

**NET ENTERTAINMENT**  
**INTERIM REPORT**  
**JANUARY-MARCH 2009**  
THE BEST ONLINE  
GAMING SOLUTIONS

## INTERIM REPORT JANUARY - MARCH 2009

- Revenues for the first quarter increased by 60.7 % to SEK 68.7 (42.8) million
- Operating profit increased by 74.6 % to SEK 29.6 (16.9) million
- Operating margin was 43.0 % (39.6)
- Profit after tax increased by 106.9 % to SEK 31.9 (15.4) million
- Earnings per share amounted to SEK 0.81 (0.39)
- Three new license agreements were signed for CasinoModule™
- Two breakthrough agreements were signed for CasinoCafé™ in January.

### COMMENTS FROM JOHAN ÖHMAN, PRESIDENT AND CEO

*"2009 is off to a strong start for Net Entertainment with continued sales growth and several new license agreements. The market for online gaming shows positive development where organic growth was the prime driver for the company during the period. We move into the second quarter with an order book comprising 14 casinos that still are to be commissioned of which three are so called Tier 1 operators. It is my view that the company has good opportunities for continued success as a result of our specialization within the segment of the online market with the highest growth and strongest profitability.*

*The IT project initiated at the end of 2008 aimed at increasing our development, delivery and operational capacity has progressed according to plan and affected the cost base during the first quarter. The project continues during the second quarter and creates a foundation for the continued growth and expansion for the company.*

*CasinoCafé™ was recently launched in a handful of shops in Cyprus and the system was well received by the players. A continued roll-out is scheduled during the forthcoming months after which the real potential of the product can be established. Certain development work is still being carried out in order to meet the requirements placed on the product from new customers, this work is expected to be completed at the middle of the second quarter.*

*During the second quarter a new functionality will be introduced in CasinoModule™ which enables an increase of the addressable player base. It is our view that this function will have a positive effect on the company revenues.*

*In order to capture the opportunities at hand and in order to develop the growing organization, changes were made to the company management team. The result of these changes has been positive and creates even better possibilities for the company in the future."*

### ABOUT NET ENTERTAINMENT

Net Entertainment NE AB and its subsidiaries (which together form the Group or the Company) is a leading supplier of digitally distributed online gaming software. The company was established in 1996 and has a customer base of approximately sixty international gaming companies. 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 recognised and associated with innovation, service, and quality.

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

The parent company is listed on NASDAQ OMX Stockholm Stock Exchange since January 13 2009. Prior to this, the company's share was listed on the Nordic Growth Market (NGM) Equity since April 5 2007.

## BUSINESS MODEL AND OBJECTIVES

Net Entertainment shall provide robust online gaming systems with exciting games developed using cutting-edge technology and expertise for gaming operators who can thereby expand their product portfolios and gain a competitive advantage that increases their profits.

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

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

## MARKET

The online gaming market has shown strong growth in recent years and the global gross gaming yield for online gaming is expected to exceed about USD 20 billion in 2009. In coming years, Europe is expected to represent more than half of the total gaming revenues, making it the single largest gaming market<sup>1)</sup>.

Net Entertainment believes that conditions for continued expansion are good. By providing a first-rate product the condition for new deals are secured and extending the product portfolio enables the company to target a wider market. Expansion may take the form of organic growth or be attained through acquisitions or in-licensing. The company also sees growth opportunities in markets outside of Europe, which traditionally has been Net Entertainment's market base.

