



**PROSPECTUS PERTAINING TO THE LISTING OF
NET ENTERTAINMENT 2007**

CONTENTS

Summary	4
Risk Factors	8
Distribution of Subsidiary Net Entertainment NE AB to Shareholders of Betsson AB	12
Background and Reasons	13
Terms, conditions and instructions	15
CEO's Comments	16
Operations	17
Market Description	14
Condensed Financial Information	30
Comments on the Financial Trend	32
Legal Issues and Supplementary Information	35
Board of Directors, Senior Executives and Auditors	37
Share Capital and Ownership Structure	43
Articles of Association and Other Information	46
Tax Issues in Sweden	49
Financial Accounts and Condensed 12-month Report for 2006	52
Audit Reports	76
Addresses	78

DATES FOR FINANCIAL INFORMATION

Interim report for the period January 1–March 31, 2007	May 21, 2007
Interim report for the period January 1–June 30, 2007	August 17, 2007
Interim report for the period January 1–September 30, 2007	November 5, 2007
Annual general meeting	May 21, 2007

This prospectus has been prepared due to the application by the Board of Directors of Net Entertainment NE AB (publ) for a listing of the Company's Series B share on NGM. In this prospectus, the terms "Net Entertainment" or "the Company" refer to, depending on context, Net Entertainment NE AB (publ) or the Group for which Net Entertainment NE AB (publ) is the Parent Company. "The Group" refers to the Group for which Net Entertainment NE AB (publ) is the Parent Company. "Betsson" refers to Betsson AB (publ) with its subsidiaries, unless specified otherwise.

The financial accounts pertain only to Net Entertainment. The new Net Entertainment consists largely of the former Net Entertainment business area within the current Betsson.

In this prospectus, there are references to Net Entertainment's annual report for 2003, which constitutes part of the prospectus. The annual report for 2003 includes information about conditions that have changed significantly. However, updated information is provided in the section "Financial accounts and condensed 12-month report for 2006" in this prospectus. The annual report for 2003 is available via www.netent.com or can be ordered from the Company's Head Office. The address and telephone number of the Head Office are presented on page 78.

Since the figures in this prospectus have been rounded off in certain cases, amounts in tables do not always tally.

In this prospectus, statements regarding future prospects are made by the Board of Directors of Net Entertainment and are based on current market conditions. Although such statements have been well processed, readers should be aware that such statements, and all other estimates of the future, are associated with uncertainty.

The prospectus contains historical market information, including information about the size of markets in which Net Entertainment is active. This information has been obtained from a number of sources and Net Entertainment is responsible for ensuring that such information has been represented correctly. Although Net Entertainment regards these sources as reliable, no independent verification has been performed, which means that the correctness or completeness of the information cannot be guaranteed. As far as Net Entertainment is aware and can gain assurance of through comparison with other information that has been published by the parties from whom the information has been obtained, no information that would make the reproduced information incorrect or misleading has been excluded from this prospectus.

Swedish law is applicable to the contents of this prospectus. Disputes relating to the offering pursuant to this prospectus shall be settled exclusively in accordance with Swedish law and by a Swedish court. This prospectus has been approved and registered by the Swedish Financial Supervisory Authority pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Financial Instruments Trading Act (1991:980).

Handelsbanken Capital Market has served as financial advisor to Betsson and Net Entertainment.

The shares in Net Entertainment are not subject to trading in any country other than Sweden and no application to engage in such trading has been made. The shares have not been registered in accordance with the United States Securities Act from 1933 or any provincial legislation in Canada.



SUMMARY

This summary does not claim to be comprehensive but should instead be viewed as an introduction to the prospectus. A decision to invest in the Net Entertainment share should be based on an assessment of the prospectus as a whole. An investor who sues Net Entertainment in a court of law as a result of the information in this prospectus may be compelled to bear the costs of translation of the prospectus. An individual may become liable for the information included or omitted in the summary or a translation of it only if the summary or translation is misleading or incorrect in relation to other sections of the prospectus.

DESCRIPTION OF OPERATIONS

Net Entertainment was established in 1996 as a joint venture project between the current Betsson (formerly Cherryföretagen) and the Kinnevik Group. The basis for the initiative was a strongly growing Internet market and the objective was to establish the Company as a leading casino operator on the Internet.

Net Entertainment is one of the leading Business-to-Business (B2B) suppliers of holistic solutions for casino games across the Internet. The Company's products have been developed to ensure they are compatible with various operating environments. On the platform side, the Java programming language is used, with the Flash programming language deployed as a user interface. The Company has developed gaming software that is licensed to an international circle of customers, currently consisting of some 40 gaming companies, including Unibet, Gamebookers, PokerRoom and Betsson. Licensees are offered customized gaming solutions, plus services and support.

Net Entertainment uses computer-operating centers in Malta and Costa Rica. On behalf of its customers, the Company manages all technical operations, which, besides data system operations, includes system monitoring, technical support and regular system upgrades. This permits the Company to supply high availability and competitive operating environments for customers, irrespective of the customer's target market. Success with an Internet casino requires that the software can supply an extensive operating support system and that the software offers high-quality, exciting and scintillating

games. Net Entertainment continually invests considerable resources in research and development in a bid to stay at the cutting edge of gaming technology and experience. The development of games requires know-how, skills and experience. Net Entertainment has benefited from its origins in Cherryföretagen, whose 40-year experience of land-based casino games has been invaluable in the development of CasinoModule™. In addition, Net Entertainment has 10 years of experience in the development of systems for Internet-based games, which few of the Company's competitors can outperform.

Net Entertainment has to date primarily focused on the European market but is steadily turning its attention to new markets in Eastern Europe and Asia. Since Net Entertainment's customer base is primarily active in Europe, the Company saw only a marginal effect of the new legislation that was enacted in the US in October 2006.

Apart from a broadened geographic focus, Net Entertainment will also address several new types of markets that will be facilitated by the new multi-player platform and Casino Café.

As part of efforts to develop games attracting the end user, Net Entertainment continually utilizes end user surveys, while data from customer casinos are another key input.

CasinoModule™

CasinoModule™ is a games solution comprising a broad range of games that are controlled by an extensive monitoring and control system. The game range includes traditional casino games as well as number games and lotteries, combined or standing alone, Net Entertainment offers Web-based casino solutions, which are optimised for integration with existing game portals such as sports gaming sites.

Net Entertainment's primary target group is sports gaming operators with an existing customer base who wish to supplement their existing gaming range with casino games. The games are customised for each customer, thereby offering the licensee a unique casino, a key aspect of the customer's brand building. Technically, CasinoModule™ is a standalone system but is experienced by players as a natural and integral part of the licensee's website. CasinoModule™ is integrated with the licensee's website

utilising existing IT systems, which means simplified IT architecture without duplication of functionality. In turn, this leads to distinct divisions of responsibilities and low production, operating and distribution costs. A solution in which Net Entertainment manages system operations permits licensees to focus on their core activities. Net Entertainment's operating department monitors and manages casino applications, while customer service personnel act as natural discussion partners in day-to-day operations. This creates strong customer relations and optimum conditions for a "win-win situation" for both parties.

CasinoModule™ currently offers language support for 21 languages. As part of efforts to meet the rising demand in growth regions in Asia, Net Entertainment has commenced work aimed at adding language support for five Asian languages. Overall, CasinoModule™ will then support 26 languages, providing a key competitive edge.

Business Concept

Net Entertainment supplies high end online gaming solutions to internet gaming operators wishing to increase their product range and profitability.

BUSINESS AND REVENUE MODEL

Business Model/ Revenue Model

Sales to customers occur primarily via a direct sales model. Casino Module™ is licensed in return for a royalty whose size is determined by the earnings generated by the product, although there is also minimum royalty level. The model provides a strong incentive for the Company to continually develop the product and support the Company's licensees. The price model includes start-up and delivery fees.

OVERRIDING OBJECTIVES

Quantitative Operational Goals

- An average of 10–15 new license agreements will be signed each year
- An average of 6–8 games will be issued per release

Qualitative Operational Goals

Profitable growth

Net Entertainment will seek growth accompanied by profitability. Expansion may take the form of organic growth or be attained through acquisitions. Growth may also be achieved in new service segments, such as Soft Games, and in new geographic markets.

Cost Effectiveness

Since Net Entertainment is active in a competitive market, cost effective operations are crucial for Company's competitiveness. This approach will permeate all the Company's activities. Administrative and staff costs will be kept to a minimum. As a result of more efficient planning, personnel expenses and other operating costs will represent a small share of Company sales over time.

Pleasant Workplace

To attract and retain skilled personnel, Net Entertainment will work to create and enhance a pleasant and secure work environment. The work environment will be marked by confidence, candidness and participation. Net Entertainment will seek to ensure a favorable work environment and the Company will promote health care, while counteracting illness in other ways.

Financial Objectives

The following overriding financial objectives shall guide the Company's activities and should be viewed over an extended period (such as a business cycle):

- Sales growth shall be higher than the market average (in respect of comparative companies)
- Operating margin at the EBIT level shall exceed 35 per cent

Dividend Policy

The Board's goal is that in the future Net Entertainment NE AB's ordinary dividend shall move in line with the Company's earnings per share, taking into account the Company's long-term capital requirements.

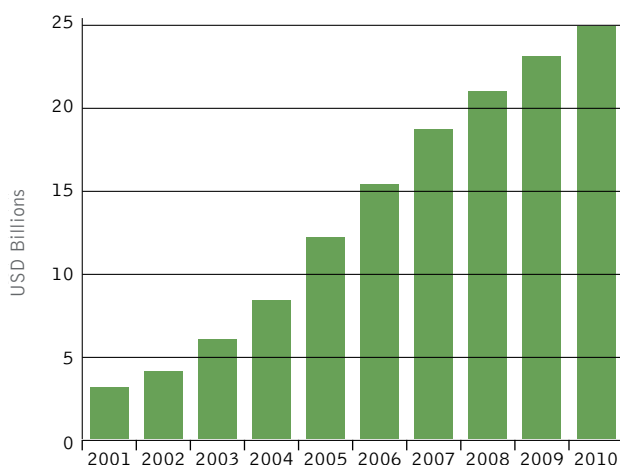


MARKET

Market Size

The market for Internet gaming has displayed high growth during the past five years and is expected to expand at an annual rate of 20 percent, which means that the expected overall market sales in 2007 will exceed USD 20 billion. The number of players in 2000 was estimated at nearly five million and in 2002 to almost 10 million. During 2005, the number of players was an estimated 15 million and the total is expected to increase to 20 million during 2006.¹

Global Internet Gambling Overview 2001-2010



Source: Global Internet Gambling Revenue Estimates and Projections (2001-2010, \$M, US), Christiansen Capital Advisor's, 2005

Net Entertainment believes that potential for continuing expansion is favorable. The market for online gaming is gaining maturity, with definite signs of a consolidation pha-

se emerging. This will mean that in the years ahead a few large players will dominate the market, which will probably favor a specialised supplier such as Net Entertainment.

Market

Since the Company's customers are primarily sports gaming sites, the average end user is a male aged 25 to 35. Meanwhile, according to eCogra's report² from January 2007, women make up a significant player segment that sports gaming sites generally do not address. Net Entertainment is working actively to develop games that target the various player segments.

Competitors

Although the market for online gaming is large and growing, only a few players dominate the supplier side. Net Entertainment's primary competitors are Boss Media, Chartwell, Cryptologic, Microgaming, Playtech and Real Time Gaming. A number of these have a substantially broader product portfolio than Net Entertainment and in recent years many have focused on the poker market. As opposed to its competitors, Net Entertainment has elected to focus on casino games as a defined market segment and, by this means, develop and offer a top notch casino solution. This has proven to be a highly effective strategy. Executive management estimates that the Company has a market share of about 10 percent (based on Net Entertainment's status as a supplier of casino games to about ten percent of the 100 largest sports gaming sites).

Price Trend

License fees for casino solutions have increased in absolute terms in recent years. Rising revenues among operators are driving this trend. During the same period, the level of royalties declined slightly, although this trend now appears to have stabilized.

¹) Christiansen Capital Advisor's Global Internet Gambling Revenues Estimates and Projections 2001-2010, 2005.

²) An Exploratory Investigation into the Attitudes and Behaviours of Internet Casino and Poker Players, commissioned by eCOGRA (e-Commerce and Online Gaming Regulation and Assurance), January, 2007.

RISK FACTORS

In assessing Net Entertainment's future development, it is important to note a number of risk factors that are deemed to be of key significance for the Company's future progress. The Company's operations involve risks related to such factors as:

- Political decisions
- Official approval and legal requirements for operating
- Gambling addiction
- Dependence on personnel
- Dependence on major customers
- Intangible rights and agreements
- Overall economic trends
- Competition
- Changes in exchange rates
- Tax risks
- Share trading

Other risks that are currently unknown or ones that the Company currently deems to be insignificant may, in the future have a significant impact on Net Entertainment's operations, financial status or earnings. Refer to a more detailed discussion in the section "Risk Factors" on page 8.

CONDENSED 12-MONTH REPORT FOR 2006

Income statement

Amounts in SEK 000s	Group 2006 ¹
Revenue	99,773
Operating profit	40,801
Profit after net finance income	39,843
Profit before tax	39,843
Profit for the year	28,482
Earnings per share (SEK)	0.72
Proposed dividend per share (SEK)	0.25

Balance sheet

Amounts in SEK 000s	2006 ¹
Fixed assets	24,298
Current assets	32,263
Total assets	56,561
Equity	16,090
Long-term liabilities	835
Current liabilities	39,636
Total equity and liabilities	56,561
Equity per share (SEK)	0.41

Cash flow statement

Amounts in SEK 000s	2006 ¹
Cash flow from current operations	34,419
Cash flow from investing operations	-18,561
Cash flow from financing operations	-9,889
Change in cash and cash equivalents	5,969
Cash and cash equivalents at beginning of year	7,498
Exchange rate differences, cash and cash equivalents	-414
Cash and cash equivalents at year-end	13,053

1) The condensed 12-month report for 2006 has been reviewed by the Company's auditor. The statements in consolidated condensed 12-month report for 2006 have been compiled in accordance with the principles that will be applied in the consolidated accounts compiled in accordance with IFRS, which will be included in the Company's 2006 Annual Report.



RISK FACTORS

OPERATIONAL AND INDUSTRY-RELATED RISKS

Political Decisions

Gaming in most national markets is strictly regulated by law and all gaming operations are essentially subject to official approval.

Despite criticism of monopolies due, for example, to freedom of movement in the EU, member states have largely been able to maintain the monopoly situation to date. Accordingly, political decisions in both Sweden and Malta and other countries, as well as court decisions, could have a rapid and adverse impact on Net Entertainment's operations and those of its customers.

The Company has a Class IV license in Malta that covers the delivery and technical operation of casino games for online operators licensed in Malta. Malta is a member of the EU and it could be expected that gaming operators in Malta would be able to offer gaming in the EU based on the treaty's basic principles. Among other points, these principles include the principle that there should not be any restrictions on the free movement of goods, the right to establish a corporate presence and the right to freely provide and market services. However, a number of members, for example, have introduced legislation to ban advertising.

There are a number of high-profile precedential court rulings in the European Court relating to the gaming industry, including the Schindler, Läära, Gambelli, Lindman and Placanica decisions. In all rulings, it has been stated that state restrictions in the gaming area should essentially be viewed as a curtailment of the right to provide services in the EU. However, the Court has

stated that, if aimed at protecting consumers, certain curtailment may be permitted if it is proportional, that is, strictly necessary, in relation to the stated purpose of protection. Despite these EU Court rulings, a number of member countries continue to enforce restrictions in an effort to hinder or obstruct private online operators' activities. Consequently, in the near future, a number of European monopolies will be exposed to legal challenges in the form of national court proceedings. It is currently difficult to obtain a clear idea of how the legal situation will affect the commercial conditions for online operators.

In respect of legal situations outside of the EU it should be emphasized that Net Entertainment does not offer its services to online operators that offer gaming activities to customers domiciled in the US. This is pursuant to an enactment in October 2006 of the Internet Gambling Prohibition Act to prevent payment processing for Internet gaming in the US.

Operations Subject to Official Approval and Legal Aspects

As a result of a ruling by the Maltese Lottery Inspection, Net Entertainment Malta obtained a Class IV license, permitting the Company to pursue hosting operations for its customers. This also means that it is crucial for Net Entertainment that the permit be maintained and extended.

In the EU, certain member states, including Sweden, prohibit the promotion of a lottery from outside the country. "Promotion" is a wide-ranging concept and can thus include highly diverse activities. Although it seems far-fetched that Net Entertainment's operations as a software supplier and host for online operators could be viewed as "promotion", how far this concept of "promotion" extends is unclear.

Gambling Addiction

Although Net Entertainment does not itself pursue any gaming operations, people suffering from gambling addiction could sue the companies in the Net Entertainment Group as the gaming originator and facilitator. While such claims are likely to be dismissed, they could give rise to substantial costs, reducing confidence in the Net Entertainment Group and eventually leading to a decline in revenue. During 2005 Net Entertainment affiliated itself with the organization G4, which works with gambling addicts. Net Entertainment has adapted the Casino module™ so that it offers full support for the guidelines established by G4.

Dependence on Personnel

Net Entertainment's future development will depend on the technical progress achieved in the Group and Net Entertainment's ability to retain – as the Company sees it – its position as a skills lead. The technical skills of the workforce are thus largely decisive for the Company's future progress.

As a result of the restructuring that the Group has undergone, some focus has also been moved from Net Entertainment NE AB (publ) to Net Entertainment Malta. Recruitment of new personnel in Net Entertainment Malta will be extremely important, at the same time as it is crucial that the expertise in Net Entertainment NE AB (publ) is maintained.

