concessions to also include cash game poker, bingo and casino games. The regulatory framework, available since the end of March 2010 has been appealed, why the authorities have requested a renewed approval for an adjusted framework from the European Commission. If the renewed framework is established within a reasonable time and is not appealed, licenses are expected to be granted to individual operators and launch can take place at year-end. The launch of slot machines are, according to the authorities, likely to be delayed until March 2011.

In France, operators who fulfill the requirements are awarded licenses, allowing them to offer betting on sporting events, horse racing, and poker on the Internet.

Denmark intends to introduce a licensing system which is expected to take effect within six months.

Norway has widened its ban against promotion of foreign arranged games, by not allowing payment services regarding games via credit and debit cards.

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. This can be attained through organic growth, acquisitions or via in-licensing. The development pace for new games is continuously increasing. During 2010, Net Entertainment plans to develop more than 40 new games.

Net Entertainment's customers are located in Europe, which is the largest geographical market for online gaming. Almost the entire gross gaming yield during the second quarter comes from European countries, based on available data on player location. No individual country exceeds 15 percent of the gross gaming yield. The Company will continue to focus on the European market, but at the same time monitor new markets, Asia and South America in particular which are estimated to show high growth for online gaming in the future. The US could also be of interest with new legislation.

¹ Source: H2 Gaming Capital, August 2010

ABOUT NET ENTERTAINMENT

Net Entertainment is a premium supplier of digitally distributed gaming systems used by some of the world's most successful online gaming operators. The core product, CasinoModule™, is a complete gaming platform comprising high quality games and a powerful administration tool. Operators are provided a customized 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.

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.

The parent company is listed on NASDAQ OMX Stockholm since January 2009. Prior to this, the Company's share was listed on the Nordic Growth Market (NGM) Equity.

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 using a tiered scale as a percentage of the gross gaming yield generated by the casino. It is therefore in the interest of both the operator and Net Entertainment to increase the operator's gaming revenues. 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 139 versus 110 people a year ago. Including consultants, Net Entertainment employed 236 (186) people.

INCENTIVE PROGRAM

The Annual General Meeting on April 29, 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. The additional 43,000 share option rights that were held by the wholly owned subsidiary Mobile Entertainment ME AB were cancelled in February 2010.

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 5.4 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.

PARENT COMPANY

The parent company's revenues for the second quarter were SEK 67.1 (48.0) million. Corresponding figure for the first six months of 2010 was SEK 117.2 (90.7) million. Operating profit amounted to SEK 9.6 (4.4) million for the second quarter and for the first six months SEK 10.2 (7.3) million. Currency effects on inter-company transactions, such as anticipated dividends from subsidiaries, are included in financial items. Profit after tax was SEK 7.3 (2.8) million for the second quarter and SEK 5.5 (9.6) million for the six month period.

Revenues in the parent company come from services provided to the 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 8.5 (60.5) 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 2.3, Accounting for Legal Entities. The same accounting and valuation principles have been applied as in the 2009 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, 2009 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.

Amounts are expressed in SEK thousands (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 its 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 2009 Annual Report, pages 34-36 and page 59.

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.

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 AND TAXES

The Group's results are exposed to changes in exchange rates as the majority of its sales are in Euro, and most costs are in Swedish kronor. Profit and equity are also affected by changes in exchange rates when foreign subsidiaries' profits, assets, and liabilities are translated to SEK. The Group does not hedge its exposure to currency fluctuations.

The Group's effective tax rate is primarily affected by the distribution of profit between Sweden and the countries in which the Group conducts operations. Extensive assessments are required in order to establish the provisions for income tax. There are many transactions and calculations where the final tax is uncertain at the time when the transactions and calculations are carried out.

The provision of the company's services from Malta is exempt from VAT. However, the relevant authority's interpretation of the applicable Maltese VAT regulations relating to the company's liability to Malta VAT on services purchased was revised in 2007 and 2008 and may come to affect the Maltese subsidiaries' purchases from other group companies. The Company has together with legal experts assessed how the rules affect the

operations and has taken measures to reduce the risk of additional VAT in the future. Net Entertainment is reporting and paying to the Maltese tax authorities the VAT amounts that are deemed correct by the company. However, the amounts may be insufficient if the Maltese tax authority interprets the VAT regulations more restrictively than the Company assesses and deems as correct.

EVENTS AFTER THE END OF THE PERIOD

No significant events to report have occurred after the end of the period. However, view comment about new license agreements during the third quarter above.

REDEMPTION OF SHARES AND TRANSFER TO SHAREHOLDERS

On April 14, 2010 the Annual General Meeting decided to approve the Board's proposal for share split and automatic redemption procedure, involving a 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 22, 2010 and the record date for withdrawal of the redemption shares to May 12, 2010. Cash was transferred on May 18 through Euroclear.