*1) Source: H2 Gaming Consultants, January 2009*

## DEVELOPMENTS DURING THE FIRST QUARTER

### NEW PROJECTS AND CUSTOMERS

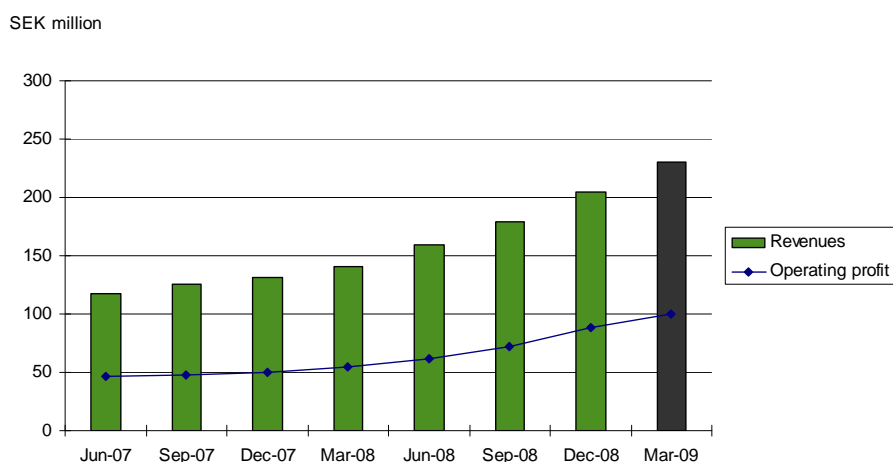
Three new customer agreements were signed during Q1 for CasinoModule™ with Paf, Gamevillage and Omada Gaming. The company has terminated its agreements with a number of smaller customers whose casinos have not generated the required minimum sales. In March, the agreement with BetClick was extended for an additional three years.

In January, two breakthrough agreements were signed for delivery of CasinoCafé™ to Delta Invest Ltd in Russia and PCP Electronics Ltd in Cyprus. Delta Invest has considerable experience from land-based gaming operations and will be launching CasinoCafé™ into its network of over 500 shops in Russia. PCP Electronics also has extensive experience of land-based gaming and operates gaming arcades throughout Cyprus. PCP Electronic's intention is to roll out CasinoCafé™ in 50 arcades in Cyprus over a twelve-month period. PCP launched the first arcades in April 2009 and additional launches will be carried out gradually during the second quarter. CasinoCafé™ is a new product line for Net Entertainment. It is possible that Delta Invest will become one of the company's single largest licensees if Delta Invest's projections hold true.

At the end of the quarter, the company had 14 contracts with customers that have not yet launched operations, including king.com and Paf and a Tier One operator, that still wishes to remain anonymous, with whom a contract was signed in 2008. Due to an internal resource conflict, the Tier One operator will not be launching operations until after this summer.

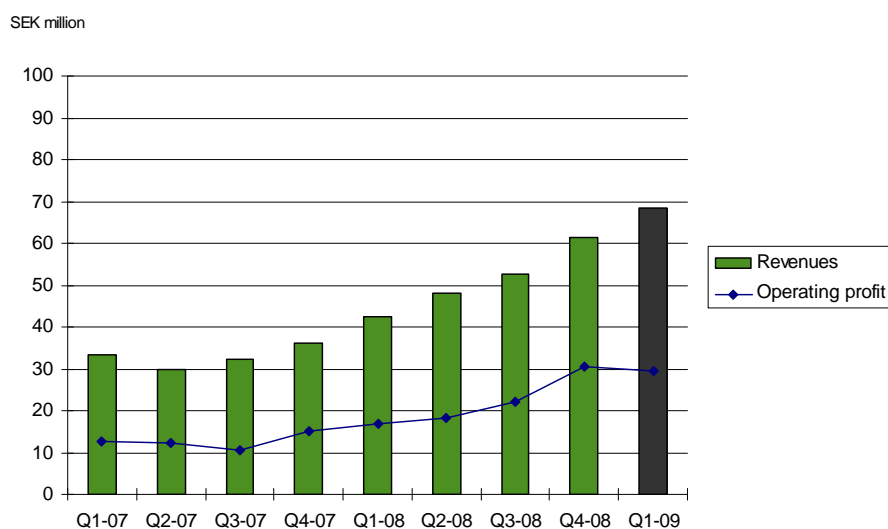
## REVENUES AND PROFITABILITY

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



Revenues during Q1 increased to SEK 68.7 (42.8) million, an increase of 61 percent compared with the same period last year. Operating profit increased to SEK 29.6 (16.9) million and the operating margin was 43.0 (39.6) percent.

Revenues and operating profit by quarter are portrayed below:



First quarter growth was good as a result of a strong market development despite financial unease in the world economy. Net Entertainment's revenue growth compared with the corresponding period last year is due to a combination of existing customers' expansions and the launch of new customers. Seven new customers' casinos were launched this quarter, which has further increased the revenue base.

Royalty revenues were very favourably affected by higher volumes in 2008 compared with last year and this trend continued throughout the first quarter of 2009. 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. The royalty levels for each step remained stable throughout the quarter. Fluctuations in exchange rates had a positive effect on Net Entertainment's revenue growth in 2008 and 2009 due to the

weaker Swedish krona. Approximately 29 percent of increased revenue in the first quarter, compared to the same period last year, was attributable to exchange rate effects. The positive effect of the exchange rate effect on the company's revenues, which are primarily denominated in Euro, are partially offset, however, by lower gaming volumes caused by the weakened currencies. By far the largest share of revenue growth is thus attributable to higher volumes.