Dependence on Major Customers

Ten of Net Entertainment's approximately 40 customers account for a very large share of Net Entertainment's revenue. The loss of any of these major customers could impact negatively on Net Entertainment's earnings and financial position. However dependence on older customers will decline as Net Entertainment gains new customers.

Intangible Rights and Agreements

Net Entertainment's principal intangible rights consist primarily of the copyrights to software, notably CasinoModule™, and the accompanying material that has been, and

is still being, developed within the Company. Accordingly, it is also vital that what is developed within the Company remains in Net Entertainment's possession.

Economic Conditions

While Net Entertainment is not insensitive to changes in economic conditions, they do not impact significantly on operations.

Competition

The Company competes with a number of major players who have substantially larger financial and operational resources than those at the disposal of Net Entertainment. Moreover, additional players could establish a market presence. However, the threshold value for establishing a presence in the market is very high. Failure to meet such competition successfully could affect the Company's earnings and financial position.

FINANCIAL RISKS

Exchange Rate Movements

The Group's earnings are exposed to exchange rate movements, since most of its sales are in EUR, and expenses (transaction exposure) are in SEK. Net Entertainment does not currently hedge this portion.

Earnings are also affected by exchange rate fluctuations when the foreign subsidiaries' earnings are translated to SEK (translation exposure). Moreover, the Group's equity is affected by exchange rate movements when assets and liabilities in foreign subsidiaries are translated to SEK (translation exposure).

Foreign companies are financed primarily through equity and intra-Group loans in the Parent Company's home currency. Hedging of equity in foreign subsidiaries is currently not undertaken. Exchange rate differences arising from the translation of foreign net assets are recognised directly in consolidated equity.



RISKS RELATED TO THE DISTRIBUTION AND ACCEPTANCE FOR TRADING ON NGM

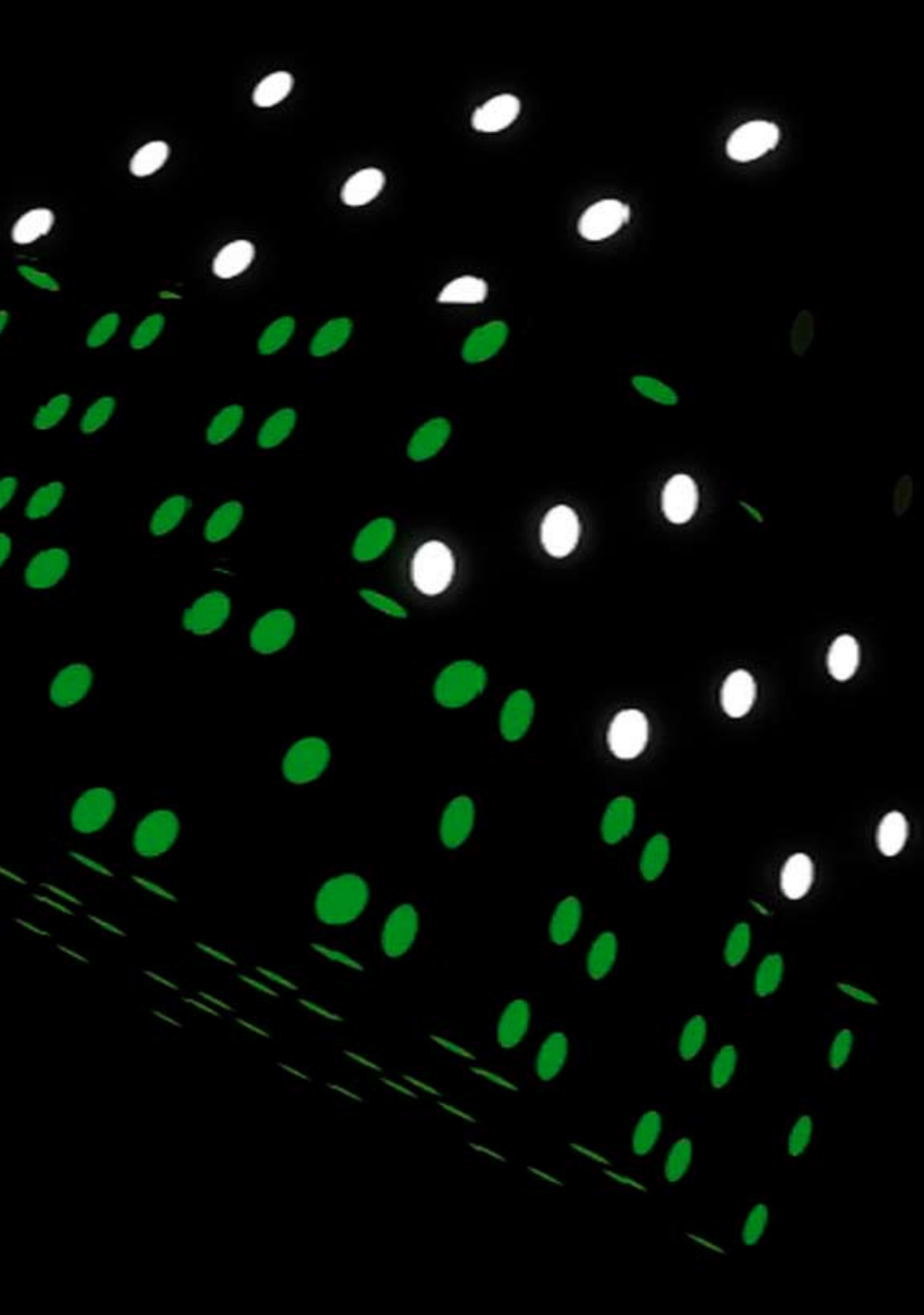
At the Extraordinary General Meeting to be held on March 30, 2007, shareholders in Betsson are expected to approve the distribution of the shares in the subsidiary Net Entertainment. Following the completion of the distribution, the Parent Company of the new group, Net Entertainment NE AB, is expected to be listed on the NGM exchange on or about April 5, 2007.

The Net Entertainment Share

Prior to the planned listing of Net Entertainment on NGM, the share has not been traded. However, the listing does not represent a guarantee regarding the liquidity of the share. The price of the share will be affected by such factors as variations in Net Entertainment's earnings and financial position, changes in stock market expectations regarding future earnings, as well as the supply and demand for the shares, plus the general economic trend. This means that the price at which the share is traded will vary.

Tax Risks

Net Entertainment conducts its operations in Sweden, Malta and Costa Rica. Operations, including transactions among Group companies are conducted in accordance with Net Entertainment's interpretation of prevailing tax legislation, tax agreements and the provisions in the various countries involved, as well as the requirements of tax authorities. However, it cannot be generally precluded that Net Entertainment may erroneously interpret applicable legislation, practice, tax agreements and provisions or their interpretation by the particular authorities. Moreover, these rules may change, perhaps with a retroactive effect. As a result, Net Entertainment's previous or current tax situation may deteriorate. To the best of the Company's knowledge, Net Entertainment is not currently the subject of any type of tax investigation. For further information on tax risks, refer to the section "Legal issues and supplementary information".





DISTRIBUTION OF THE SUBSIDIARY NET ENTERTAINMENT NE AB TO THE SHAREHOLDERS IN BETSSON AB

The Extraordinary General Meeting of Betsson on March 30, 2007 is expected to approve the distribution of all shares in Net Entertainment to shareholders in Betsson.

The Extraordinary General Meeting of Betsson on March 30, 2007 is expected to approve the Board's proposal concerning the distribution of shares to shareholders in Betsson to the effect that each share in Betsson will provide entitlement to one share of a corresponding series in Net Entertainment. The distribution is to be conducted in proportion to each shareholder's holding in Betsson, whereby one Series A share in Betsson carries entitlement to one Series A share in Net Entertainment and each Series B share in Betsson carries entitlement to one Series B share in Net Entertainment.

The proposed record date for the receipt of shares in Net Entertainment is April 4, 2007.

The shares in Betsson will be listed ex-rights to the distribution of shares in Net Entertainment as of April 2, 2007. The final date for trading in shares in Betsson with rights to the distribution of shares in Net Entertainment is March 30, 2007.

Trading in Series B shares in Net Entertainment is expected to commence on NGM on or about April 5, 2007.

The distribution of shares in Net Entertainment utilizes unrestricted equity in the amount of SEK 4.0 M in the Parent Company, Betsson. As of December 31, 2005 unrestricted equity totaled SEK 149.6 M in Betsson.

The distribution of shares in Net Entertainment is covered by what is referred to as Lex ASEA stipulations, which primarily mean that the shares are received as a tax-exempt dividend and that exit taxation does not arise for Net Entertainment; refer also to "Tax Issues in Sweden".

BACKGROUND AND REASONS

The current Betsson AB was previously called Cherryföretagen AB. A decision to change the corporate name to Betsson AB was approved at the Annual General Meeting of Betsson AB on May 15, 2006.

The Board of Directors of Betsson decided in 2005 to propose to the Annual General Meeting of Betsson that Betsson be divided into three independent companies: Betsson, Net Entertainment and Cherryföretagen. The three areas of operations conduct independent operations with limited synergism. Cooperation among them is on commercial terms and is governed by agreements. The demerger is to be implemented in an effort to highlight the values in each particular operation and thus to create three distinct investment alternatives. The Board of Directors of Betsson believe that the three areas of operation offer the potential for more rapid development as independent entities. A demerger also provides better transparency of the various operations and shareholders will gain the opportunity to select the desired risk level and direction of operations.

The Extraordinary General Meeting of Betsson on September 6, 2006 approved the proposal to distribute Cherryföretagen. Since September 12, 2006, Cherryföretagen has been traded on the Aktietorget exchange.

As a result of the above, the Board of Betsson has proposed that the Extraordinary General Meeting of Betsson on March 30, 2007 approve the proposal to distribute all shares in the subsidiary Net Entertainment to the shareholders in

Betsson and that Net Entertainment's Series B share be listed on the Nordic Growth Market ("NGM").

Net Entertainment develops software that is licensed to an international circle of customers comprising gaming companies that conduct Internet-based gaming. At year-end, Net Entertainment had slightly more than 50 employees. Revenue in 2006 totaled SEK 99.8 M, generating operating profit of SEK 40.8 M. The Board of Directors of Net Entertainment NE AB believes that Net Entertainment has a well-balanced financial position and that existing working capital is sufficient for current requirements.

As regards other information, reference is made to this prospectus which has been prepared for Net Entertainment as a result of the listing of the Company's Series B shares on NGM. The Board of Net Entertainment is responsible for the content of this prospectus.

It is hereby guaranteed that all reasonable cautionary measures have been taken to ensure that, to the knowledge of Net Entertainment's Board, the information in this prospectus complies with the factual circumstances and that nothing has been omitted that could affect its content.

Stockholm March 26, 2007
Net Entertainment NE AB (publ)
Board of Directors¹⁾

¹⁾ The Board members in Net Entertainment NE AB who are responsible for the information in this prospectus are Pontus Lindwall (Chairman), Ann-Catrine Appelquist, Rolf Blom, Einar Gunnar Gudmundsson and John Wattin. For more information on these refer to page 37. The registered office of Net Entertainment NE AB is in the municipality of Stockholm.



NETENT

NET ENTERTAINMENT



TERMS, CONDITIONS AND INSTRUCTIONS

Distribution of Shares in Net Entertainment

Each share in Betsson carries entitlement to one share in Net Entertainment. The distribution will proceed in proportion to each shareholder's holding of shares in Betsson, with each Series A share in Betsson carrying entitlement to one Series A share in Net Entertainment and each Series B share in Betsson carrying entitlement to one Series B share in Net Entertainment.

Record Date

The record date for receiving shares in Net Entertainment is April 4, 2007. The shares in Betsson will listed ex-rights to the distribution of shares in Net Entertainment as of April 2, 2007. The final date for trading in shares in Betsson with rights to the distribution of shares in Net Entertainment is March 30, 2007.

Receipt of Shares

Those who on the record date of April 4, 2007 are noted in Betsson's share register or in the special list accompanying the Betsson share register as being entitled to distribution shall without any action on

their part receive shares in Net Entertainment. The shares in Net Entertainment will be available in the shareholders' securities accounts on or about April 5, 2007. Subsequently, VPC (Swedish Securities Register Centre) will mail a securities note with information regarding the number of shares registered in the securities accounts.

Nominee-Registered Holdings

Shareholders in Betsson with nominee-registered holdings will not receive any statement from VPC. Instead, a statement will be presented in accordance with the nominee's procedures.

Listing on NGM

Net Entertainment has applied for a listing of the Company's Series B shares on the NGM exchange. Such listing is expected to take place on April 5, 2007. The proposed size of the trading lot is 200 shares.

It is planned to list the share under the ticker NET B, with the ISIN code as SE0001989252.

Entitlement to Dividends

The shares in Net Entertainment provide entitlement to dividends as of the 2006 financial year.



CEO'S COMMENTS

Net Entertainment develops and licenses software for Internet-based gaming. Our core product, CasinoModule™, is a gaming platform comprising some 40 casino games and a powerful management system. Licensed on a royalty basis, CasinoModule™ is used by more than 40 operators. As we see it, we are a world leader in our segment, as confirmed by the ranking of CasinoModule™ as one of the best gaming products in 2006 by the magazine International Gaming and Wagering Business.

Historically, Net Entertainment has displayed highly robust growth, which confirms the strength of our business model, with growth last year of about 50 percent. Gross earnings were similarly boosted. Sales of CasinoModule™ are growing, as confirmed by the signing of 16 new agreements in 2006.

I regard Net Entertainment's prospects as bright. The market for online gaming is displaying healthy growth and Net Entertainment is well equipped for future success. We have a solid customer base and a highly competitive product offering. Despite stiffening competition and heavier price pressure, I expect to see continuing, impressive progress.

Our success is the result of focused efforts and considerable investments in R&D, which have provided us with our market leading position and profitable growth. We will continue on the selected path and consolidate our position as the market-leading supplier of browser-based gaming solutions. Our single key resource is our qualified workforce, which – thanks to many years experience plus innovative ideas – creates pioneering products. We work actively on skills development and on ensuring that we attract and retain cutting-edge expertise. In addition we have customer-driven development processes that ensure that the products we deliver do actually meet market requirements.

We will steadily develop an ever-broader product portfolio and extend our geographical presence. The acquisition of a poker platform in 2006 was part of this process. The launch of the Turkish poker network took place in January 2007 and growth has been favorable. Additional forms of poker will

be added within the platform's parameters. Responding to and satisfying local gaming interest reduces price sensitivity and competition. In addition, we will continually assess the potential to supplement our product portfolio through both in-house development and external acquisitions.

At year-end, Net Entertainment had slightly more than 50 employees, plus about ten consultants, most of whom are engaged in technology development. We invest continually in many areas of operations as part of efforts to raise our output rate. This includes the recruitment of additional sales and product development resources.

The market for online games has encountered a number of regulatory challenges in recent years, with the amendments to legislation in the US in autumn 2006 as just one example. However, since Net Entertainment's customers primarily focus on the European market, these changes were hardly felt by the Company. Also in the EU², certain member states have expressed their intention to block gaming on the Internet in an effort to protect the state monopoly. The legal risks facing the industry and Net Entertainment should not be under-estimated, although we believe that the rules governing freedom of movement of goods and services also encompass online gaming – an opinion shared to date by the EU. In addition, we have seen tendencies towards the regulation of online gaming in the EU. A number of member countries currently have licensing procedures, including Italy, UK and Malta, where Net Entertainment has an operator license. In brief, we can conclude that Net Entertainment is an exciting Company and is well positioned in an attractive, rapid-growth sector.

Stockholm March 26, 2007

Johan Öhman
President and CEO

1) Since Net Entertainment Group was established on January 1, 2006, comparability with the current corporate structure is not available for earlier years. The comparison here is an estimate of the amount of revenue that would have been generated in 2005 if the Net Entertainment Group had been established on January 1, 2005

2) The most recent was the Placanica ruling, in which the EU Court ruled in favor of private online operators.



OPERATIONS

HISTORY

Net Entertainment was established in 1996 as a joint venture project between the current Betsson (formerly Cherryföretagen) and the Kinnevik Group. The basis of the initiative was the thriving Internet market and the goal was to establish the Company as a leading casino operator on the Internet. Cherryföretagen was one of Scandinavia's leading land-based casino operators and via Net Entertainment the Company became one of the first to offer casino games across the Internet. Since no commercially competitive software was on sale at the time, Net Entertainment decided it would itself develop the requisite platform.

In 2000, Betsson acquired Kinnevik's share in Net Entertainment. Payment took the form of a private placement whereby Kinnevik became the largest shareholder in Betsson.

The first casino (www.casinodomain.com), a Java-based platform, was launched the same year. At the same time, Net Entertainment commenced cooperation with Nokia in a bid to develop casino games for mobile Internet (WAP). The project also made Net Entertainment a pioneer in mobile gaming applications and a number of games were completed, but without them being launched commercially.

2002 marked the launch of the first version of CasinoModule™, which achieved major commercial success with a number of leading operators as licensees. CasinoModule™ was a further development of the casino platform and was aimed at making it available to external gaming operators. Today, CasinoModule™ is Net Entertainment's core product.

The major breakthrough for CasinoModule™ occurred in 2003 when approximately ten operators were added to the customer list. These include Unibet, Nordicbet, Scandic Bookmaker, E-tote and the Russian bookmaker Fonbet. A key factor underlying this breakthrough was the broad language support, advanced management systems and smooth integration.

In 2004, Net Entertainment opened an office in London

to strengthen its presence and service level in what was a key market for the Company. During 2004, agreements were signed with a number of gaming operators such as Gamebookers and PokerRoom (which has one of the world's largest poker networks on the Internet). In early 2004, Net Entertainment launched three casino games for mobile telephones. However, since this type of game never achieved a commercial breakthrough, it was decided to terminate it while awaiting market development.