PRESENTATION OF INTERIM REPORT

On Thursday August 26, at 9.00 the report will be presented by Johan Öhman, CEO and Bertil Jungmar, CFO at the company's office at Luntmakargatan 18 in Stockholm. The presentation can also be viewed via live webcast on Net Entertainment's web site www.netent.com.

FINANCIAL INFORMATION

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

Interim report July – September 2010	October 28, 2010
Earnings report 2010 and quarterly report for the fourth quarter	February 10, 2011

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 interim 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, August 25, 2010

Rolf Blom
Chairman of the Board

Vigo Carlund

Fredrik Erbing

Niclas Eriksson

Mikael Gottschlich

Peter Hamberg

Johan Öhman
President and CEO

Questions may be directed to:

Johan Öhman
President and CEO
Phone: +46-8-5785 4500
johan.ohman@netent.com

Bertil Jungmar
CFO
Phone: +46-8-5785 4500
bertil.jungmar@netent.com

Website: www.netent.com

THIS INTERIM REPORT HAS NOT BEEN SUBJECT TO SPECIAL 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 earnings report and quarterly report under the Securities Market Act and/or Financial Instruments Trading Act. The information was submitted for publication on August 26, 2010 at 7.30 am.

CONDENSED CONSOLIDATED INCOME STATEMENTS

INCOME STATEMENT	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jan-Dec 2009
Revenues	89 155	70 097	176 990	138 668	299 722
Other revenues	3	-12	103	123	328
Total operating revenues	89 158	70 085	177 093	138 791	300 050
Personnel expenses	-23 279	-16 113	-44 172	-31 865	-71 242
Depreciation and amortization	-7 574	-5 164	-13 793	-11 210	-22 298
Other operating expenses	-25 491	-23 504	-50 565	-40 862	-86 328
Total operating expenses	-56 344	-44 781	-108 530	-83 937	-179 868
Operating profit	32 814	25 304	68 563	54 854	120 182
Financial items	93	-353	-2 208	5 796	-2 966
Profit before tax	32 907	24 951	66 355	60 650	117 216
Tax on the period's profit	-2 502	-2 362	-4 958	-6 173	-9 539
Profit for the period	30 405	22 589	61 397	54 477	107 677
<i>Earnings per share before dilution (SEK)</i>	<i>0,77</i>	<i>0,57</i>	<i>1,55</i>	<i>1,38</i>	<i>2,72</i>
<i>Earnings per share after dilution (SEK)</i>	<i>0,77</i>	<i>0,57</i>	<i>1,55</i>	<i>1,38</i>	<i>2,72</i>
<i>Average number of shares during the period</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	36.8%	36.1%	38.7%	39.5%	40.1%
Effective tax rate	7.6%	9.5%	7.5%	10.2%	8.1%
Profit for the period attributable to parent company shareholders	30 405	22 589	61 397	54 477	107 677
STATEMENT OF TOTAL INCOME					
Profit for the period	30 405	22 589	61 397	54 477	107 677
Other total income					
Exchange differences arising from the translation of foreign operations	-3 152	-690	-8 421	-7 764	-4 872
Sum of other total income for the period, net after tax	-3 152	-690	-8 421	-7 764	-4 872
Total income for the period	27 253	21 899	52 976	46 713	102 805

CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	2010-06-30	2009-06-30	2009-12-31
Intangible assets	63 927	40 859	47 732
Property, plant, and equipment	35 181	17 811	31 942
Other long-term receivables	-	5	-
Total non-current assets	99 108	58 675	79 674
Accounts receivable	10 535	4 795	3 841
Prepaid expenses and accrued revenues	54 557	36 842	54 176
Other receivables	5 787	5 219	5 982
Cash and cash equivalents ¹	67 020	77 379	105 009
Total current assets	137 899	124 235	169 008
TOTAL ASSETS	237 007	182 910	248 682
EQUITY AND LIABILITIES	2010-06-30	2009-06-30	2009-12-31
Share capital	1 191	1 191	1 191
Other capital contributed	38 362	37 673	38 362
Reserves	554	6 083	8 975
Retained earnings including profit for the period	107 780	72 290	125 490
Total equity	147 887	117 237	174 018
Deferred tax liabilities	-	1 663	-
Total non-current liabilities	-	1 663	-
Accounts payable	16 923	10 108	12 007
Current tax liabilities	11 653	10 371	8 828
Other liabilities	39 570	28 955	37 657
Accrued expenses and prepaid revenues	20 974	14 576	16 172
Total current liabilities	89 120	64 010	74 664
TOTAL EQUITY AND LIABILITIES	237 007	182 910	248 682
¹ Closing cash and cash equivalents include funds held on behalf of licensees with	35 835	23 735	33 216