Revenues for the first quarter increased by 11 percent compared to the previous quarter.

Operating profit for the first quarter increased by 75 percent compared with the same period last year. Operating expenses were higher than last year due to the company's increased rate of development to ensure a market-leading position and to broaden the product portfolio. The increased development pace is enabled through staff recruitments and external consultants in Stockholm and out-sourced development in the Ukraine. This has also resulted in an increased volume of intangible assets being capitalised. The organisational improvement measures that have been implemented as a natural step in the company's development and expansion, especially within IT operations and Group management, have led to an increased cost structure.

Financial net amounted to SEK 6.1 (-0.4) million which is the effect of the return on cash and cash equivalents and exchange rate affect on cash and cash equivalents and financial receivables and liabilities.

### CASH AND CASH EQUIVALENTS, FINANCING AND FINANCIAL POSITION

The Group's cash flow from operating activities amounted to SEK 69.5 (14.3) million during the first quarter of which SEK 14.5 million is related to a refund received for previously paid income tax. Cash flow from investing activities amounted to SEK -15.9 (-3.2) million. At the end of the period, consolidated cash and cash equivalents amounted to SEK 118.8 (36.9) million, of which SEK 39.7 (2.3) million 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 12.0 (7.5) % during the period. 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 and can vary from one reporting period to the next. Since the profit in Sweden for the period is higher than for the same period last year, the effective tax rate for the Group is higher. The tax rate for the full year is expected to be consistent with previous years.

### CAPITAL INVESTMENTS

The Group's capitalisation of development costs such as intangible assets amounted to SEK 8.4 (3.2) million during the first quarter and investments in property, plant, and equipment amounted to SEK 7.5 (0.1) million.

Capitalised development costs increased primarily as a result of greater activity in this area and the type of work being carried out, since not everything meets the IAS 38 requirements for capitalisation. Major projects currently being implemented are CasinoCafé™ and a system for simultaneous multi-currency management in the gaming accounts module.

Fixed asset investments are primarily servers, other computer equipment, consulting costs and other costs directly attributable to completion of the assets.

### PERSONNEL AND ORGANISATION

At the end of the period, there were 101 (71) employees. Including consultants, Net Entertainment employed 159 (85) people.

### PARENT COMPANY

The parent company's revenues for the quarter were SEK 42.7 million compared with SEK 24.3 million last year. Operating profit was SEK 2.8 (1.9) million and profit after tax was SEK 6.7 (1.0) million.

Revenues in the parent company come from services provided to the subsidiaries. No development expenses are capitalised in the parent company as projects are ordered and owned by the subsidiaries in Malta. The original technologies are still owned by the parent company and generate royalties.

Cash and cash equivalents in the parent company at the end of the period amounted to SEK 86.8 (29.2) million.

## EVENTS AFTER THE END OF THE PERIOD

Since the end of the reporting period, PCP Electronics in Cyprus has launched CasinoCafé™ in four shops. The launch took place as anticipated by both parties.

## ACCOUNTING POLICIES

### PREPARATION OF THE REPORT

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 2.1, Accounting for Legal Entities. The same accounting and valuation principles have been used as in the 2008 annual report. For further information on the principles, please refer to the annual report.

On January 1, 2009, the Group began applying IAS 1 (Amendment) Presentation of Financial Statements, which is one of the new or revised standards that came into effect on December 31, 2008 and is relevant to the Group's operations. This revision means that components that have previously been recognised directly in shareholders' equity are now included in a comprehensive income statement, a statement of total comprehensive income. This has affected the presentation of the Group's financial statements. Another change is the use of the new titles for the statements. Although this is not mandatory, Net Entertainment has decided to use the old titles.

## 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 2008 Annual Report, pages 43-46 and page 70.

### 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. Since 2005, Net Entertainment is a member of the organisation G4, which works to prevent gaming addiction and CasinoModule™ has been adapted to follow the organisation's guidelines.