During 2005, Net Entertainment sold its proprietary Internet casinos (CherryCasino.com, CasinoEuro.com, Casino-domain.com and Speedbet.com) along with Affiliatelounge.com to Betsson's Betsson Online business area, which already operated the Betsson games portal. The sale meant that Net Entertainment became a dedicated software developer.

During 2005, Net Entertainment became affiliated with the G4 organization, which works to prevent gambling addiction. Net Entertainment has adapted CasinoModule™ so that it offers complete support for the G4's established guidelines. In line with the regulation of the market for online gaming, these types of functions are likely to be demanded, which should give the operators a competitive edge.

In 2005, CasinoModule™ gained accreditation in terms of randomness from two independent parties, Swedish Criminal Police Forensic Laboratory (SKL) and Technical Systems Testing (TST) in Canada. Accreditation boosts market confidence among operators and end users in Net Entertainment and CasinoModule™.

In the same year, the Company established operations in Malta, where it now has a permanent place of business via Net Entertainment Malta Ltd. All activities related to sales, customer service, marketing and business development are currently conducted from Malta. Net Entertainment Malta holds what is called a Class IV license, permitting the Company to offer its customers hosting and operations in the EU.

During 2006, Net Entertainment signed a total of 16 new contracts for the delivery of the new CasinoModule™.



During the year the Company was also able to reap the fruits of the investments made in higher production capacity and amended processes and procedures conducted in 2005. As a result, 18 new games were released, contributing strongly to financial growth.

In 2006, Casino Café was developed as a system that builds on CasinoModule™ with the addition of a cash function for managing cash payments and one-time accounts. The system was produced for the purpose of offering cash games in a physical environment. The product has been beta tested and the Company plans to launch Casino Café during 2007.

In December 2006, final testing of the first version of Net Entertainment's platform was completed for multi-player gaming. The first game on this platform was a network for Turkish poker. The launch occurred in early January 2007. The platform has displayed favorable technical performance and additional products are planned using this platform.

Net Entertainment is currently a market leader in web-based gaming software, with more than 40 reputable operators using CasinoModule™. About 40 percent of licensees are currently hosted in Malta and 60 percent in Costa Rica, the location of Net Entertainment's other hosting center. The Company's head office is in Stockholm and all software development is conducted in-house.

NET ENTERTAINMENT'S OPERATIONS

Net Entertainment is one of the leading Business-to-Business (B2B) suppliers of holistic solutions for casino games across the Internet. The Company's products are designed to ensure compatibility with various commercial operating environments. In platform operations, the Java program language is used, while the Flash program language is used in the user interface. The Company develops gaming software that is licensed to a circle of customers, currently amounting to some 40 gaming companies, including Unibet, Gamebookers, PokerRoom and Betsson. Licensees are offered customised gaming solutions plus service and support.

Net Entertainment uses computer-operating centres in Malta and Costa Rica. The Company manages all technical operations for its customers, which, apart from computer systems operation, includes system monitoring, technical support and regular system upgrades. This permits the Company to deliver high reliability and a competitive operating environment for

its customers, irrespective of customers' target markets.

The success of an Internet casino requires that the software can deliver high-quality, exciting and exhilarating games. Net Entertainment continually invests considerable resources in research and development as part of efforts to stay at the cutting edge of gaming technology.

The development of a game requires know-how, skill and experience. Net Entertainment has capitalized on its origins in Cherryföretagen, whose 40 years of experience of land-based casino games has been invaluable in the development of CasinoModule™. Moreover, Net Entertainment has 10 years' experience in the development of Internet-based gaming systems, a track record that few of its competitors can match.

To date, Net Entertainment has focused on the European market but is steadily extending its attention to new markets in Eastern Europe and Asia. Since Net Entertainment's customer base is active primarily in Europe, the Company has only been marginally affected by new gaming legislation passed in the US in October 2006.

In addition to its broader geographic focus, Net Entertainment will also address certain new types of markets, as facilitated by the new, multi-player platform and Casino Café.

In a bid to develop games that attract end users, Net Entertainment continually monitors data from customer' casinos and utilises the findings of end-user surveys.

Critical Success Factors

The following key success factors contribute to Net Entertainment's success:

- Efficient utilization of sale resources
- Effective, high quality marketing
- Market-leading products through consistent R&D investments
- Reliable operations and hosting services
- Market/customer-driven product development
- Competitive pricing
- Well-educated, motivated and driven workforce
- Solid customer relations
- High-quality customer service.

Better Games



The **CasinoModule™** is used by market leading sportbooks and gaming sites due to its ability to generate more revenues than any other gaming product. Stunning games, unrivaled management capabilities, extensive language support and scalability are just a few features, which set our solution apart.

NETENT
NET ENTERTAINMENT

Contact us at sales@netent.com
www.netent.com



Better Games



Competitive Advantages

- Good reputation in the industry
- High quality software and documentation
- Stable and reliable operating environment
- Rapid and simple integration
- Customer-driven development
- High quality games
- Products with broad-ranging language support
- Niche product strategy
- Short development cycle with frequent product releases
- Motivated and professional employees
- Broad customer base with a number of valuable reference customers.

Competitive Weaknesses

- Solely web-based games
- Narrow product portfolio
- Relatively few Flash-based games (just over 30)
- Still a relatively unknown brand
- Rather small, but expanding organization.

PRODUCTS

CasinoModule™

CasinoModule™ is a gaming solution comprising a broad range of games that are controlled via an extensive monitoring and control system. The game range includes traditional casino games and number games and lotteries, either combined or standalone. Net Entertainment offers a web-based casino solution that is optimized for integration with existing games portals such as sports gaming sites.

Net Entertainment's primary target group is sports-gaming operators with an existing customer base who wish to supplement their current gaming range with casino games. The games are customised in conjunction with delivery, giving the licensee a unique casino – an important feature of the customer's brand building. Although technically a standalone system, players experience CasinoModule™ as a natural and integral part of the licensee's web site.

CasinoModule™ is integrated with the licensee's web site and uses existing IT systems, resulting in a simplified IT architecture without the duplication of functionality. In turn this leads to distinct distribution of responsibility and low production, operating and distribution costs. By providing a

system solution in which Net Entertainment handles system operation, licensees are given the potential to focus on their core business. Net Entertainment's operations department monitors and handles the customer's casino applications, while customer service personnel are natural discussion partners in day-to-day operations. This creates robust customer relations and the optimum conditions of a "win-win-situation" for both parties.

CasinoModule™ offers language support for 21 languages. To meet the rising demand in growth regions in Asia, Net Entertainment has initiated efforts to increase language support with five Asian languages. CasinoModule™ will thus support 26 languages, which provides a key competitive edge.

Casinomodule™ Currently Supports The Following Languages

- | | |
|-------------|--------------|
| ▪ English | ▪ Polish |
| ▪ Spanish | ▪ Czech |
| ▪ German | ▪ Portuguese |
| ▪ Dutch | ▪ Estonian |
| ▪ Turkish | ▪ Croatian |
| ▪ Greek | ▪ Romanian |
| ▪ Hebrew | ▪ Hungarian |
| ▪ Swedish | |
| ▪ Danish | |
| ▪ Norwegian | |
| ▪ Finnish | |
| ▪ Russian | |
| ▪ Italian | |
| ▪ French | |

In progress:

- Basic Chinese
- Traditional Chinese
- Korean
- Japanese
- Thai

Multi-Player Gaming

Net Entertainment recently acquired and further developed a multi-player platform, permitting players to play against each other in a network in which a number of licensees can be integrated. Via the multi-player platform, Net Entertainment can broaden its product portfolio with many new types of games. With limited development costs and lead times, various types of games can be developed, such as poker and blackjack.

Turkish Poker is the first game to be developed using the platform. This game is similar to the well-known "Five Card Draw". Each table accommodates between two and five players per session and is played with only one deck of cards. Depending on the number of players at the table, a maximum of half the deck is used. The solution includes both ring games and tournaments.

Service & Support

Net Entertainment's Professional Service department handles ongoing technical contact with customers. It provides customers with technical assistance both initially with system integration and subsequently with general support. To provide each Internet casino with a unique touch, the delivery includes the potential adjustment of the game to include the customer's own graphical logo. If requested, cards and table covers can also be customised.

Since CasinoModule™ is easily integrated, the majority of customers successfully open their casinos within 30 days of signing a contract. Before the customer opens a casino for gaming, Net Entertainment trains the customer's employees in how to use the system.

Because CasinoModule™ provides both computer operations and monitoring of all casinos, the customers' own need for dedicated technical resources for the casino is eliminated. Net Entertainment also offers technical customer support 24 hours a day throughout the year. Customer support provides assistance regarding all issues involving casino operation.

Net Entertainment's customer-care personnel function as consultants and assist customers in the daily task of optimising operations and maximising customer revenues. Net Entertainment's customer-care staff have considerable casino experience and can offer invaluable insight and important recommendations.

NEW PRODUCTS

Casino Café

Although the online casino business has grown tremendously in recent years, traditional off-line gambling is still dominant in many markets. There are several reasons for this, such as cultural, technological and social factors. To address this market potential, Net Entertainment has developed a new product named Casino Café; a solution based on CasinoModule™ with cash system supplements. The system is based on conventional PC terminals installed in a manner similar to an Internet café, with a cashier function that permits players to make cash deposits and open a one-time account. The solution has considerable potential but requires a legal framework that permits cash deposits and playing online games.

Casino Café intertwines the virtual and the physical world to provide considerable market potential, reaping the maximum rewards through low investments and operating

costs. Casino Café is delivered complete with the standard range of casino games, a standard browser login page and cash function, a casino lobby and an administration system for monitoring and managing operations.

Casino Café will probably be launched via a pilot project during 2007 and the goal is to have a contract ready with at least one licensee during the third quarter of 2007. The legal framework in various markets will influence Casino Café's market potential.

Soft Games

The term "soft games" refers to a rather basic type of skills game, such as car games, that generally provide a lower return but can attract a target group that differs from those interested in casino games. These games can promote casino games by attracting new customers to the casino. Although Net Entertainment currently does not offer soft games, this is an area that the Company will assess during 2007.

DEVELOPMENT PROCESS

Net Entertainment follows a development cycle of twelve weeks, which means that customers receive a new version of the platform encompassing new games and new functionality once every quarter. The development cycle has resulted from a model deployed by other major software companies. The development process is divided into three phases: specification, development and testing. The short development cycle permits flexibility in long-term product development. In addition, the model ensures that customers can regularly launch new games and functions. The development method also facilitates creative and secure solutions, which are of the crucial importance when the system must manage millions of transactions each day.

Net Entertainment has a customer-oriented organization and product development is pursued in close cooperation with customers. Such collaboration is based on solid relations and ensures that the Company develops games and functions demanded by the market.

A methodical test phase and beta version ensures that each part of the product will function as specified. For example, more than 12,000 tests cases were conducted during the latest test phase.



CUSTOMERS

Net Entertainment has some 40 customers of varying size, mainly sports gaming sites, which however have developed in recent years to become comprehensive gaming destinations offering sports games, casino, poker, soft games and so forth. In addition, there are dedicated poker sites and a number of more general gaming destinations. The advantages of already established gaming operators are that they have an existing customer base that is accustomed to gaming across the Internet. Also, they have a functioning infrastructure which facilitates integration, and revenues are generated immediately when the program is launched, unlike newly started sites for which the initial period must be devoted to building up an interest and a credibility among a new potential customer group.

All customer relations are governed by agreement, the length of which is generally three to five years. Since most of the agreements were renewed during 2006 and 2007, the average remaining contractual period is more than two years.

Very few customers have left Net Entertainment for another casino games supplier. This is probably because of the Company's ability to build long-term relations and deliver a complete and functional product, consisting not just of casino games but also guidance through the customer-manager function. The fact that the Company's customers are a key part of the development process, giving them substantial influence over product development, probably also contributes to customer loyalty.

Several of Net Entertainment's customers have abandoned other smaller suppliers in preference for Net Entertainment. When customers expand, it becomes increasingly important to have a professional supplier to drive development forward. A mid-size or large gaming operator has considerable sales and thus the choice of supplier is of crucial significance for both earnings capacity and risk management.

Since Net Entertainment works as the customer's partner, the customer is ensured considerable involvement from the Company, thereby cementing long-term customer relations. Net Entertainment has solid relations with its customers, both operationally and at the management level. Close cooperation permits the Company to develop games and functions demanded in the marketplace. This is a key factor in maximising revenue generation, which, as a result of the price model, favours the operators and Net Entertainment alike.

BUSINESS CONCEPT

Net Entertainment supplies high end online gaming solutions to internet gaming operators wishing to increase their product range and profitability.

BUSINESS AND REVENUE MODEL

Sales to customers occur primarily via a direct sales model. Casino Module™ is licensed in return for a royalty whose size is determined by the earnings generated by the product, although there is also minimum royalty level. The model provides a strong incentive for the Company to develop the product continually and support the Company's licensees. The price model includes start-up and delivery fees.

OVERRIDING OBJECTIVES

Quantitative Operational Goals

- An average of 10–15 new license agreements will be signed each year
- An average of 6–8 games will be issued per release

Qualitative Operational Goals

Profitable growth

Net Entertainment will seek growth accompanied by profitability. Expansion may take the form of organic growth or be attained through acquisitions. Growth may also be achieved in new service segments, such as Soft Games, and in new geographic markets.

Cost Effectiveness

Since Net Entertainment is active in a competitive market, cost effective operations are crucial for Company's competitiveness. This approach will permeate all the Company's activities. Administrative and staff costs will be kept to a minimum. As a result of more efficient planning, personnel expenses and other operating costs will represent a small share of Company sales over time.

Pleasant Workplace

To attract and retain skilled personnel, Net Entertainment will work to create and enhance a pleasant and secure work environment. The work environment will be marked by con-

confidence, candidness and participation. Net Entertainment will seek to ensure a favourable work environment and the Company will promote health care, while counteracting illness in other ways.

FINANCIAL OBJECTIVES

The following overriding financial objectives shall guide the Group's activities and should be viewed over an extended period (such as a business cycle):

- Sales growth shall be higher than the market average (in respect of comparative companies)
- Operating margin at the EBIT level shall exceed 35 percent.

DIVIDEND POLICY

The Board's goal is that in the future Net Entertainment NE AB's ordinary dividend shall move in line with the Company's earnings per share, taking into account the Company's long-term capital requirements.

ORGANIZATION

Operational Structure, Sweden

Net Entertainment NE AB is the Parent Company of the Net Entertainment Group. The CEO of the Parent Company since November 1, 2006 has been Johan Öhman, who was previously sales manager in the Company since 2003. The CEO is responsible to the Board for overall operations in Sweden. Swedish operations include finance, administration, IR and technological development. Net Entertainment NE AB develops games and casino solutions on assignment from Net Entertainment Malta Ltd. The Parent Company has its office at Birger Jarlsgatan 57 B in Stockholm, Sweden.

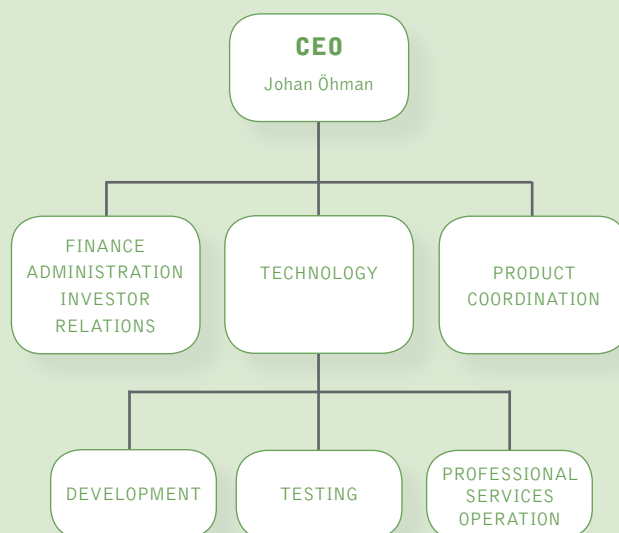
Operational Structure, Malta

Net Entertainment Malta Holding Ltd. is a holding company based in Malta. The holding company in turn owns Net Entertainment Malta Ltd. The President of the Company is Olga Finkel. The President is responsible to the Board for overall operations in Malta.

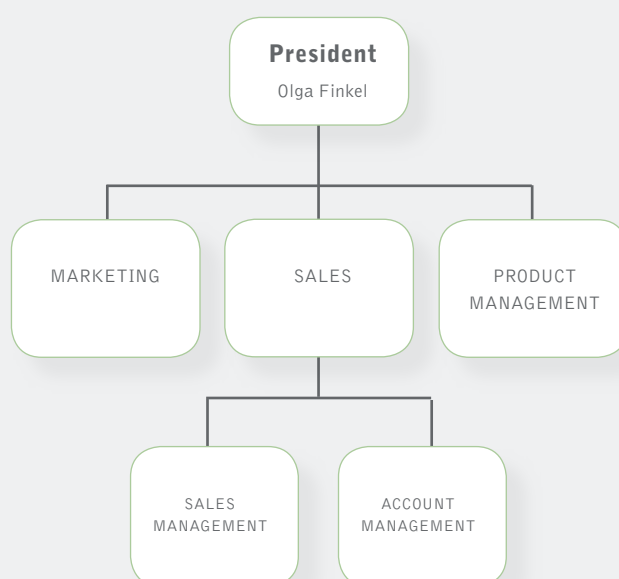
Legal Structure

An Extraordinary General Meeting of Betsson on March 30, 2007 is expected to approve the distribution of shares in the

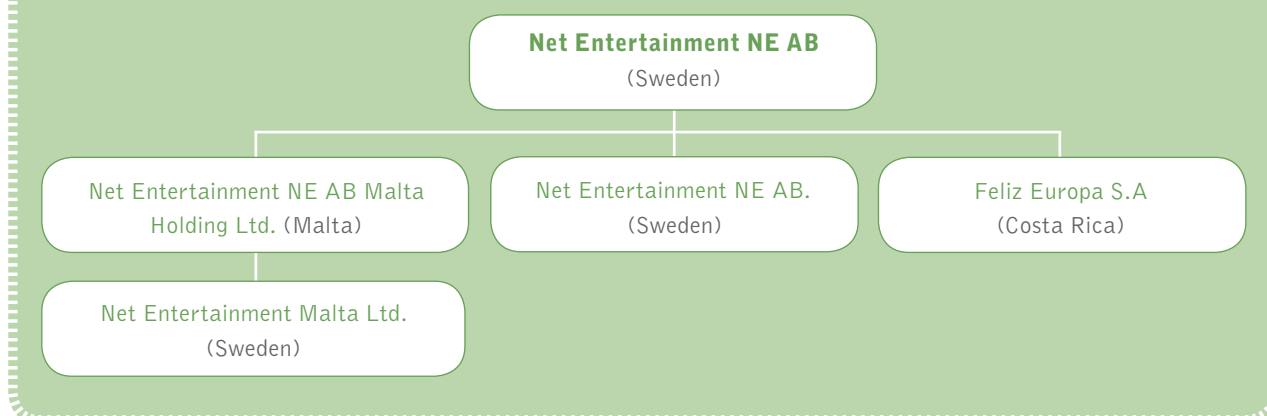
OPERATIONAL STRUCTURE, SWEDEN



OPERATIONAL STRUCTURE, MALTA



CORPORATE STRUCTURE, NET ENTERTAINMENT GROUP



subsidiary Net Entertainment NE AB. Net Entertainment NE AB is the Group Parent Company in the new, separate group. After completion of the distribution, it is planned to list Net Entertainment NE AB on the NGM exchange, which is expected to take place on or about April 5, 2007.