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jan-Dec 2009
Operating profit	32 814	25 304	68 563	54 854	120 182
<i>Adjustment for items not included in cash flows:</i>					
Depreciation and amortization	7 574	5 164	13 793	10 066	21 161
Other	-110	-199	-725	-405	-1 938
Interest received/paid	9	34	71	221	264
Tax received/paid	-1 104	-628	-2 132	13 838	7 343
Cash flows from operating activities before changes in working capital	39 183	29 675	79 570	78 574	147 011
Changes in working capital	8 587	-12 570	4 750	7 978	3 031
Cash flows from operating activities	47 770	17 105	84 320	86 552	150 042
Capitalized intangible assets	-17 766	-8 836	-29 247	-17 190	-33 154
Acquisition of property, plant, and equipment	-5 007	-3 261	-9 471	-10 793	-28 982
Cash flows from investing activities	-22 773	-12 097	-38 718	-27 983	-62 136
Transfer to shareholders	-79 107	-49 442	-79 107	-49 442	-49 442
Received premium for share option rights	-	3 473	-	3 473	4 162
Cash flows from financing activities	-79 107	-45 969	-79 107	-45 969	-45 280
Cash flow for the period	-54 110	-40 961	-33 505	12 600	42 626
Cash and liquid assets at beginning of period	122 226	118 827	105 009	65 132	65 132
Exchange rate differences in cash and cash equivalents	-1 096	-487	-4 484	-353	-2 749
Cash and liquid assets at end of period¹	67 020	77 379	67 020	77 379	105 009
¹ Closing cash and cash equivalents include funds held on behalf of licensees with	35 835	23 735	35 835	23 735	33 216

CONDENSED CONSOLIDATED CHANGES IN EQUITY

	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
2009					
Opening equity 2009-01-01	1 191	34 200	13 847	67 255	116 493
Total income for the period Jan-Mar	-	-	-7 074	31 888	24 814
Closing equity 2009-03-31	1 191	34 200	6 773	99 143	141 307
Transfer to shareholders	-	-	-	-49 442	-49 442
Premium received for share option rights	-	3 473	-	-	3 473
Total income for the period Apr-Jun	-	-	-690	22 589	21 899
Closing equity 2009-06-30	1 191	37 673	6 083	72 290	117 237
Premium received for share option rights	-	688	-	-	688
Total income for the period Jul-Sep	-	-	1 709	20 789	22 498
Closing equity 2009-09-30	1 191	38 362	7 792	93 079	140 424
Total income for the period Oct-Dec	-	-	1 183	32 411	33 594
Closing equity 2009-12-31	1 191	38 362	8 975	125 490	174 018
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

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

CONSOLIDATED KEY DATA AND FIGURES

	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jan-Dec 2009
Revenues (SEK thousands)	89 155	70 097	176 990	138 668	299 722
Revenues (EUR thousands)	9 242	6 496	18 075	12 761	28 312
Operating margin (percent)	36,8	36,1	38,7	39,5	40,1
Profit margin (percent)	36,9	35,6	37,5	43,7	39,1
EBITDA margin (percent)	45,3	43,5	46,5	47,7	47,5
Return on shareholders' equity (percent)	17,5	17,5	38,1	46,6	74,1
Equity/assets ratio (percent)	62,4	64,1	62,4	64,1	70,0
Quick ratio (percent)	154,7	194,1	154,7	194,1	226,4
Net interest-bearing liabilities (SEK thousands) ¹	-67 020	-77 379	-67 020	-77 379	-105 009
Net debt/equity ratio (multiple)	-0,5	-0,7	-0,5	-0,7	-0,6
Average number of employees	137	103	137	98	110
Employees at period's end	139	110	139	110	133
Employees and consultants at period's end	236	186	236	186	187
Earnings per share	0,77	0,57	1,55	1,38	2,72
Equity per share (SEK)	3,74	2,96	3,74	2,96	4,40
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 debt)