In December 2008, the gaming commission appointed by the Swedish government to propose long-term tenable Swedish gaming regulations presented its report. If a legislative proposal is developed from this report, it will come into force in January 2011. However, it is very uncertain whether the findings of the report will be used to develop a proposal. The success of this legislative proposal is highly uncertain following the criticism of the commission's report and the fact that there are about 15 cases currently being examined by the European Court of Justice. If the gaming legislation were to change, the operators' (Net Entertainment's customers) response to the changes will determine what, if any, effect the change will have on Net Entertainment.

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 (transaction exposure) 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 (translation exposure). 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 Net Entertainment Malta's purchases from Net Entertainment AB (see note 20). It is currently not possible to determine conclusively the extent to which the changed regulatory interpretation will affect costs. Net Entertainment has reported and in 2009 paid to the Maltese tax authorities the VAT amounts that are deemed correct and reasonable by the company considering the current uncertainty. However, the amounts may be insufficient if the Maltese tax authority interprets the VAT regulations more restrictively than Net Entertainment currently assesses and deems as correct. Net Entertainment is also taking measures to reduce the risk of additional VAT in the future.

## FINANCIAL INFORMATION

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

Annual General Meeting	29 April
Interim report January-June	27 August
Interim report January-September	28 October
Earnings report 2009 and quarterly report for the fourth quarter	4 February 2010

Financial reports, press releases and other information are published on Net Entertainment's website [www.netent.com](http://www.netent.com). Financial reports are available from the date of publication.

The Board of Directors and 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, 26 April 2009

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Chairman of the Board

Vigo Carlund

Fredrik Erbing

Niclas Eriksson

Mikael Gottschlich

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**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 report under the Securities Market Act and/or Financial Instruments Trading Act. The information was submitted for publication on 27 April 2009 at 8.00 am.



## CONSOLIDATED INCOME STATEMENT

	Jan-Mar 2009	Jan-Mar 2008	Jan-Dec 2008
Revenues	68 571	42 469	204 602
Other revenues	135	282	971
<b>Total operating revenues</b>	<b>68 706</b>	<b>42 751</b>	<b>205 573</b>
Personnel expenses	-15 752	-11 997	-52 630
Depreciation and amortisation	-6 046	-2 918	-15 513
Other operating expenses	-17 358	-10 912	-49 627
<b>Total operating expenses</b>	<b>-39 156</b>	<b>-25 827</b>	<b>-117 770</b>
<b>Operating profit</b>	<b>29 550</b>	<b>16 924</b>	<b>87 803</b>
Financial items	6 149	-352	-1 850
<b>Profit before tax</b>	<b>35 699</b>	<b>16 572</b>	<b>85 953</b>
Tax on the period's profit	-3 811	-1 156	-5 986
<b>Profit for the period</b>	<b>31 888</b>	<b>15 416</b>	<b>79 967</b>
<i>Earnings per share (before and after dilution, SEK)</i>	0.81	0.39	2.02
<i>Number of shares at period's end</i>	39 553 716	39 553 716	39 553 716
<i>Average number of shares</i>	39 553 716	39 553 716	39 553 716
<i>Effective tax rate</i>	12.0%	7.5%	7.5%
<i>Profit for the period attributable to parent company shareholders</i>	<b>31 888</b>	<b>15 416</b>	<b>79 967</b>
<b>Statement of total income</b>			
<b>Profit for the period</b>	<b>31 888</b>	<b>15 416</b>	<b>79 967</b>
<b>Other total income</b>			
Exchange differences arising from the translation of foreign operations	-7 074	-156	13 046
<b>Sum of other total income for the period, net after tax</b>	<b>-7 074</b>	<b>-156</b>	<b>13 046</b>
<b>Total income for the period</b>	<b>24 814</b>	<b>15 260</b>	<b>93 013</b>