PARENT COMPANY DATA

Net Entertainment NE AB (publ) is the Parent Company of the Net Entertainment Group. On commission from subsidiaries in the Group and other companies, the Company shall develop commercial services for distribution via Internet and other media. Net Entertainment NE AB (publ) was registered by the Swedish Companies Office on June 17, 1996 and has the corporate registration number 556532-6443. Net Entertainment NE AB (publ) is a public limited liability company.

DATA ON SUBSIDIARIES

Mobile Entertainment ME AB

Mobile Entertainment ME AB was established and is based in Sweden. The Company is 100 percent owned by Net Entertainment NE AB (publ). The Company is dormant. The object of the company's operations is to arrange games, lotteries and competitions, to own and manage real and moveable property, conduct trading in materials for these operations and to lease operations and conduct consultation in conjunction with the aforementioned operations, as well as pursuing operations compatible with these.

Net Entertainment Malta Holding Ltd.

Net Entertainment Malta Holding Ltd. was established and is based in Malta. The company is 99.9 percent owned by Net Entertainment NE AB (publ), with the remainder held by the Group Company, Mobile Entertainment ME AB. The object of the Company's operations is – via subsidiaries – to develop, distribute, market and sell software and systems for the gaming industry, to own and manage shares, or participations in subsidiaries that develop and sell gaming solutions on the Internet, and to conduct other compatible operations.

Net Entertainment Malta Ltd.

Net Entertainment Malta Ltd. was established and is based in Malta. The Company is 99.9 percent owned by Net Entertainment Malta Holding Ltd., with the remainder held by the Group Company, Mobile Entertainment ME AB. The object of the Company's operations is to market, license and manage technical software operations for Internet operators, and compatible operations. The company holds a Class IV license in Malta.

Feliz Europa S.A.

Feliz Europa S.A. is based in Costa Rica and is 100 percent owned by Net Entertainment NE AB (publ). Feliz Europa S.A. was acquired by Net Entertainment in December 2006. The primary purpose of the Company is to be a contracting party with an Internet Service Provider (ISP) in Costa Rica on commission from Net Entertainment Malta Ltd. ISP requires that a contract be concluded with a legal entity in Costa Rica. The Company pursues only limited operations otherwise.



TOTAL PERMANENT WORKFORCE

	Year-end	Average/year			
	2006–2007	2006	2005	2004	2003
Number	51	43	32	21	12
Distribution by gender	37 men 14 women	31 men 12 women	25 men 7 women	16 men 5 women	11 men 1 women
Distribution by work tasks	13 admin 38 technology	11 admin 32 technology	6 admin 26 technology	7 admin 14 technology	4 admin 8 technology

WORKFORCE

In addition to the 51 permanent employees, Net Entertainment had some ten full-time consultants at year-end. At the end of February 2007 there were 3 employees in Malta. An additional three people were employed in February 2007. However, these three individuals are waiting work permits in Malta. Additional personnel will be subsequently recruited for operations in Malta.

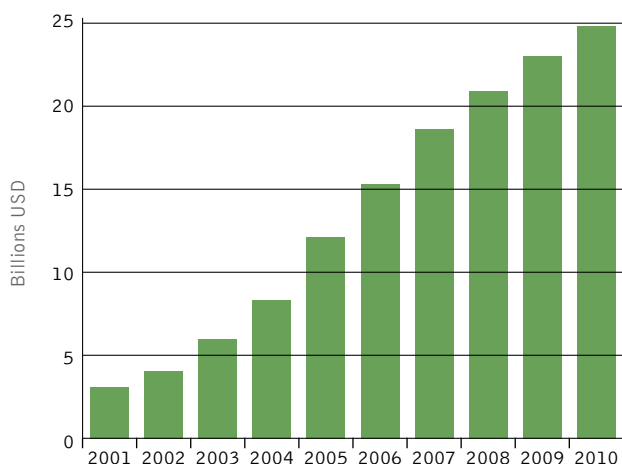


MARKET DESCRIPTION

MARKET SIZE

The market for Internet gaming has seen high growth during the past five years and is expected to expand annually at a rate of 20 percent, which means that anticipated market sales in 2007 will amount to some USD 20 billion.¹ The industry analyst Global Betting and Gaming Consultants expects the market to expand at a rate of more than 20 percent annually during the period 2005–2008.

Global Internet Gambling Revenue, 2001–2010



Source: Global Internet Gambling Revenue Estimates and Projections 2001-2010, Christiansen Capital Advisors, 2005.

Net Entertainment believes that the prospects for continuing expansion are favorable. The market for online gaming is gaining maturity and distinct signs of a consolidation phase are emerging. This entails that the market will be dominated by a few major players, which will favour specialist players

such as Net Entertainment. A key factor underlying this rapid expansion is increasing broadband access. Eastern Europe and Asia are expected to show the most rapid growth.

Other factors underlying the rapid growth in online gaming include rising disposable income and a growing willingness to conduct financial transactions via the Internet. Also, the state monopoly gaming companies have generated a well-developed gaming culture, which means that the step to gaming online is natural when online gaming offers superior terms and conditions.

Online gaming includes activities via mobile telephones and interactive digital TV. Growth and profitability in gaming via mobile telephones has been unsatisfactory to date. In pace with the establishment of a technical standard for mobile terminals and the expansion of 3G mobile telephony, the Company expects the conditions for gaming via mobile terminals to improve.

MARKET

Since the Company's customers are primarily sports gaming sites, the average end customer is a male in the 25-35 age group. Meanwhile, according to an eCogra report² from January 2007, women represent a significant player segment that sports gaming sites generally neglect. Net Entertainment is working actively to develop games that appeal to various player segments.

The eCogra report states that casino gaming habits differ. Women tend to play more regularly during extended sessions, but play for smaller wagers. On the other hand, men play less frequently but with higher wagers. The result is in line with Lesieur's³ interpretation that men play for excitement and thrills while women play for relaxation. Furthermore, the eCogra survey states that Internet casinos are visited for excitement and entertainment rather than for the potential to win money.

1) Christiansen Capital Advisors, Global Internet Gambling Revenues Estimates and Projections 2001-2010, 2005.

2) An Exploratory Investigation into the Attitudes and Behaviors of Internet Casino and Poker Players, commissioned by eCOGRA (e-Commerce and Online Gaming Regulation and Assurance), January, 2007.

3) Lesieur, H.R., Altering the DSM-III Criteria for Pathological Gambling, Journal of Gambling Behaviour, 4 (1)38-47.



Do you need Better Games?

To attract and retain tomorrow's online players you need to differentiate your operation by offering the latest in gaming technology; Better Games in short. This is the reason why the top performing online operators have chosen the Net Entertainment CasinoModule™. Our unique, high quality games and unrivalled back-end management system are just two reasons to contact us.



Voodoo Vibes: release April 2007

NETENT
NET ENTERTAINMENT

Contact us at sales@netent.com
www.netent.com



Better Games



Company	Net Entertainment	Boss Media	Chartwell	Cryptologic	Microgaming	Playtech	RTG
Ownership structure	Unlisted ¹	Listed	Listed	Listed	Unlisted	Listed	Unlisted
Sales	SEK 100 M	SEK 320 M	SEK 106 M	SEK 728 M	n/a	SEK 637 M	n/a
Country	Sweden	Sweden	Canada	Canada	Isle of Man	Israel/Cyprus	US

Source: Annual reports 2006.

COMPETITORS

Although the market for online gaming is large and expanding, just a few suppliers dominate supplier operations. Net Entertainment's primary competitors are Boss Media, Chartwell, Cryptologic, Microgaming Playtech and Real Time Gaming. A number of these have a substantially broader product portfolio than Net Entertainment and many of them have increased their focus on the poker market in recent years.

In contrast to its competitors, Net Entertainment has elected to focus on casino games as a defined market segment and thus to develop and offer an absolute top class casino solution. This has proved to be a highly effective strategy. Executive management estimates that the Company has a market share of about 10 percent (based on Net Entertainment being the supplier of casino games to about 10 percent of the 100 largest sports gaming sites). Net Entertainment offers a very high quality product, permitting the Company to charge a higher price than its competitors. Net Entertainment's competitive advantages are represented by its extensive language offering, a powerful management platform, easy integration and first-class gaming clients.

PRICE TREND

License fees for casino solutions have risen in absolute terms in recent years. Higher revenue among operators is driving this trend. During the same period, the level of royalties decreased slightly but this pattern now appears to have stabilized. Among major operators, the royalty level is not the most significant factor in the selection of supplier; instead, more significant factors are the total revenue inflow that the supplier's product can generate and all-round product quality.

¹) Trading in Series B shares in Net Entertainment is expected to commence on the NGM exchange on or about April 5, 2007.



The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

FINANCIAL INFORMATION IN BRIEF

The condensed year-end report for 2006 does not include historically comparable financial information. Thus, for the 2004 and 2005 fiscal years, restated financial information for the Parent Company is presented in this prospectus.

This prospectus refers to Net Entertainment's annual report for 2003, which is part of the prospectus. The annual report for 2003 contains information regarding circumstances that have changed considerably, but updated information is provided in this prospectus in the section "Financial Statements and Condensed Year-End Report for 2006". The 2003 annual report is available at www.netent.com or may be ordered from the head office. Refer to page 78 for the address and telephone number to the head office.

INCOME STATEMENTS

Amounts in SEK 000s (unless otherwise stated)

	Group ¹	Parent Company ²		
	2006	2005	2004	2003
Revenue	99,773	68,337	47,660	22,972
Operating profit	40,801	18,444	5,864	1,585
Profit after net finance income/expense	39,843	27,905	12,843	838
Profit before tax	39,843	27,805	12,357	838
Profit for the year	28,482	20,287	9,335	584
Earnings per share (SEK)	0.72	0.51	0.24	0.01
Proposed/implemented dividend per share (SEK)	0.25	0.25	-	-
Operating margin (%)	40.9	27.0	12.3	6.9
Profit margin (%)	39.9	40.8	26.9	3.6

BALANCE SHEETS

Amounts in SEK 000s (unless otherwise stated)

	Group ¹	Parent Company ²		
	2006	2005	2004	2003
Non-current assets	24,298	9,859	14,718	5,980
Current assets	32,263	27,955	17,965	10,774
Total assets	56,561	37,814	32,683	16,754
Equity	16,090	11,129	8,834	7,271
Untaxed reserves	-	1,280	1,180	694
Long-term liabilities	835	-	-	-
Current liabilities	39,636	25,405	22,669	8,789
Total equity and liabilities	56,561	37,814	32,683	16,754
Equity/assets (%)	28.4	29.4	27.0	43.4
Net debt equity ratio (multiple)	-0.8	-0.5	-0.3	-0.5
Equity per share (SEK)	0.41	0.28	0.22	0.18

1) The condensed 12-month report for 2006 has been reviewed by the Company's auditor. The statements in the consolidated condensed 12-month report for 2006 have been compiled in accordance with the principles that will be applied in the consolidated accounts compiled in accordance with IFRS, which will be included in the Company's 2006 Annual Report.

2) Audited financial information.

The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.



CASH FLOW STATEMENTS

Amounts in SEK 000s unless otherwise stated

	Group ¹	Parent Company ²		
	2006	2005	2004	2003
Cash flow from operating activities	34,419	-1,282	9,014	3,956
Cash flow from investing activities	-18,561	4,291	-9,742	-2,444
Cash flow from financing activities	-9,889	-	-	-
Change in cash and cash equivalents	5,969	3,009	-728	1,512
Cash and cash equivalents at beginning of year	7,498	2,246	3,010	1,498
Exchange rate differences, cash and cash equivalents	-414	94	-36	-
Cash and cash equivalents at year-end	13,053	5,349	2,246	3,010

Definitions

Earnings per share. Profit after tax in relation to the average number of shares outstanding during the period.

Dividend per share. Implemented/proposed dividend.

Operating margin. Operating profit in relation to revenue for the period.

Profit margin. Profit after financial items in relation to revenue for the period.

Equity/assets ratio. Equity at the end of the period as a percentage of the balance sheet total at the end of the period.

Net debt /equity ratio (multiple). Net of interest-bearing provisions and liabilities less financial assets, including cash and cash equivalents, divided by equity.

Equity per share. Equity in relation to the number of shares outstanding at the end of the period.

1) The condensed 12-month report for 2006 has been reviewed by the Company's auditor. The statements in the consolidated condensed 12-month report for 2006 have been compiled in accordance with the principles that will be applied in the consolidated accounts compiled in accordance with IFRS, which will be included in the Company's 2006 Annual Report.

2) Audited financial information.



The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

COMMENTS ON THE FINANCIAL TREND

Net Entertainment is one of the leading B2B suppliers of online gaming. Net Entertainment develops software that is licensed to an international circle of customers of various gaming companies. Revenue consists of royalties, license fees, consulting fees and other sales revenue. The Company's primary product is CasinoModule™.

The presentation below is based on the Parent Company's revised annual reports for the years 2003 to 2005, as well as a condensed 12-month report for Group and Parent Company for 2006, which was drawn up for inclusion in the Company's listing prospectus since the annual report, including consolidated financial statements for 2006, had not yet been submitted, refer also under "Financial statements and condensed 12-month report for 2006" on page 52 and "Notes to the financial statements" on page 62.

The earnings reported below do not include the costs that Net Entertainment will be charged when it becomes an independent listed company. For more information on this, refer to the paragraph "Additional costs" under the section "Financial Statements and Condensed 12-Month Report for 2006"

SALES AND EARNINGS

Group, 2006

Group revenue in 2005 totalled SEK 99.6 M and operating profit amounted to SEK 40.8 M. Profit after tax was SEK 2.5 M, or SEK 0.72 per share.

Consolidated cash flow from current operations in 2006 totalled SEK 34.4 M. Cash flow from investing activities was a negative SEK 18.6 M. This includes the sale of equipment for SEK 0.2 M. Cash flow from financing operations amounted to a negative SEK 9.9 M and pertains to the dividend to the shareholder Betsson AB.

During 2005, Net Entertainment launched a major product development program in an effort to strengthen the Company's competitiveness. The new games launched in 2005 and 2006 generated highly favourable revenue. This factor, combined with market growth and continuing healthy sales of license agreements to new customers, resulted in continuing favourable growth in 2006 in pace with the phase-out of older games.

During 2006, Net Entertainment gradually relocated the functions for marketing, sales and product development to Malta, a move driven by customer requirements and wishes as well as license requirements in Malta. Net Entertainment has also commenced the process of transferring IP rights to its Maltese company. When the restructuring of the Swedish Parent Company is completed, the company will consist only of its executive management and functions for the development of the Company's games and gaming systems. Longer term, the re-organization will result in positive tax effects for the Net Entertainment Group, since the effective tax rate in Malta is 4-6 percent.

Parent Company 2003-2006

The Parent Company's revenues totalled SEK 116.9 M, compared with SEK 68.3 M, SEK 47.7 M and SEK 23.0 M for 2005, 2004 and 2003, respectively. Operating profit amounted to SEK 41.6 M (18.4, 5.9 and 1.6, respectively) and profit after tax amounted to 27.9 (20.3, 9.3 and 0.6, respectively).

The Parent Company's cash flow from operating activities for full-year 2005 (full-year 2004 and full-year 2003 in parenthesis) amounted to a negative SEK 1.3 M (9.0 and 4.0, respectively) Cash flow from investing activities amounted to SEK 4.3 M (negative 9.7 and negative 2.4). Investing operations in 2005 included sales of shares for SEK 9.0 M, of which SEK 3.4 M pertained to external sales and SEK 5.6 M to the sale of shares in subsidiaries to Betsson AB.

Increases in revenue and earnings between 2003 and 2004 resulted primarily from the introduction of CasinoModule™ during 2003, which did not affect full year revenue and earnings until 2004.

Increases in revenue and earnings between 2004 and 2006 were due to the above noted product development activities, higher sales and market growth. Sales of CasinoModule™ have continually risen and 16 new agreements were signed during 2006. At year-end 2006, Net Entertainment had 42 customers and a total of 36 operating casinos. Since Net Entertainment's revenue model is variable – meaning that the Company's royalties are a function of gaming revenues – revenues have consistently risen in line with the inflow of new customers and in

pace with higher revenues among existing customers.