CONSOLIDATED KEY DATA AND FIGURES BY QUARTER

	2010		2009			2008			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues (SEK millions)	89.2	87.8	85.3	75.7	70.1	68.6	61.6	52.6	48.2
Revenues (EUR millions)	9.2	8.8	8.2	7.3	6.5	6.3	6.1	5.6	5.2
Operating profit (SEK million)	32.8	35.7	35.4	30.0	25.3	29.6	30.5	22.2	18.3
Operating margin (percent)	36.8	40.7	41.4	39.5	36.1	43.0	49.1	42.1	37.9
EBITDA-margin (percent)	45.3	47.7	48.2	46.5	43.5	51.8	57.4	48.3	46.6
Growth in SEK vs previous year (percent)	27.2	28.1	38.6	44.1	45.4	61.5	70.9	64.4	48.1
Growth in EUR vs previous year (percent)	42.3	41.0	34.4	30.7	26.1	39.3	56.1	61.3	47.8
Growth in SEK vs previous quarter (percent)	1.5	2.9	12.7	8.0	2.2	11.4	17.2	9.0	13.5
Growth in EUR vs previous quarter (percent)	4.6	7.7	13.1	11.6	3.7	2.7	9.9	7.7	14.6
Cash and cash equivalents	67.0	122.2	105.0	96.7	77.4	118.8	65.1	46.7	28.6
Funds held on behalf of licensees	35.8	27.4	33.2	40.1	23.7	39.7	12.2	4.9	2.8
Equity/assets ratio (percent)	62.4	73.6	70.0	64.7	64.1	62.7	71.9	68.3	60.3
Return on shareholders' equity (percent)	17.5	16.6	20.6	16.1	17.5	24.7	27.8	29.5	28.0
Net debt/equity ratio (multiple)	-0,5	-0,6	-0,6	-0,7	-0,7	-0,8	-0,6	-0,6	-0,5
Earnings per share	0,77	0,78	0,82	0,53	0,57	0,81	0,69	0,50	0,44
Equity per share (SEK)	3,74	5,05	4,40	3,55	2,96	3,57	2,95	1,98	1,43
Cash flow per share (SEK)	-1,37	0,52	0,20	0,56	-1,04	1,35	0,40	0,45	-0,21
Average number of employees	137	131	114	103	92	80	71	66	69

DEFINITIONS

Operating margin

Operating profit in relation to revenues.

Profit margin

Profit after financial items in relation to revenues.

EBITDA-margin

Operating profit excluding depreciation and amortization in relation to 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 period-end

The number of employees at the end of the period.

Number of employees and consultants at period-end

The number of employees 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

	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jan-Dec 2009
Operating revenues	67 117	47 959	117 151	90 690	154 104
Other external expenses	-26 376	-23 372	-47 093	-43 462	-52 603
Personalkostnader	-29 107	-18 352	-55 833	-36 283	-80 965
Depreciation and amortization	-2 019	-1 816	-4 071	-3 692	-7 269
Operating profit	9 615	4 419	10 154	7 253	13 267
Financial items	-235	-256	-2 636	6 117	71 693
Profit after financial items	9 380	4 163	7 518	13 370	84 960
Tax on the period's profit	-2 051	-1 324	-2 051	-3 810	-3 817
Profit for the period	7 329	2 839	5 467	9 560	81 143

STATEMENT OF TOTAL INCOME

Profit for the period	7 329	2 839	5 467	9 560	81 143
Other total income	-	-	-	-	-
Sum of other total income for the period, net after tax	-	-	-	-	-
Total income for the period	7 329	2 839	5 467	9 560	81 143

CONDENSED PARENT COMPANY BALANCE SHEET

ASSETS	2010-06-30	2009-06-30	2009-12-31
Intangible assets	147	2 687	986
Property, plant, and equipment	22 591	6 661	20 593
Shares in subsidiary	512	512	512
Other long-term receivables	-	5	-
Total non-current assets	23 250	9 865	22 091
Accounts receivable	-	1 009	1 265
Receivables from Group companies	387 534	59 612	294 651
Prepaid expenses and accrued revenues	5 052	2 841	3 872
Current tax recoverable	-	2 048	-
Other receivables	5 787	5 219	5 982
Cash and cash equivalents	8 529	60 515	54 297
Total current assets	406 902	131 244	360 067
TOTAL ASSETS	430 152	141 109	382 158

EQUITY AND LIABILITIES	2010-06-30	2009-06-30	2009-12-31
Share capital	1 191	1 191	1 191
Statutory reserve	38	38	38
Premium received for share option rights	3 473	3 473	3 473
Retained earnings	17 279	15 244	15 244
Profit for the period	5 467	9 560	81 143
Total equity	27 448	29 506	101 089
Accounts payable	14 973	8 891	10 312
Liabilities to Group companies	363 793	83 455	252 219
Current tax liabilities	2 517	3 810	1 571
Other liabilities	2 172	1 743	1 939
Accrued expenses and prepaid revenues	19 249	13 704	15 028
Total current liabilities	402 704	111 603	281 069
TOTAL EQUITY AND LIABILITIES	430 152	141 109	382 158

NET ENTERTAINMENT'S PRODUCTS

CASINO

The company's core product, CasinoModule™, is a complete gaming platform consisting of more than 90 casino related games and a powerful administration system. Games are divided into four categories: table games, video poker, slot machines, 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.

MULTIPLAYER GAMES

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

CASINOCAFÉ™

CasinoCafé™ 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.

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

Releasing new products continuously ensures that the licensees are always able to offer a new and exciting selection of games.

Two new games are Jungle Games and Football Cup