## CONSOLIDATED BALANCE SHEET

<b>ASSETS</b>	<b>2009-03-31</b>	<b>2008-03-31</b>	<b>2008-12-31</b>
Intangible assets	36 036	24 918	31 409
Property, plant, and equipment	16 112	5 406	10 788
Other long-term receivables	5	5	5
<b>Total non-current assets</b>	<b>52 153</b>	<b>30 329</b>	<b>42 202</b>
Accounts receivable	13 986	11 522	11 254
Prepaid expenses and accrued revenues	38 495	18 831	30 040
Current tax recoverable	-	-	9 641
Other receivables	1 842	4 089	3 744
Cash and cash equivalents	118 827	36 886	65 132
<b>Total current assets</b>	<b>173 150</b>	<b>71 328</b>	<b>119 811</b>
<b>TOTAL ASSETS</b>	<b>225 303</b>	<b>101 657</b>	<b>162 013</b>
<b>EQUITY AND LIABILITIES</b>	<b>2009-03-31</b>	<b>2008-03-31</b>	<b>2008-12-31</b>
Share capital	1 191	1 191	1 191
Other capital contributed	34 200	34 200	34 200
Reserves	6 773	645	13 847
Retained earnings incl. profit for the period	99 143	32 369	67 255
<b>Total equity</b>	<b>141 307</b>	<b>68 405</b>	<b>116 493</b>
Deferred tax liabilities	1 682	2 183	1 676
<b>Total non-current liabilities</b>	<b>1 682</b>	<b>2 183</b>	<b>1 676</b>
Accounts payable	12 386	11 498	9 541
Current tax liabilities	8 636	4 438	-
Other liabilities	44 839	3 874	17 147
Accrued expenses and prepaid revenue	16 453	11 259	17 156
<b>Total current liabilities</b>	<b>82 314</b>	<b>31 069</b>	<b>43 844</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>225 303</b>	<b>101 657</b>	<b>162 013</b>

\*Closing cash and cash equivalents for the period includes SEK 39,720 (2,309) which are funds held on behalf of licensees.

## CONSOLIDATED CHANGES IN EQUITY

	Share capital	Other capital contributed	Translation of foreign operators	Retained earnings	Total equity
<b>2009</b>					
<b>Opening equity 2009-01-01</b>	<b>1 191</b>	<b>34 200</b>	<b>13 847</b>	<b>67 255</b>	<b>116 493</b>
Total income for the period			-7 074	<b>31 888</b>	<b>24 814</b>
<b>Closing equity 2009-03-31</b>	<b>1 191</b>	<b>34 200</b>	<b>6 773</b>	<b>99 143</b>	<b>141 307</b>
<b>2008</b>					
<b>Opening equity 2008-01-01</b>	<b>1 191</b>	<b>34 200</b>	<b>801</b>	<b>16 953</b>	<b>53 145</b>
Total income for the year			-156	15 416	<b>15 260</b>
<b>Closing equity 2008-03-31</b>	<b>1 191</b>	<b>34 200</b>	<b>645</b>	<b>32 369</b>	<b>68 405</b>

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

## CONSOLIDATED CASH FLOW STATEMENT

	Jan-Mar 2009	Jan-Mar 2008	Jan-Dec 2008
Operating profit	29 550	16 911	87 803
<i>Adjustments for items not included in cash flow:</i>			
Depreciation and amortisation	4 918	3 020	15 513
Other	-222	-58	2 761
Interest received	187	333	1 192
Interest paid	-	-685	-
Tax received	14 466	-5 640	-24 988
<b>Cash flows from operating activities before changes in working capital</b>	<b>48 899</b>	<b>13 881</b>	<b>82 281</b>
Changes in working capital	20 548	412	6 792
<b>Cash flows from operating activities</b>	<b>69 447</b>	<b>14 293</b>	<b>89 073</b>
Capitalised intangible assets	-8 354	-3 157	-16 867
Acquisition of property, plant, and equipment	-7 532	-81	-6 560
Divestment of other financial assets	-	13	13
<b>Cash flows from investing activities</b>	<b>-15 886</b>	<b>-3 225</b>	<b>-23 414</b>
Dividends paid	-	-	-29 665
<b>Cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-29 665</b>
<b>Cash flow for the period</b>	<b>53 695</b>	<b>10 971</b>	<b>39 217</b>
Cash and liquid assets at beginning of period	65 132	25 915	25 915
Exchange rate differences in cash and cash equivalents	134	-97	3 223
<b>Cash and liquid assets at end of period*</b>	<b>118 827</b>	<b>36 886</b>	<b>65 132</b>

\*Closing cash and cash equivalents for the period includes SEK 39,720 (2,309) which are funds held on behalf of licensees.