Personnel and hired consultants account for by far the largest cost item for Net Entertainment. At year-end 2007, Net Entertainment had a workforce of slightly more than 50 employees and some ten consultants, most of them active in technology. In early 2003, about 15 persons were employed in the Company. During 2006, these costs accounted for approximately SEK 44.6 M (26.2, 21.0 and 9.3 respectively), or almost 60 percent of the Parent Company's operating costs, from having previously been about 43-53 percent of operating costs. The increase was due to the Company's major product development program, which commenced in 2005.

Another substantial cost item pertains to amortization/depreciation of intangible and tangible assets, which increased in line with the investment in Net Entertainment's CasinoModule™. During the year, depreciation totalled SEK 4.3 M (3.5, 2.6 and 1.5 respectively). Other cost items consisted primarily of costs relating to premises, travelling expenses, marketing and communications, which totalled SEK 26.4 M (20.2 and 18.1). The rate of increase in these costs has been about 50 percent of the growth rate in costs for personnel, consultants and depreciation/amortization.

Assets and Investments

Net Entertainment's intangible fixed assets consist primarily of capitalized development costs for games and gaming platforms included in CasinoModule™. Tangible fixed assets consist primarily of hardware (servers and so forth) to drive games and gaming platforms.

The Parent Company's investment in games and gaming platforms in 2005 totalled SEK 4.0 M (4.3 and 2.2 in 2004 and 2003, respectively). All investments were undertaken in Sweden. The Parent Company's investments in tangible fixed assets in 2005 totalled SEK 0.7 M (1.8 and 0.2 in 2004 and 2003, respectively). Investments pertained primarily to hardware to develop and drive games and gaming platforms. Most of the investments (about 75 percent) were made in Sweden and the remainder in Costa Rica. All investments between 2003 and 2006 were financed using the Company's own resources.

During 2007, Net Entertainment plans to invest about SEK 8 M in proprietary development and about SEK 2 M in hardware. Almost all investments will be undertaken in Malta. During 2006, investments in proprietary games and gaming platforms totaled SEK 14.5 M, of which SEK 6.8 M was invested in Sweden and SEK 7.7 M in Malta. Investments in tangible fixed assets totalled SEK 4.5 M, of which almost all

pertained to servers and other game-supporting equipment for Malta and Costa Rica.

Financing and Financial Position

Cash and cash equivalents at December 31, 2006 totalled SEK 13.1 M in the Group and SEK 6.1 M in the Parent Company. At year-end, Net Entertainment had no interest-bearing liabilities. In addition to normal operating liabilities, Net Entertainment has a net debt to the Betsson Group of SEK 15.5 M. The portion of the debt to Betsson that does not pertain to current operating liabilities and which will not be repaid in conjunction with the distribution of Net Entertainment will be charged with interest via debt instruments between Betsson and Net Entertainment.

Net Entertainment's operations and investments are financed by cash flow from the Company's own funds from operations. The need for external financing is expected to arise only in connection with any acquisitions.

No significant changes have occurred as regards the Group's and Parent Company's financial position and market position since the financial statements were prepared.

Dividend Policy

The Board of Directors of Net Entertainment will propose to the Annual General Meeting a dividend of SEK 9.9 M for the 2006 fiscal year.

The aim of the Board is that in the future Net Entertainment NEAB's ordinary dividend will grow in line with the Company's earnings per share, with due consideration for the Company's long-term capital requirements.

Those who are listed as a shareholder on the record date in the share register maintained by VPC are entitled to a dividend. If shareholders cannot be reached through VPC, the shareholder's receivable remains due from the Company in respect of the dividend amount and is limited only by the limitation regulations. After the limitation period, the dividend amount accrues to the Company. There are no restrictions regarding dividends or special procedures for shareholders domiciled outside Sweden.

Working Capital

The Board believes that the existing working capital is sufficient to cover the current requirements of Net Entertainment.



The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

EXCHANGE RATE RISK AND CURRENCY POLICY

Organization

The Group's financial activities are pursued on the basis of a low-risk financial policy as established by the Board. Financial operations and the management of financial risks are coordinated via the Parent Company, Net Entertainment NE AB (publ), which is also responsible for the investment of excess liquidity. The financing of subsidiaries is undertaken primarily via the Parent Company. The wholly owned operating subsidiaries are themselves responsible for managing their financial risks within the framework set by the Board and following coordination with the Parent Company.

Exchange Rate Risks

Group earnings are exposed to changes in exchange rates since most sales are in EUR, and expenses (transaction exposure) are in SEK. Net Entertainment does not currently hedge this portion.

Earnings are also affected by exchange rate fluctuations when foreign subsidiaries' earnings are translated to SEK (translation exposure). Moreover, exchange rate movements affect Group equity when assets and liabilities in foreign subsidiaries are translated to SEK (translation exposure).

Foreign companies are financed primarily through equity and intra-Group loans in the Parent Company's home currency. Hedging of equity in foreign companies is currently not undertaken. Exchange rate differences arising from the translation of foreign net assets are reported directly against consolidated equity.

Events After the End of the Fiscal Year

Net Entertainment signed agreements with the Tipico and Eurolinx gaming sites and with the Mariabingo and Carlos poker sites for the delivery of CasinoModule™.

The industry journal International & Wagering Business ranked CasinoModule™ as one of the top 20 international gaming products in 2006.

INFORMATION ON EQUITY AND INDEBTEDNESS

EQUITY AND INDEBTEDNESS

Amounts in SEK 000s

	Group ¹ Dec. 31, 2006
Total current liabilities	39,636
- of which, unsecured credit	39,636
Total long-term liabilities	835
- of which, unsecured credit	835
EQUITY, EXCLUDING RETAINED EARNINGS	35,159
- of which, share capital	1,187
- of which, other capital contributed by shareholders	34,204
- of which, other reserves (translation reserve)	-232
	75,630

SHORT AND MEDIUM-TERM NET INDEBTEDNESS

Cash	19
Cash and cash equivalents (bank accounts)	13,034
Highly liquid securities	0
Liquidity	13,053
Current receivables	28,956
Current bank liabilities	0
Current portion of long-term liabilities	0
Other current liabilities	39,636
Current liabilities	39,636
NET CURRENT INDEBTEDNESS	2,373
Long-term bank loans	0
Bonds issued	0
Other long-term loans	0
Long-term indebtedness	0
Net indebtedness	2,373

¹⁾The condensed 12-month report for 2006 has been reviewed by the Company's auditor. The statements in the consolidated condensed 12-month report for 2006 have been compiled in accordance with the principles that will be applied in the consolidated accounts compiled in accordance with IFRS, which will be included in the Company's 2006 Annual Report.



LEGAL ISSUES AND SUPPLEMENTARY INFORMATION

Net Entertainment has developed the CasinoModule™ software and the Company is the sole holder of rights to this software. Net Entertainment's operations focus primarily on the licensing of this software and also on offering customers hardware for hosting and software operations.

In addition, operations centre on the development of software and to a lesser extent, on support and service. Hosting operations are conducted from proprietary servers based in Malta and Costa Rica. Currently, Net Entertainment Malta essentially holds all customer agreements for licensing and hosting with customers. Agreements with ten of the major customers are significant for operations because these agreements encompass most of Net Entertainment's sales. Customer agreements for these customers are standardized; refer below under the heading "Customer agreements". Thus there is no reason to describe each major customer agreement separately. There are no other agreements that are *per se* of material significance for Net Entertainment's operations or rights/obligations apart from those noted above.

CUSTOMER AGREEMENTS

Net Entertainment has about 40 customers and, as noted above, about ten of these agreements are of substantial significance. In the past, Net Entertainment has signed agreements with customers covering licenses to the gaming program and Net Entertainment Malta Ltd has signed agreements covering hosting services. Since the final quarter of 2006, a restructuring program has been in progress in the Group as a result of which Net Entertainment Malta Ltd has assumed the role as contractual party *vis-à-vis* customers and is thus both the licensor and the hosting supplier. Customer agreements are standardized, extending for 3-5 years, with limitation of liability to EUR 50,000 for each customer. Agreements are subject to either Swedish or Maltese law.

RESTRUCTURING

The Company previously pursued operations in Sweden and, via subsidiaries, in Malta and Costa Rica. For commercial reasons – notably demands from customers and Net Entertainment's possibility to receive a Class IV license – restructuring has been conducted in the Group through the subsidiary Net Entertainment Malta Ltd. The subsidiary is currently assuming responsibility for the future development of software and contracts with end customers, since most major customers are Malta based. In addition, sales and marketing are to be conducted from Malta. The copyright to the software is held by the Company but has been licensed to the subsidiary. Since the subsidiary is a relatively young company, agreements have been concluded with the Parent Company to provide the subsidiary with certain expert services during the initial period. The long-term aim is that operations will primarily be conducted via the subsidiary. The agreements between the companies as a result of the above are the following:

1. License agreements between the Company and Net Entertainment Malta Ltd ("the Malta Company")
Agreements according to which the Company grants a license to the Malta Company in respect of three specific brands, the Casino-Module™ software with accompanying subsystems and games ("licensed products"). Among other activities, the Malta Company will market the licensed products.
2. Inter-Company Service Agreement between the Company and the Malta Company.
Agreements according to which the Company is to provide support, for example, in respect of administrative services and personnel to the Malta company.
3. Technical Services Agreement between the Company and the Malta company.
An agreement according to which the Company will provide technical services in order to maintain and increase the Malta company's intangible assets.
4. Inter-Company Service Agreement
This agreement shall apply only during a transitional period. In addition, the Company has financed the Malta Company's operations during the start-up phase and, as a result, the



Company has receivables due from the Malta Company. The Company has undertaken not to request payment of its receivables before the Malta Company's financial situation permits repayment.

Related-Party Transactions and Agreements

Rental leases between the Company and Betsson AB (publ); refer below under the heading "Premises". In addition, as shown on page 18, a customer agreement has been concluded between the Company and Betsson AB (publ).

Intangible Rights

Net Entertainment's principal intangible rights consist essentially of the copyright on software, especially CasinoModule™, and accompanying materials developed within Net Entertainment. Thus, the regulations concerning employment and consultation agreements are of major importance in limiting the risk of employees or consultants claiming copyright to products developed. The Board believes that the regulations in the employment agreements give the Company sufficient cover in this respect.

Insurance

Up until December 31, 2006, Net Entertainment was part of the insurance cover that Betsson had, but as of January 1, 2007, Net Entertainment (all companies in the Group) will have separate insurance cover. A review of needs and the scope of insurance cover has been conducted. Following the review, the Board believes that the Net Entertainment Group has satisfactory cover in view of the risks that the operations entail.

Permits and Stipulations

As a result of a decision by the Maltese Lottery Inspection, Net Entertainment has received a Class IV license to pursue hosting operations. Following the completion of restructuring, the Board believes that operations will be pursued in accordance with legislation, ordinance and prescribed permits.

PROPERTY AND PLANT

Real Estate

Net Entertainment does not own any real estate.

Premises

Net Entertainment has rental premises in Sweden and Malta. In Sweden, premises in Stockholm are currently sub-leased

from Betsson. The rent is based on Betsson's total rental expenses and is divided between Betsson and Net Entertainment on the basis of the number of workplaces used by each company. Following the restructuring now in progress, Betsson will relocate from the premises and, thus, has submitted an inquiry to its landlord regarding a transfer to Net Entertainment of the rental contract in its entirety. The landlord has stated that it would be possible to approve such a transfer under current circumstances. The total annual rent for the premises is approximately SEK 3 M for the premises in Stockholm, which is divided with Betsson in the manner described above until Betsson relocates, and about SEK 50,000 for the premises in Malta.

Tax Situation

As noted above under the heading "Restructuring," the copyright to the software is held by the Company but has been licensed out to the subsidiary. Since the subsidiary is a relatively young company, agreements have been signed through which the Company provides certain expert services during the initial stage. The longer-term aim is that operations in their entirety will be conducted by the subsidiary. As a result of the reorganization, Net Entertainment commissioned PricewaterhouseCoopers ("PWC") to assist with the settlement of transactions between the companies and investigate certain tax consequences. PWC has calculated the prices that should be applied between the Parent Company and subsidiary so that they are acceptable from a tax viewpoint, and will draw up documentation for internal pricing in line with the new regulations applying from January 1, 2007. Executive management and the Board of the subsidiary thus believe they are observing customary practice and governing rules. Theoretically, however, another assessment could be made of the pricing between the Parent Company and subsidiary, which could have negative tax implications.

Environmental Issues

Net Entertainment does not conduct operations requiring permits or that give rise to any particular environmental issues.

Disputes and Legal Proceedings

Net Entertainment is currently not a party in court proceedings, arbitration proceedings, administration arrangements, audits or other such proceedings or disputes that could be viewed as impending or that are in progress or have been in progress during the past 12 months.

BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITORS



Left: Ann-Catrine Appelquist, Einar Gunnar Gudmundsson, Rolf Blom, Pontus Lindwall and John Wattin.

Name	Member since	Born	Position
Pontus Lindwall	1996	1965	Board Chairman
John Wattin	2007	1947	Board member
Ann-Catrine Appelquist	2007	1947	Board member
Rolf Blom	2007	1957	Board member
Einar Gunnar Gudmundsson	2007	1972	Board member

No Board members or senior executives named in this section have been convicted in fraud-related court cases, been the subject of accusations or sanction by empowering agencies, or prohibited by a court to be a member of a share issuing party's administration, management or control body or from having a leading position or overriding function with a share-issuing party during the past five years.

In the event that the particular person in his/her capacity as a member of administration, management or control body, or in any other manner, has been a key person in a senior executive position, or has been involved in a bankruptcy, liquidation or bankruptcy administration during the past five years, it is noted below.

There are no familial relationships between the persons noted in the section below or conflicts of interest between them.

All persons may be reached via the head office. The Company is not obliged to comply with the Code of Corporate Governance and does not intend to comply in full with the Code of Corporate Governance.

BOARD OF DIRECTORS

Net Entertainment's Board consists currently of five members, including the Chairman. Board members are elected annually at the Annual General Meeting for the period up until the end of the next Annual General Meeting. The Board of Directors has its registered office in Stockholm. The current Board members are presented below. Board members may be reached at the Parent Company's address; refer to page 78.



Pontus Lindwall

Pontus Lindwall (born 1965) has been a Board member at Net Entertainment since 1996. Pontus Lindwall holds no Series A shares and 934,594 Series B shares in Betsson AB (publ). Following the share distribution, Pontus Lindwall will hold no Series A shares and 934,594 Series B shares in Net Entertainment.

Since 2002, Pontus Lindwall has been a Board member, senior/controlling executive or shareholder in the following companies.

Current	Assignment/shareholding
Actorius AB	Board member
AB Restaurang Rouletter	Board member
Betsson AB	VD
Betsson Technologies	Board member
BetWin AB	CEO/Board member
Casinoinvest i Sverige AB	Board member
Cherryföretagen Casinoutrustningar AB	Board member
Cherry International AB	Board member
Cherry Leisure AB	Board member
Cherry Maritime Väst AB	Board member
EGI Emerging Global Investment AB	Board member
First Casino AB	Board member
Intact Technology Stock- holm AB	CEO/ Board member/ Shareholder
Mobile Entertainment NE AB	Board member
Net Entertainment NE AB	Board Chairman
Nya Solporten Fastighets AB	Board member/Shareholder
Portwise AB	Board member/Shareholder
Betsson PR & Media AB	Board member
Siljemark Entertainment AB	Board member/Shareholder
Solporten Fastighets AB	Board member/Shareholder
Svenska Casino AB	Board member
Vigör Byggnads AB	Deputy Board member

Completed	Assignment/shareholding
Cherry Casino AB	Deputy Board member
Cherry Casino Norr AB	Deputy Board member
Cherry Casino Syd AB	Deputy Board member
Cherry Maritime Gaming AB	Deputy Board member
Aciago AB	Board member
Cherryföretagen AB (publ)	CEO/ Deputy Board member
Establish i Stockholm AB	Board member
FairMen Invest AB	Board member
Grinda Wårdshus AB	Board member
Impulsive Holding AB	CEO/ Board member
Reachin Technologies AB	Board member
Solporten Förvaltnings AB	Board member

John Wattin

John Wattin (born 1947) has been a Board member in Net Entertainment since 2007. John Wattin holds no Series A shares and 105,500 Series B shares (including holdings via companies) in Betsson AB (publ). Following the distribution, John Wattin will hold no Series A shares and 105,500 Series B shares in Net Entertainment.

Since 2001 John Wattin has been Board member, senior/controlling executive or shareholder in the following companies:

Current	Assignment/shareholding
Allt Om Sömnad i Stockholm KB (vilande bolag)	Shareholder
Farena AB	Board member
Mysql AB	Board member
Akademikliniken Hjä AB	Board member
Silentium AB	Board member
Intact Technology Stockholm AB	Board Chairman
Investering i Kunskap AB Ikab	Owner
Valuetree Holdings AB	Board Chairman
Betsson AB	Board Chairman
Qbranch AB	Board Chairman
Bostart Stockholm AB	Board member
Ahhaaa AB	Deputy Board member
Completed	Assignment/shareholding
Proventus AB	Board member
Portwise AB	Board Chairman
Berit Technology Consulting AB	Board Chairman
Biosensor Applications Sweden AB	Board member
AB Novestra	Board member
Establish i Stockholm AB	Board Chairman
Net Entertainment NE AB	Board member
Inbox Invest AB	Board member
Pcf Gp II Growth AB	Board member
At-Aktietrend AB	Deputy Board member

Rolf Blom

Rolf Blom (born 1957) has been a Board member in Net Entertainment since 2007.

Via E-Capital, Rolf Blom holds no Series A shares and 180,000 Series B shares in Betsson AB (publ). Following the distribution, Rolf Blom, via E-Capital, will hold no Series A shares and 180,000 Series B shares in Net Entertainment.