## CONSOLIDATED KEY DATA AND FIGURES

	Jan-Mar 2009	Jan-Mar 2008	Jan-Dec 2008
Revenues (SEK thousands)	68 706	42 751	205 573
Operating profit (SEK thousands)	29 550	16 924	87 803
Profit before tax (SEK thousands)	35 699	16 572	85 953
Profit for the period (SEK thousands)	31 888	15 416	79 967
Operating margin (percent)	43.0	39.6	42.7
EBIT margin (percent)	55.8	40.4	44.1
Profit margin (percent)	52.0	38.8	41.8
Return on investment in shareholders' equity (percent)	24.7	25.4	94.3
Equity/assets ratio (percent)	62.7	67.3	71.9
Quick ratio (percent)	210.4	229.6	273.3
Net interest-bearing liabilities (SEK thousands) *	-118 827	-36 886	-65 132
Net debt/equity ratio (multiple)	-0.8	-0.5	-0.6
Average number of employees	92	69	70
Employees at period's end	101	71	85
Employees and consultants at period's end	159	85	132
Earnings per share	0.81	0.39	2.02
Equity per share (SEK)	3.57	1.73	2.95
Cash flow per share (SEK)	1.36	0.28	0.99
Average number of outstanding shares	39 553 716	39 553 716	39 553 716
Number of outstanding shares at the period's end	39 553 716	39 553 716	39 553 716

\* A negative figure means that the Group has a net cash position (the Group has a positive cash flow and no debt)

## DEFINITIONS

**Operating margin** - Operating profit in relation to revenues.

**EBIT margin** - Operating profit plus financial income in relation to revenues.

**Profit margin** - Profit before tax items 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, including proposed but not yet adopted dividends.

**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.

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

## PARENT COMPANY INCOME STATEMENT

	Jan-Mar 2009	Jan-Mar 2008	Jan-Dec 2008
Operating revenues	42 731	24 289	111 254
Other external expenses	-20 090	-7 688	-42 601
Personnel expenses	-17 931	-12 904	-57 276
Depreciation and amortisation	-1 876	-1 724	-8 869
Other operating expenses	-	-50	-248
<b>Operating profit</b>	<b>2 834</b>	<b>1 923</b>	<b>2 260</b>
Financial items	6 373	-499	53 354
<b>Profit after financial items</b>	<b>9 207</b>	<b>1 424</b>	<b>55 614</b>
Depreciation in excess of plan	-	-	2 982
<b>Profit before tax</b>	<b>9 207</b>	<b>1 424</b>	<b>58 596</b>
Tax on the period's profit	-2 486	-399	-905
<b>Profit for the period</b>	<b>6 721</b>	<b>1 025</b>	<b>57 691</b>

## PARENT COMPANY BALANCE SHEET

ASSETS	2009-03-31	2008-03-31	2008-12-31
Intangible assets	3 831	11 243	5 212
Property, plant, and equipment	5 536	2 815	4 226
Shares in subsidiary	512	182	183
Other long-term receivables	5	5	5
<b>Total non-current assets</b>	<b>9 884</b>	<b>14 245</b>	<b>9 626</b>
Accounts receivable	1 348	9 115	-
Receivables from Group companies	60 332	29 322	61 225
Prepaid expenses and accrued revenues	3 005	2 674	1 972
Current tax recoverable	-	258	985
Other receivables	1 843	4 093	3 744
Cash and cash equivalents	86 840	29 167	14 598
<b>Total current assets</b>	<b>153 368</b>	<b>74 629</b>	<b>82 524</b>
<b>TOTAL ASSETS</b>	<b>163 252</b>	<b>88 874</b>	<b>92 150</b>
<b>EQUITY AND LIABILITIES</b>	<b>2009-03-31</b>	<b>2008-03-31</b>	<b>2008-12-31</b>
Share capital	1 191	1 191	1 191
Statutory reserve	38	38	38
Retained earnings	64 686	36 660	6 995
Profit for the period	6 721	1 025	57 691
<b>Total equity</b>	<b>72 636</b>	<b>38 914</b>	<b>65 915</b>
<b>Untaxed reserves</b>	<b>-</b>	<b>2 982</b>	<b>-</b>
Accounts payable	10 994	2 433	9 078
Liabilities to Group companies	61 658	33 661	89
Current tax liabilities	990	1 799	0
Other liabilities	1 561	165	1 024
Accrued expenses and prepaid revenue	15 413	8 920	16 044
<b>Total current liabilities</b>	<b>90 616</b>	<b>46 978</b>	<b>26 235</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>163 252</b>	<b>88 874</b>	<b>92 150</b>

## NET ENTERTAINMENT'S PRODUCTS

### CASINO

The company's core product, CasinoModule™, 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 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 and a multiplayer blackjack game.

### CASINO CAFÉ™

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

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 new games are Dead or Alive and Hot City.