Since 2001, Rolf Blom has been Board member, senior/controlling executive or shareholder in the following companies.

Current	Assignment/shareholding
Cherryföretagen AB (publ)	Board member
PBM Stress Medicine AB	Board Chairman
Cntxt Development Group AB	Deputy Board member
Docco AB	Board Chairman
e-capital AB	Board Chairman/Shareholder
PBM – Stress Medicine Systems AB	Board Chairman
Anemona Nemorosa AB	Deputy Board member
Completed	Assignment/shareholding
ab1 Solutions AB	Board Chairman
ab1 Consulting AB	Board Chairman
Ab1 Commercial Solutions AB	Board Chairman



Ann-Catrine Appelquist

Ann-Catrine Appelquist (born 1947) has been a Board member in Net Entertainment since 2007. Ann-Catrine Appelquist holds no shares in Betsson AB (publ).

Since 200, Ann-Catrine Appelquist has been a Board member, senior/controlling executive or shareholder in the following companies.

Current	Assignment/shareholding
CIBER Sweden AB	CEO
Jaczone AB	Board Chairman
AWA Patent	Board member
Wise AB	Board member

Einar Gunnar Gudmundsson

Einar Gunnar Gudmundsson (born 1972) has been a Board member in Net Entertainment since 2007. Einar Gunnar Gudmundsson holds no shares in Betsson AB (publ). Via Scandcap AB, Einar Gunnar Gudmundsson represents the major shareholder Straumur-Burdaras Investment Bank.

Since 2001, Einar Gunnar Gudmundsson has been Board member, senior/controlling executive or shareholder in the following companies.

Current	Assignment/shareholding
Hafey ehf. (Reykjavik, Island)	Board Chairman/Shareholder
RSN – Ráðstefnur, Sýningar, Námskeið ehf (Reykjavik, Island)	CEO/ Shareholder
Scandcap AB	Board Chairman/Shareholder
Scandinavian Pro Products AB	Board member
Scandcap IS Holding eht. (Reykjavik, Island)	Board Chairman

SENIOR EXECUTIVES AND KEY PERSONS

Net Entertainment Group's senior executives are presented below.

Name	With the Group since	Born	Position
Johan Öhman	2003	1969	CEO
Mariko Nossborn	2006	1968	Acting CFO
Ann-Marie Sondell Eckhéll	2007	1957	Human Resource Manager
Alexander Vestin	2006	1978	IR-Manager
Ardeshir Nahani	2006	1966	t.f. CTO

KEY EXECUTIVES



JOHAN ÖHMAN

MARIKO NOSSBORN

ANN-MARIE SONDELL ECKHÉLL

ALEXANDER VESTIN

ARDESHIR NAHANI

Johan Öhman

Johan Öhman (born 1969) has been CEO of Net Entertainment since 2006.

Johan Öhman holds no Series A shares and 6,500 Series B shares in Betsson AB (publ). Following the distribution, Johan Öhman will hold no Series A shares and 6,500 Series B shares in Net Entertainment.

Since 2001 Johan Öhman has been Board member, senior/controlling executive or shareholder in the following companies.

Current	Assignment/shareholding
Net Entertainment NE AB	CEO
Completed	Assignment/shareholding
Net Entertainment NE AB	Sales Manager

Mariko Nossborn

Mariko Nossborn (born 1968) has been Acting CFO at Net Entertainment since 2007. Mariko Nossborn is employed as a consultant through January 31, 2008. Mariko Nossborn owns no shares in Betsson AB (publ).

Since 2001, Mariko Nossborn has not been a Board member or senior/controlling executive in any company and has not held shares in any company.

Ann-Marie Sondell Eckhéll

Ann-Marie Sondell Eckhéll (Born 1957) Human Resources Manager at Net Entertainment since 2007.

Ann-Marie Sondell Eckhéll holds no shares in Betsson AB (publ). Since 2001, Ann-Marie Sondell Eckhéll has been a Board member or senior/controlling executive or has held shares in the following company.

Completed	Assignment/shareholding
Advokatfirman Lindahl	Human Resource Manager
Skyways Express AB	Human Resource Manager
Wise Group AB	HR Consultant

Alexander Vestin

Alexander Vestin (born 1978) has been IR Manager at Net Entertainment since 2006. Alexander Vestin holds no shares in Betsson AB (publ).

Since 2001, Alexander Vestin has not been a Board member or senior/controlling executive in any company and has not held shares in any company.

Ardeshir Nahani

Ardeshir Nahani (Born 1966) has been Acting CTO at Net Entertainment since 2006. Ardeshir Nahani has no shares in Betsson AB (publ).

Since 2001, Ardeshir Nahani has not been a Board member or senior/controlling executive in any company and has not held shares in any company.



AUDITORS

The Annual General Meeting of Net Entertainment held on January 2, 2000 elected Ernst & Young as auditors in the Company, with Gunnar Liljedahl as the auditor in charge. Gunnar Liljedahl became an authorised public accountant in 1983 and is a member of FAR SRS.

At the Extraordinary General Meeting of Net Entertainment on November 29, 2006, Åsa Dahlgren from Ernst & Young was appointed deputy auditor. Åsa Dahlgren became an authorised public accountant in 2000 and is a member of FAR SRS.

REMUNERATION TO THE BOARD AND SENIOR EXECUTIVES

Amounts in SEK unless otherwise stated

Remuneration and other benefits in 2006	Fixed salary/ Board fees	Variable remuneration	Other premiums	Pension benefits	Other remuneration	Total
Board Chairman	-	-	-	-	-	-
Other Board members	-	-	-	-	-	-
President/CEO	198,000*	-	-	-	-	198,000
Other senior executives	2,325,400	320,000	-	168,000	-	2,813,400
Total	2,523,400	320,000	-	168,000	-	3,011,400

* Pertains to salary as of November 1, 2006; refer also to Note 4, page 66.

Estimated remuneration förmänar, And other benefits in 2007	Fixed salary/ Board fees	Variable remuneration	Other premium	Pension benefits	Other remuneration	Total
Board Chairman	300,000	-	-	-	-	300,000
Other Board members	600,000	-	-	-	-	600,000
President/CEO	995,590	487,410	-	144,000	-**	1,607,000
Other senior executives	3,734,500	317,000	-	650,000	-	4,701,500
Total	5,610,090	804,410	-	794,000	-	7,208,500

** The Board Chairman is entitled to compensation of SEK 1 M if the Company is acquired before year-end 2007 and the Company introduces an options program during the same period.

Contractual severance pay	Contractual severance pay
Board Chairman	-
Other Board members	-
President/CEO	977,590
Other senior executives	-
Total	977,590

SHARE CAPITAL AND OWNERSHIP STRUCTURE

Share capital in Net Entertainment totals SEK 1,190,566. The Company's shares are denominated in SEK and have been issued in compliance with the Swedish Companies Act (2005:551). Net Entertainment has two types of shares: Series A and Series B. Series A shares carry ten voting rights and Series B one voting right. Series A shares are covered by the conversion condition in the Articles of Association, whereby Series A shares may be converted to Series B shares at the request of the shareholder. Those entitled to vote may do so for the entire number of shares held without any limitation. Each share provides entitlement to an equal portion of any surplus in the event of liquidation. Any change in shareholders' voting rights or entitlement to the Company's earnings requires an amendment of the Articles of Association, which requires a qualified majority.

The shares in Net Entertainment are registered in a computerized account-based system for registration of shares that is administered by VPC AB, mailing address: PO Box 7822, SE-103 97 Stockholm. No share certificates have been issued for the shares in Net Entertainment. The ISIN code for Series A shares is SE0001989245, and SE0001089252 for Series B. The par value of the share is SEK 0.03 kronor. The number of shares in Net Entertainment totals 39,553,716, of which 5,610,000 are Series A shares and 33,943,716 are Series B. The table below shows the trend in share capital.

With the exception of individual shares in the distribution, Net Entertainment's ownership structure will initially be essentially the same as the ownership structure of Betsson AB. The table on page 44 shows an extract from the share register in Betsson AB from VPC as of December 29, 2006..

TRANSACTION	Year	Change in number of shares		Total number of shares			Change in share capital	Total share capital	Par value/ share
		Series A	Series B	Series A	Series B	Total			
Establishment of company	1996	1,000	-	1,000	-	1,000	100,000.00	100,000.00	100.00
New share issue, reduction in par value	2000	20,408,123	-	20,409,123	-	20,409,123	920,456.15	1,020,456.15	0.05
Share split 5:3	2006	13,606,082	-	34,015,205	-	34,015,205	-	1,020,456.15	0.03
Bonus issue	2006	5,538,515	-	39,553,720	-	39,553,720	166,155.45	1,186,611.60	0.03
Introduction of two shares classes	2006	71,485	33,943,720	5,610,000	33,943,720	39,553,720	-	1,186,611.60	0.03
Redemption, 4 shares	2007	-	-4	5,610,000	33,943,716	39,553,716	-0.12	1,186,611.48	0.03
Bonus issue	2007	-	-	5,610,000	33,943,716	39,553,716	3,955.37	1,190,566.85	0.03



MAJOR SHAREHOLDERS IN BETSSON, DECEMBER 29, 2006

SHAREHOLDER	Number of Series A sharer	Number of Series B sharer	Percentage of capital	Percentage of voting right
Straumur-Burdaras Investment Bank ¹	1,402,500	5,613,749	17.7	21.8
Per Hamberg & family	1,497,000	1,812,078	8.4	18.6
Lars Kling	1,497,000	790,712	5.8	17.5
Rolf Lundström, family & companies	652,500	1,722,200	6.0	9.2
Bill Lindwall & family	561,000	102,595	1.7	6.4
Raiffeisen Zentralbank Österreich		3,407,000	8.6	3.8
Brewin Dolp Secs Ltd GIBL Cust		2,547,533	6.4	2.8
Landsbanki Luxembourg		1,658,370	4.2	1.9
SIS Segaintersettle AG, Schweiz		1,624,390	4.1	1.8
Pontus Lindwall		934,594	2.4	1.0
Landsbanki Islands HF		711,600	1.8	0.8
Swedish Fourth Pension Fund		662,600	1.7	0.7
Hans Sköld & family		556,700	1.4	0.6
Other shareholders		11,799,599	29.8	13.1
TOTAL	5,610,000	33,943,720	100.0	100.0

¹⁾ According to information submitted by Straumur-Burdaras Investment Bank, on the 29 December 2006, they owned 1 402 500 series A shares and 9 510 740 series B shares in Betsson on the 29 December 2006; which is equivalent to 27,6 percent of the capital and 26.1 percent of the votes.

However, it is not known to Betsson in which institutions the Straumur-Burdaras shareholding is divided, which is the reason why in the table above Straumur-Burdaras is not noted as owner of all the shares they stated they own.

DISTRIBUTION OF SHARES IN BETSSON, DECEMBER 29, 2006

NUMBER OF SHARES	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of number of shares	Percentage of voting rights
> 500 001	14	0.4	26,821,335	67.8	85.9
100 001-500 000	26	0.8	5,910,867	14.9	6.6
50 001-100 000	20	0.6	1,364,959	3.5	1.5
20 001-50 000	47	1.4	1,512,224	3.8	1.7
10 001-20 000	65	2.0	1,004,601	2.5	1.1
5 000- 10 000	103	3.2	825,706	2.1	0.9
2 001-5000	223	6.9	794,825	2.0	0.9
1 001-2 000	279	8.6	459,115	1.2	0.5
501-1 000	518	15.9	468,550	1.2	0.5
1- 500	1,961	60.2	391,538	1.0	0.4
TOTAL	3,256	100.0	39,553,720	100.0	100.0

Liquidity Provider

As part of efforts to ensure liquidity in the Net Entertainment share, Handelsbanken Capital Markets has been used as a liquidity provider. The undertaking was commenced on April 1, 2007. The undertaking means that Handelsbanken Capital Markets at any time shall work towards ensuring that the difference between the bid and offer price of the Company's share does not exceed 2 percent and that prices are quoted at least during 85 percent of the trading day. Handelsbanken Capital Markets shall also ensure that share volume in the order book corresponds to ten trading lots (2,000 shares) on the bid and offer side.

Dividend Policy

The Board of Directors of Net Entertainment will propose to the Annual General Meeting a dividend of SEK 9.9 M for the 2006 fiscal year.

The Board's aim is that in the future Net Entertainment NE AB's ordinary dividend will grow in line with the Company's earnings per share, with due consideration for the Company's long-term capital requirements.

Those who on the record date are listed as shareholders in the share registered maintained by VPC are entitled to a dividend. If shareholders cannot be reached through VPC, the shareholder's receivable remains due from the Company in respect of the dividend amount and is limited only by rules governing limitation. After the limitation period, the dividend amount accrues to the Company. There are no restrictions regarding dividends or special procedures for shareholders domiciled outside Sweden.



ARTICLES OF ASSOCIATION AND OTHER INFORMATION

Articles of association adopted at the Extraordinary General Meeting on February 9, 2007

Article 1

The registered name of the Company is Net Entertainment NE AB (publ)

Article 2

The object of the Company's operations is to develop and market commercial services for distribution via Internet and other media and compatible operations.

Article 3

The registered office of the Board of Directors is in Stockholm, Sweden.

Article 4

The share capital shall be a minimum of SEK 600,000 and a maximum of SEK 2,400,000

Article 5

The number of shares in the Company shall be a minimum of 20,000,000 and a maximum of 80,000,000.

The shares shall be issued in two series, designated Series A and Series B. Series A shares may be issued in a maximum number of 10,000,000 and Series B in a maximum number of 70,000,000. Each Series A share entitles the holder to ten voting rights and each Series B share to one voting right.

At the request of owners of Series A shares, it shall be possible for Series A shares to be converted into Series B shares, in the sequence outlined below.

A written request for conversion shall be submitted to the Company's Board of Directors. The request shall stipulate the number of shares to be converted and if the request does not pertain to the shareholder's entire holding of Series A shares, the shareholder must specify which of the shares are to be converted. The Company's Board of Directors is obligated to address the matter of conversion at the Board Meeting immediately following receipt of request. Conversion shall be reported

to the Swedish Companies Registration Office for registration without delay and conversion shall become effective when conversion has been registered in the register of limited liability companies and has been noted in the central securities register.

In the event that the Company decides to issue new Series A or Series B shares by means of a cash issue or through an issue offsetting debt, owners of Series A and Series B shares shall have preferential rights to subscription for new shares of the same type in relation to the number of shares already held (primary preferential rights). Shares not subscribed for on the basis of primary preferential rights shall be offered for subscription to all shareholders (subsidiary preferential rights). If the number of shares offered in this manner is insufficient for subscription based on subsidiary preferential rights, the shares shall be distributed in relation to the number of shares already held and, when this is not possible, by lottery.

In the event that the Company decides that new shares of either Series A or B alone shall be issued through a cash issue or through an issue of offsetting debt, all shareholders, irrespective of whether they own Series A or Series B shares, shall have preferential rights to the subscription of new shares in relation to the number of shares already held.

In the event that the Company decides to issue warrants or convertible debentures through a cash issue or through an issue of offsetting debt, all shareholders will have preferential rights for subscription of warrants as if the issue pertained to those shares that could be issued on the basis of the warrants or will have preferential rights for subscription for convertible debentures as if the issue pertained to these shares for which the convertible debentures could be exchanged.

The aforementioned stipulation shall not constitute any infringement on the possibility to pass a resolution regarding a cash issue or an offset issue that departs from the preferential rights of shareholders.

Article 6

The Board of Directors shall consist of no fewer than three and no more than nine members, with no more than two deputies.

Article 7

The Company shall have no fewer than two auditors, with or without deputies.

Article 8

The Company's fiscal year shall be the calendar year.

Article 9

Notice of an Annual General Meeting and of an Extraordinary General Meeting held to address an amendment of the Articles of Association must be issued not earlier than six weeks and no later than four weeks prior to the Meeting.

Notice of a General Meeting of Shareholders must be issued through an advertisement in the "Post och Inrikes Tidningar" and in "Dagens Nyheter".

Article 10

To be entitled to participate in the business of a General Meeting, shareholders shall, firstly, be registered in the transcript or other presentation of the entire share register, as stipulated in Chapter 7, Section 28, third paragraph of the Swedish companies Act (2005:551) pertaining to conditions prevailing five days prior to the Meeting and secondly, notify the Company of their intention to attend the Meeting not later than the day stipulated in the notice convening the Meeting. The latter mentioned day may not be a Sunday, any other public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not be more than five weekdays before the Meeting.

Article 11

Those persons or nominees registered in the share register and the control register specified in Chapter 4 of the Financial Instruments Act (1998:1479), or those who are registered in the control account specified in Chapter 4 Section 18, first paragraphs 6-8 of the aforementioned law on the stipulated record date shall be deemed to be entitled to exercise those rights specified in Chapter 5, Section 19 of the Swedish Companies Act (2005:551).

Documents kept available for inspection throughout the entire valid life of the document

Annual reports and other information (normally solely in Swedish) for certain domestic legal entities are to be submitted to the Swedish Companies Act in accordance with Swedish rules and ordinance. Note that it is not certain that the information in the documents provides

any indication of Net Entertainment's published results in all respects. Only consolidated amounts at the Group level are included. Net Entertainment also submits annual reports, year-end reports, quarterly reports, press releases, articles of association and other information on its website (www.netent.com). The annual reports, articles of association and other information may also be ordered from the head office at the address:

Net Entertainment NE AB (publ)
Birger Jarlsgatan 57 B
113 56 Stockholm

Financial Reporting Dates for the New Group

Interim report for the period January 1–March 31, 2007:	May 21, 2007
Interim report for the period April 1–June 30, 2007:	August 17, 2007
Interim report for the period July 1–September 30, 2007:	November 5, 2007
Annual General Meeting	May 21, 2007

Other information

Net Entertainment's corporate registration number is 5565332-6443. The Company is registered in Sweden and was registered at the Swedish Companies office on June 28, 1996. The Company operates as a public limited liability company and its legal form of business entity is governed by the Swedish Companies Act (2005:551)

Authorisation

The Board of Directors of Net Entertainment NE AB (publ) or its subsidiaries is not authorised to make any decisions regarding an increase in share capital through a new issue of shares and so forth, or for the raising of participating loans.



Do you need Better Games?

To attract and retain tomorrow's online players you need to differentiate your operation by offering the latest in gaming technology; Better Games in short. This is the reason why the top performing online operators have chosen the Net Entertainment CasinoModule™. Our unique, high quality games and unrivalled back-end management system are just two reasons to contact us.



French Roulette: release April 2007

NETENT
NET ENTERTAINMENT

Contact us at sales@netent.com
www.netent.com



Better Games

TAXATION ISSUES IN SWEDEN

The following is a summary of the taxation consequences that may arise under current Swedish tax laws as a result of holding shares in the Company. Unless otherwise stated, this summary addresses shareholders who have unlimited tax liability in Sweden. The summary is intended as a general guide only and is not an exhaustive examination of all taxation issues that may arise in the context. The assessment of the tax situation of each individual shareholder depends partly on his/her specific circumstances.

This summary does not, for example, deal with the special regulations regarding what are referred to as qualified shares in closely held companies or partnership rights owned by trading companies or limited partnership companies or such legal entities whose holding of partnership rights is regarded as current assets in a business operation. Special tax considerations that are not described here may also apply for other categories of shareholders, including investment companies, mutual funds and persons who do not have unlimited tax liability in Sweden. Each shareholder is urged to consult a tax advisor for information about the tax consequences that may arise as a result of owning shares in the Company, for example, as a result of the application and effect of foreign regulations, taxation agreements or other special rules.

TAXATION IN CONJUNCTION WITH THE SALE OF SHARES

Individuals

Individuals and estates of deceased persons who have unlimited tax liability in Sweden are taxed for the entire capital gain as income from capital on the sale of shares. Tax is levied at a rate of 30 percent of the capital gain. The gain or loss is calculated using the average method.

Capital losses may generally be deducted at a rate of 70 percent. Capital losses on shares may be fully offset against capital gains that arise in the same year on listed and unlisted

shares, and also on listed securities that are taxed as shares.

If a deficit arises in income from capital, a tax reduction is allowed at a rate of 30 percent of the amount of the deficit that is less than SEK 100,000 and at a rate of 21 percent for any deficit in excess of SEK 100,000. The tax is offset against income tax payable to the state and municipalities as well as against real estate tax. Deficits may not be carried forward to a later fiscal year.

Legal Entities

Limited liability companies and other legal entities, except for the estates of deceased persons, are taxed for all income as income from business operations at a rate of 28 percent.

Deductions for capital losses on shares are only allowed for taxable capital gains on shares and other securities that are taxed as shares. In certain cases, these capital losses can be offset against capital gains on partnership rights within a group of companies, provided that the requirements for group contributions are met.

Capital losses that could not be offset in this manner in a particular year may be carried forward and deducted against taxable capital gains on shares and other securities that are taxed as shares in subsequent fiscal years, without limitation in term of time.

However, for limited liability companies and cooperatives, capital gains on the sale of shares may be tax-exempt if the holdings are considered to be business-related. Capital losses on business-related holdings are not deductible. Unlisted holdings are always considered to be business-related. Listed holdings are considered to be business-related if the holding corresponds to at least 10 percent of the votes or if the holding is necessary for business reasons. The tax-exempt status of capital gains on listed holdings also requires that the holdings are not sold within one (1) year of them becoming business-related for the holder. However, capital losses on listed business-related holdings held for less than one (1) years are deductible.



Taxation of Dividends

For individuals and the estates of deceased persons, dividends received are taxed in their entirety at a rate of 30 percent.

For legal entities, except the estates of deceased persons, the tax rate is 28 percent. For limited liability companies and cooperatives, dividends on business-related holdings are tax-exempt. The tax-exempt status of dividends on listed holdings also demands that the holdings are held for a continuous period of at least one (1) year from when they became business-related for the holder. The requirement for the holding period does not necessarily have to be fulfilled at the payment date for dividends. However, if the holdings are sold before the holding period requirement is met, dividends paid out may be included for taxation in a subsequent fiscal year.

The Company does not accept responsibility for withholding tax.

Lex ASEA

In accordance with the primary rule, Betsson's distribution of shares in the Company must be viewed as any other distribution and must thus be taxed at a rate of 30 or 28 percent. However, the issue in question will take place in accordance with what is referred to as Lex ASEA (Chapter 42, Section 16 of the Income Tax Act), which means that Betsson's distribution of shares in the Company is not subject to tax for the recipient.

Distribution of Acquisition Cost

Since the shares are being distributed in accordance with Lex ASEA, the overhead expenses will be divided between the shares in Betsson and Net Entertainment. This is done by the Swedish Tax Authorities issuing a general recommendation for this purpose. Betsson intends to apply for such a recommendation. The recommendation will be published on the websites of Betsson and Net Entertainment.

Wealth Taxation

Shares listed on the NGM exchange are exempt from wealth tax under current wealth tax legislation.

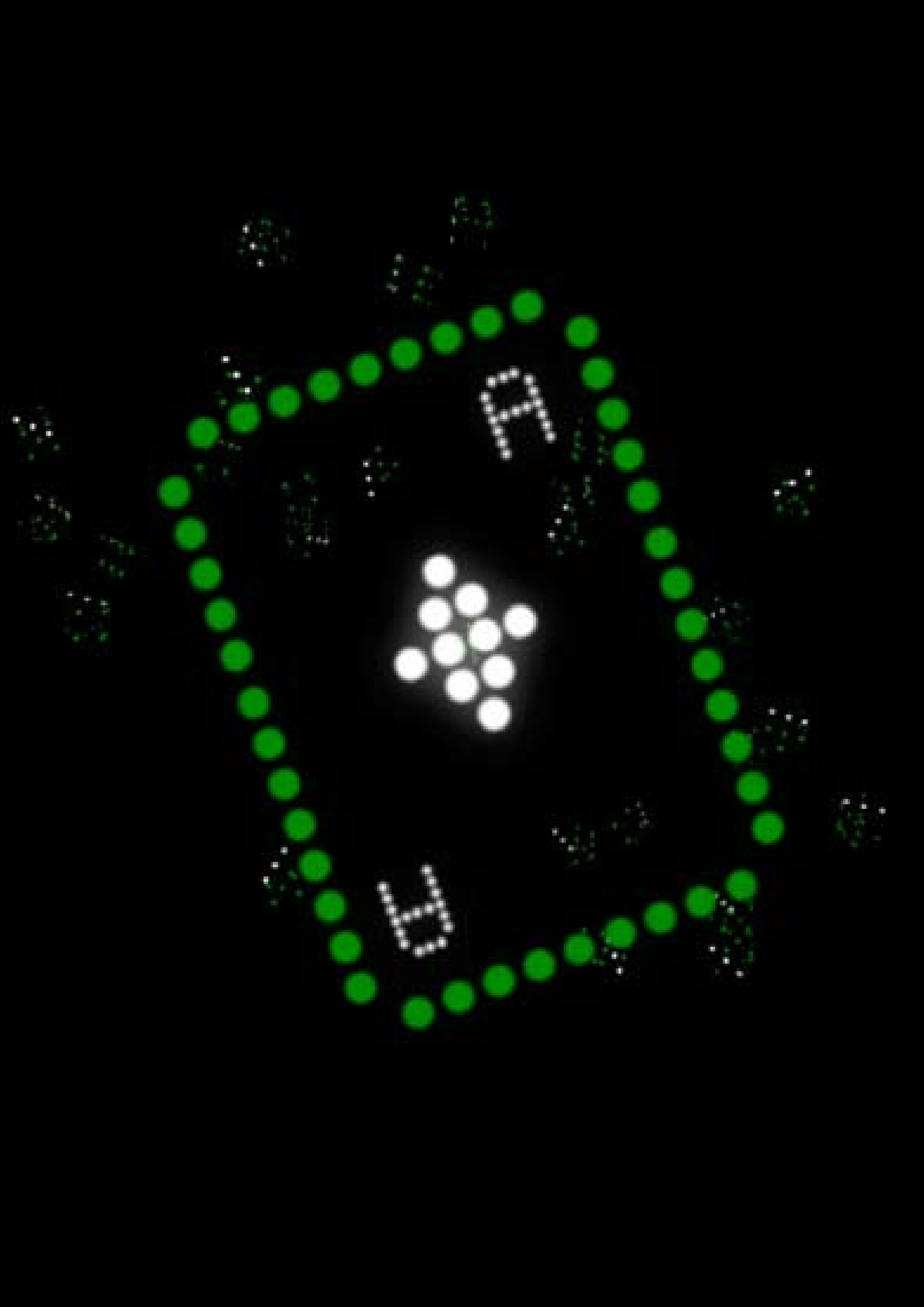
Shareholders with Limited Tax Liability in Sweden

Shareholders who are not liable for tax in Sweden are normally not taxed in Sweden for the sale of Swedish shares, subscription rights or warrants. However, the shareholder may be liable for tax in the country in which the shareholder is domiciled. Individuals who, for the purpose of taxation, are resident outside Sweden may be subject to Swedish taxation in conjunction with the sale of Swedish securities if they, at any time during the most recent ten calendar years prior to the sale, have been domiciled or regularly resident in Sweden. However, application of this rule is restricted to a certain extent via tax agreements that Sweden has with other countries in order to avoid double taxation.

Foreign legal entities are normally not liable for tax in Sweden for capital gains on shares, subscription rights and warrants as long as the capital gain is not attributable to a permanent place of business in Sweden. In the case of permanent places of business in Sweden, the new rules regarding tax-exempt capital gains and non-deductible capital losses apply, although there are certain limitations.

For shareholders who are not domiciled in Sweden for the purpose of taxation, Swedish dividend tax is normally payable on all dividends from Swedish limited liability companies at a rate of 30 percent. However, this tax rate is generally reduced via tax agreements that Sweden has with other countries in order to avoid double taxation. In Sweden, the tax on dividends is normally deducted by VPC, or by the nominee if the shares are nominee-registered shares.

A share issue that complies with Lex ASEA is exempt from Swedish dividend tax.





The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

FINANCIAL ACCOUNTS AND CONDENSED 12-MONTH REPORT FOR 2006

The condensed 12-month report for 2006 does not include non-comparable historical financial information. Accordingly, audited financial information is presented for the Parent Company for the years 2004 and 2005.

This prospectus refers to Net Entertainment's annual report for 2003, which is part of the prospectus. The annual report for 2003 contains information regarding circumstances that have changed considerably, but updated information is provided in this prospectus, in this section. The 2003 annual report is available at www.netent.com or may be ordered from the head office. Refer to page 78 for the address and telephone number to the head office.

GENERAL INFORMATION ABOUT THE FINANCIAL ACCOUNTS

Prior to the planned distribution and listing of Net Entertainment, a restructuring of the Betsson Group has been implemented in order to form the new Net Entertainment Group. The Group was created on January 1, 2006, through the provision of subsidiaries at carrying amounts. Subsequently, continued restructuring of the Net Entertainment Group occurred. The new Net Entertainment Group consists of five companies, including two in Sweden, two in Malta and one in Costa Rica. The internal liability and receivable relationships between the Net Entertainment Group and the Betsson Group will be settled during under 2007. At December 31, 2006, Net Entertainment had a net liability to the Betsson Group of SEK 15.5 M.

The financial accounts below are based on the Parent Company's audited annual reports for 2004-2005 and condensed 12-month report for 2006 for the Group and the Parent Company. The condensed 12-month report for 2006 has been prepared for inclusion in the Company's listing prospectus, because the annual report including the consolidated financial statements for 2006 has yet to be issued. The annual report will be issued in April 2007 and will be adopted by the forthcoming Annual General Meeting.

Accounting Principles

The financial accounts in the Group's condensed 12-month report for 2006 have been prepared in accordance with the principles that will be applied for the consolidated financial statements compiled on the basis of IFRS for inclusion in the Company's annual report for 2006. The financial accounts for the Parent Company have been prepared in accordance with the RR 32:05, meaning that the same principles as for the

Group will be applied, with the exception of certain differences resulting from requirements in the Annual Accounts Act or tax considerations. The applied accounting principles are presented in Note 1 on page 62.

Net Entertainment Business Area (within the Betsson Group)

Net Entertainment was previously reported as a segment/business area in the Betsson Group. Within the business area, gaming software is developed that is licensed to an international circle of customers comprising a number of Internet gaming companies.

Royalty revenues and development, selling and operational costs were reported in this business area.

Previously, general management and financial control of the business area was conducted by personnel from the Betsson Group's Parent Company. The duties of Betsson's President included responsibility for managing the business area. The duties of the Betsson Groups CFO included responsibility for financial control and follow-ups of the business area.

On the whole, this means that the Net Entertainment business area, as it was reported in the Betsson Group's segment reporting, contained all revenues and costs attributable to the business area's business operations. Costs for general management and the finance function were only partly charged to the business area, since these were shared with other business areas or were of an overhead character. Ongoing costs that will arise from being a listed company were not charged to the business areas through Betsson's segment reporting; instead, they were reported as shared costs for the entire Group.

Additional Costs

The reported financial accounts do not include the additional ongoing costs that will arise when the Company is no longer part of another listed group but, from a standalone perspective, will have to account for all costs for management, administration and being a publicly listed company.

The additional costs primarily comprise personnel, rental and other costs for the Chief Executive Officer and the CFO.

They also include the costs for being a publicly listed company (ongoing costs for the listing on NGM and for share registration with VPC, increased auditing, consulting and legal fees, costs for annual reports, quarterly reports, press releases, etc.)

The cost of the process of listing the Company on NGM, which will be charged against the income statement during 2007, will also be additional.



The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

Consolidated Income Statement

Amounts in SEK thousands	Note	2006 ¹
REVENUE		
Revenue	2	99,475
Other operating income	2	298
Total		99,773
OPERATING EXPENSES:		
Capitalized work for own use		6,600
Other external expenses	3	-33,915
Personnel expenses	4	-26,007
Depreciation/amortization	5	-4,407
Other operating expenses		-1,243
Total operating expenses		-58,972
Operating profit		40,801
NET FINANCE INCOME/EXPENSE		
Finance income	6	-942
Finance expense		-16
Total net finance income/expense		-958
Profit before tax		39,843
Skatt	7	-11,361
PROFIT FOR THE YEAR (attributable to Parent Company shareholders)		28,482
Earnings per share (SEK)	8	0.72
Proposed dividend per share (SEK)		0.25

¹) The condensed 12-month report for 2006 has been reviewed by the Company's auditor. The statements in the consolidated condensed 12-month report for 2006 have been compiled in accordance with the principles that will be applied in the consolidated accounts compiled in accordance with IFRS, which will be included in the Company's 2006 Annual Report.



The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

Consolidated Balance Sheet

Amounts in SEK thousands	Note	Dec 31, 2006 ¹
ASSETS		
Fixed assets		
Intangible fixed assets	9	19,534
Tangible fixed assets	10	4,722
Other long-term receivables	13	42
Total fixed assets		24,298
CURRENT ASSETS		
Accounts receivable		5,386
Prepaid expenses and accrued income	14	7,889
Cash and cash equivalents	15	5,935
Other receivables		13,053
Total current assets		32,263
TOTAL ASSETS		56,561
EQUITY AND LIABILITIES		
Share capital	15	
Other capital contributions		1,187
Other capital contributed		34,204
Reserves		-232
Retained earnings incl. profit for the year		-19,069
Total equity		16,090
LONG-TERM LIABILITIES		
Deferred tax liabilities	7	835
Total long-term liabilities		835
CURRENT LIABILITIES		
Accounts payables		3,159
Tax liabilities	7	5,172
Other liabilities	17	21,047
Accrued expenses and deferred income	18	10,258
Total current liabilities		39,636
TOTAL EQUITY AND LIABILITIES		56,561
The Group's pledged assets and contingent liabilities		
Pledged assets		None
Contingent liabilities		None

¹⁾The condensed 12-month report for 2006 has been reviewed by the Company's auditor. The statements in the consolidated condensed 12-month report for 2006 have been compiled in accordance with the principles that will be applied in the consolidated accounts compiled in accordance with IFRS, which will be included in the Company's 2006 Annual Report.

The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

CASH FLOW ANALYSIS

Consolidated Cash Flow Statement

Amounts in SEK thousands	Note	2006 ¹
OPERATING ACTIVITIES		
Profit/loss after financial items		39,843
Adjustments for non-cash items		
– Depreciation/amortization		4,407
– Capital gain/loss on sales		-130
– Other		398
Income taxes paid		-795
Cash flow from operating activities before changes in working capital		43,723
CHANGES IN WORKING CAPITAL		
Change in receivables		3,036
Change in accounts payable		1,751
Change in current liabilities		-14,091
Cash flow from operating activities		34,419
INVESTING ACTIVITIES		
Acquisition of intangible fixed assets		-14,560
Acquisition of tangible fixed assets		-4,461
Disposal of tangible fixed assets		190
Disposal of shares and participating interests		-8
Change in long-term receivables		278
Cash flows from investing activities		-18,561
FINANCING ACTIVITIES		
Dividend paid		-9,889
Cash flows from financing activities		-9,889
Change in cash and cash equivalents		5,969
Cash and cash equivalents at beginning of year		7,498
Exchange rate differences		-414
Cash and cash equivalents at year-end		13,053
ADDITIONAL DISCLOSURES:		
Unutilized credit facilities amounted to		-
Interest paid during the period amounted to		16
Interest received during the period amounted to		237

¹⁾The condensed 12-month report for 2006 has been reviewed by the Company's auditor. The statements in the consolidated condensed 12-month report for 2006 have been compiled in accordance with the principles that will be applied in the consolidated accounts compiled in accordance with IFRS, which will be included in the Company's 2006 Annual Report.



The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

Condensed Changes in Group Equity¹

	Share capital	Other capital contributions	Currency reserve	Retained earnings inc. profit for year	Total equity
Opening equity Jan 1, 2006	1,021	34,204	0	-23,096	12,129
Translation differences for the year			-232		-232
Total changes in value recognised directly in equity, excl. transactions with company's owners			-232		-232
Profit for the year				28,482	28,482
Total changes in value, excl. transactions with company's owners			-232	28,482	28,250
Dividend to Parent Company (Betsson AB)				-9,889	-9,889
Group contributions to Parent Company (Betsson AB)				-14,400	-14,400
Bonus issue and split	166			-166	0
Closing equity Dec 31, 2006	1,187	34,204	-232	-19,069	16,090

¹⁾The condensed 12-month report for 2006 has been reviewed by the Company's auditor. The statements in the consolidated condensed 12-month report for 2006 have been compiled in accordance with the principles that will be applied in the consolidated accounts compiled in accordance with IFRS, which will be included in the Company's 2006 Annual Report.

The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

INCOME STATEMENTS

Parent Company Income Statement

Amounts in SEK thousands	Note	2006 ¹	2005 ²	2004 ²
REVENUES	2			
Revenues		110,022	64,541	44,825
Capitalized work for own use		6,600	3,653	2,658
Other operating income	2	293	143	177
Total		116,915	68,337	47,660
OPERATING EXPENSES				
Other external expenses	3	-43,976	-27,649	-25,471
Personnel expenses	4	-25,963	-18,739	-13,680
Depreciation/amortization	5	-4,275	-3,474	-2,645
Other operating expenses		-1,127	-31	-
Total operating expenses		-75,341	-49,893	-41,796
Operating profit		41,574	18,444	5,864
FINANCIAL ITEMS	6			
Profit/loss from interests in Group companies		-61	4,924	5,791
Profit/loss from other securities and investments		-	2,937	1,642
Interest and similar income		-986	1,441	-416
Interest and similar expense		-13	159	-38
Total financial items		-1,060	9,461	6,979
Profit after financial items		40,514	27,905	12,843
Appropriations	16	-1,702	-100	-486
Profit before tax		38,812	27,805	12,357
Tax	7	-10,885	-7,518	-3,022
PROFIT FOR THE YEAR		27,927	20,287	9,335
Proposed/implemented dividend per share (SEK)		0.25	0.25	-

¹) The condensed 12-month report for 2006 has been reviewed by the Company's auditor. The statements in the consolidated condensed 12-month report for 2006 have been compiled in accordance with the principles that will be applied in the consolidated accounts compiled in accordance with IFRS, which will be included in the Company's 2006 Annual Report.

²) Audited financial information.



The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

Parent Company Balance Sheets

Amounts in SEK thousands	Note	2006 ¹	2005 ²	2004 ²
ASSETS				
FIXED ASSETS				
Intangible fixed assets	9			
Games and gaming systems		11,603	7,321	5,511
Concessions, patents and similar rights		224	763	1,301
Trademarks		94	143	-
Total intangible fixed assets		11,921	8,227	6,812
TANGIBLE FIXED ASSETS	10			
Equipment and fittings		4,722	1,471	1,674
Total tangible fixed assets		4,722	1,471	1,674
FINANCIAL FIXED ASSETS				
Participating interests in Group companies	11	142	119	5,733
Other long-term holdings of securities	12	-	-	457
Other long-term receivables	13	42	42	42
Total financial fixed assets		184	161	6,232
Total fixed assets		16,827	9,859	14,718
CURRENT ASSETS				
Current receivables				
Accounts receivables		2,965	946	636
Receivables from Group companies		15,528	15,718	10,017
Other receivables	13	5,935	2,129	790
Prepaid expenses and accrued income	14	4,528	3,813	4,276
Total current receivables		28,956	22,606	15,719
Cash and bank balances		6,127	5,349	2,246
Total current assets		35,083	27,955	17,965
TOTAL ASSETS		51,910	37,814	32,683

¹) The condensed 12-month report for 2006 has been reviewed by the Company's auditor. The statements in the consolidated condensed 12-month report for 2006 have been compiled in accordance with the principles that will be applied in the consolidated accounts compiled in accordance with IFRS, which will be included in the Company's 2006 Annual Report.

²) Audited financial information.

The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

BALANCE-SHEETS

Parent Company Balance Sheets

Amounts in SEK thousands	Note	2006 ¹	2005 ²	2004 ²
EQUITY AND LIABILITIES				
Equity	15			
RESTRICTED EQUITY				
Share capital		1,187	1,021	1,021
Statutory reserve		38	204	-
Total restricted equity		1,225	1,225	1,021
UNRESTRICTED EQUITY				
Retained earnings		-14,385	-10,383	-1,522
Profit for the year		27,927	20,287	9,335
Total unrestricted equity		13,542	9,904	7,813
Total equity		14,767	11,129	8,834
Untaxed reserves	16	2,982	1,280	1,180
CURRENT LIABILITIES				
Accounts payable		3,159	1,408	1,335
Liabilities to Group companies		377	89	5,477
Tax liabilities	7	5,172	639	-
Other liabilities	17	21,048	20,412	13,718
Accrued expenses and deferred income	18	4,405	2,857	2,139
Total current financial liabilities		34,161	25,405	22,669
TOTAL EQUITY AND LIABILITIES		51,910	37,814	32,683
Pledged assets and contingent liabilities				
Pledged assets		none	none	none
Contingent liabilities		none	none	none

¹) The condensed 12-month report for 2006 has been reviewed by the Company's auditor. The statements in the consolidated condensed 12-month report for 2006 have been compiled in accordance with the principles that will be applied in the consolidated accounts compiled in accordance with IFRS, which will be included in the Company's 2006 Annual Report.

²) Audited financial information.



The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

Parent Company Cash Flow Statement

Amounts in SEK thousands	Note	2006 ¹	2005 ²	2004 ²
OPERATING ACTIVITIES				
Profit after financial items		40,514	27,905	12,843
Adjustments for non-cash items				
– Depreciation/amortization		4,275	3,474	2,645
– Capital gain/loss on fixed sales		-131	-2,906	-1,642
– Other		205	-94	36
Income taxes paid		-751	147	-7
Cash flow from operating activities before changes in working capital		44,112	28,526	13,875
CHANGES IN WORKING CAPITAL				
Change in operating receivables		-6,350	-5,705	-7,902
Change in operating liabilities		-15,777	-24,103	3,041
Cash flow from operating activities		21,985	-1,282	9,014
INVESTING ACTIVITIES				
Acquisition of intangible fixed assets		-6,819	-4,003	-4,273
Acquisition of tangible fixed assets		-4,461	-713	-1,794
Disposal of tangible fixed assets		190	-	-
Acquisition of shares and participating interests, subsidiaries		-53	-	-5,613
Disposal of shares and participating interests		-	3,394	1,956
Disposal of shares and participating interests, subsidiaries		30	5,613	-
Change in long-term receivables		-	-	-18
Cash flow from investing activities		-11,113	4,291	-9,742
FINANCING ACTIVITIES				
Dividend		-9,889	-	-
Cash flow from financing activities		-9,889	0	0
Change in cash and cash equivalents		983	3,009	-728
Cash and cash equivalents at beginning of year		5,349	2,246	3,010
Exchange rate differences in cash and cash equivalents		-205	94	-36
Cash and cash equivalents at year-end		6,127	5,349	2,246
ADDITIONAL DISCLOSURES				
Unutilized credit facilities amounted to		-	-	-
Interest paid during the period amounted to		13	2	1
Interest received during the period amounted to		193	39	7

¹The condensed 12-month report for 2006 has been reviewed by the Company's auditor. The statements in the consolidated condensed 12-month report for 2006 have been compiled in accordance with the principles that will be applied in the consolidated accounts compiled in accordance with IFRS, which will be included in the Company's 2006 Annual Report.

²) Audited financial information.

The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

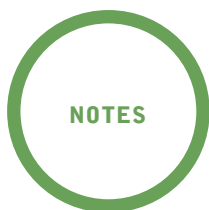


Condensed Changes in Parent Company's Equity

	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Profit for year	Total equity
Opening equity Jan 1, 2004	1,021	-	-	5,666	584	7,271
Allocation adopted by Annual General Meeting				584	-584	0
Group contribution				-7,772		-7,772
Net profit for the year					9,335	9,335
Closing equity Dec 31, 2004²	1,021	0	0	-1,522	9,335	8,834
Adjustment for changed accounting principle, IAS 39			2,812			2,812
Adjusted equity Jan 1, 2005	1,021	0	2,812	-1,522	9,335	11,646
Allocation adopted by Annual General Meeting		204		9,131	-9,335	0
Group contribution				-17,992		-17,992
Available-for-sale financial assets						
– Recognised directly in equity on sale			-2,12			-2,812
Net profit for the year					20,287	20,287
Closing equity Dec 31, 2005²	1,021	204	0	-10,383	20,287	11,129
Allocation adopted by Annual General Meeting				20,287	-20,287	0
Group contribution				-14,400		-14,400
Net profit for the year				-9,889	27,927	27,927
Dividend paid in accordance with Extraordinary General Meeting resolution Bonus issue and split	166	-166				
Closing equity Dec 31, 2005¹	1,187	38	0	-14,385	27,927	14,767

¹) The condensed 12-month report for 2006 has been reviewed by the Company's auditor. The statements in the consolidated condensed 12-month report for 2006 have been compiled in accordance with the principles that will be applied in the consolidated accounts compiled in accordance with IFRS, which will be included in the Company's 2006 Annual Report.

²) Audited financial information.



The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

Notes To The Financial Statement

NOTE 1 ACCOUNTING POLICIES COMPLIANCE WITH LAW AND STANDARDS

The consolidated financial statements for 2006 for the Parent Company have been prepared in accordance with the principles presented below. The consolidated financial statements comply with the accounting policies that will be applied in the consolidated financial statements compiled in accordance with International Financial Reporting Standards, which will be incorporated in the Company's Annual Report for 2006.

The Parent Company applies the same policies as the Group, with the exception that the Parent Company also applies RR 32:05, Reporting for legal entities. This results in certain differences caused by the requirements of the Annual Accounts Act or by tax considerations.

The condensed 12-month report for 2006 has been compiled for inclusion in the Company's listing prospectus, because the Annual Report, including the consolidated financial statements for 2006, has yet to be issued. The Annual Report will be issued in April 2007 and will be proposed for adoption at the forthcoming Annual General Meeting.

Prerequisites for Preparing the Parent Company's and Group's financial Reports

The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the Parent Company and the Group. This means that the financial reports are presented in SEK. Unless otherwise specified, all amounts are rounded to the nearest thousand. Assets and liabilities are recognised at acquisition value, apart from some financial assets and liabilities that are measured at fair value. Financial assets and liabilities that are measured at fair value consist of derivatives and financial assets classified as financial assets measured at fair value in the income statements or as available-for-sale financial assets.

Classifications

Assets are classified as current assets if they are expected to be sold or are intended to be sold or used in the Company's normal operating cycle, if they are held primarily for trading purposes, if they are expected to be sold within twelve months after the balance sheet date or if they are cash and cash equivalents. All other assets are classified as fixed assets.

Liabilities are classified as current liabilities if they are expected to be settled in the Company's normal operating cycle, if they are owned primarily for trading purposes, if they are expected to be settled within twelve months after the balance sheet date or if the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date. All other liabilities are classified as long-term liabilities.

Consolidated Financial Statements

The consolidated financial statements include the Parent Company and companies in which the parent company directly or indirectly owns more than half of the voting rights or has a controlling influence.

The consolidated accounts have been prepared in accordance with the purchase method. This means that the parent company indirectly acquires the subsidiary's assets and takes over its liabilities. The difference between the cost of acquisition of shares and the fair value initially recognised for acquired identifiable net assets represents the cost of goodwill, which is recognised as an asset in the balance sheet. If the difference is negative, the amount is recognised as income in the income statement.

Subsidiaries' income, expenses, assets and liabilities are included in the

consolidated financial statements from the date on which control arises (acquisition date) until and including the date on which control ceases. Intra-group receivables, liabilities and transactions, and any associated gains, are eliminated in their entirety.

Translation of Foreign Operations

Operations that do not have the SEK as their functional currency are translated to SEK using the current method. This means that all assets, provisions and other liabilities are translated at the closing rate, and income statement items are translated at the average rate. Exchange differences arising during this conversion, translation differences, are recognised directly in equity.

Independent foreign operations are sold at their accumulated translation differences, less any hedging in the consolidated financial statements.

Revenues

Revenues from the licensing of online gaming products/services and revenues from related consulting/servicing activities are recognised when the customer receives the services.

Other Operating Income

Revenues from non-core activities are reported as other operating income. This item mainly includes recovered amortized receivables, exchange gains from operations and profit from the sale of fixed assets.

Other Operating Expenses

Costs of secondary activities in ordinary operations relating to operating receivables and operating liabilities are reported as other operating expenses. This item mainly includes exchange losses from operations and losses on the sale of fixed assets.

Segment Reporting

The Company's only product (segment) is CasinoModuleTM. Concerning the geographic division of operations, Net Entertainment's business partners - gaming sites, sports betting companies, etc.- offers gaming services to their customers in many different countries. Since Net Entertainment does not have access to information about the end customer (player), it cannot determine the geographical areas from which gaming revenues derive.

The domicile of Net Entertainment's direct customers (gaming sites) is determined on the basis of factors that are completely different to proximity to the local market, such as appropriate gaming legislation, tax-related reasons or other reasons. One of the benefits of the Internet is that it is a global, cross-border distribution format, whereby those who own a gaming site can be domiciled anywhere in the world and simultaneously serve many local markets throughout the world. Dividing operations into geographical segments according to these companies' legal domicile would not provide relevant information. Similarly, the Net Entertainment Group's operations are geographically diversified for legal and tax-related reasons.

Intangible Fixed Assets

Development expenditure is capitalized to the extent that it is expected to result in future economic benefits. Only expenditure associated with the development phase of online gaming products, systems and platforms is capitalised and recognised as an asset from the date on which the decision is made to complete the project and when conditions allow this. The carrying amount includes expenditure on materials, purchased services, direct payroll expenses and indirect expenses that can be attributed to the asset in

The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

NOTES

a reasonable and consistent way.

Development expenses are recognised in the balance sheet at cost, net of accumulated amortization and impairment losses. Regular assessments are made of projects' income-generating capacity in order to identify any impairment requirements.

Intangible fixed assets also include acquired gaming agreements and concessions, and trademarks. The intangible assets are measured in the balance sheet at acquisition value, less accumulated amortization and impairment losses.

Tangible Fixed Assets

Tangible fixed assets are recognised at historical cost, less accumulated depreciation and any impairment losses. Repairs and maintenance are expensed as they arise.

Depreciation/Amortization and Impairment

Depreciation/amortization is based on the original acquisition value less the calculated residual value and any impairment losses. Depreciation/amortization is applied on a straight-line basis over the asset's estimated useful life.

Useful lives of assets	(years):
Trademarks, domain names	max 5 yrs
Gaming agreements and concessions	3–5 yrs
Capitalized development expenses for games, gaming systems and gaming platforms are based on class of asset and amount to	max. 5 years
Servers	5 years
Computers (workstations for developers, etc.) expensed	
Office equipment and other computers	5 yrs
Vehicles	3–5 yrs

The residual value and useful life of an asset is reviewed annually. If the carrying amount of tangible, intangible or financial fixed assets appears excessive, impairment is identified and quantified by reference to the recoverable value of individual or related types of assets, measured as the higher of net selling price and value in use. The value in use is measured as expected future discounted cash flow. An impairment loss is the difference between the carrying amount and the recoverable value. When a previously recognised impairment loss is no longer warranted, it is reversed. A reversal may not be higher than a value that does not exceed the carrying amount that would have been recognised (net of amortization or depreciation) had no impairment loss been recognised at all.

Group and Shareholder Contributions for Legal Entities

Group and shareholder contributions are reported in accordance with the recommendations of the Swedish Financial Accounting Standards Council's Emerging Issues Task Force. Shareholder contributions are recognised directly in the equity of the recipient company and capitalised in the contributor's shares and participating interests. These assets are subsequently subject to impairment testing.

Group contributions are reported on the basis of economic substance. This means that Group contributions made or received for the purpose of minimising the Group's total tax are recognised directly in retained earnings after a deduction for their current tax effect.

Appropriations for Legal Entities

Appropriations consist of the difference between accounting and fiscal depreciation and certain fiscal appropriations for profit equalisation.

Borrowing Costs

Borrowing costs are recognised as an expense in the income statement for the period to which they relate.

Taxes

Total tax in the income statement consists of current tax and deferred tax. Current tax is tax (paid or received) that relates to the current year. This also includes adjustment of current tax attributable to prior periods. Deferred tax is calculated using the liability method, on the basis of temporary differences between reported and fiscal values of assets and liabilities, and applying the tax rates and regulations adopted or advised at the balance sheet date. Temporary differences are not taken into consideration in goodwill on consolidation or in differences attributable to shares in subsidiaries and associated companies not expected to be taxed in the near future. Untaxed reserves including deferred tax liabilities are reported in legal entities.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are only reported insofar as it will be possible to utilize them in the future and that they will result in lower future tax payments.

Financial Instruments

Financial instruments recognised as assets in the balance sheet include cash and cash equivalents, accounts receivable, shares and other equity instruments, loan receivables, receivables from bond issues and derivatives. Financial instruments recognised as liabilities and equity include accounts payable, debt and equity instruments, loan liabilities and derivatives.

Financial instruments are initially recognised at cost, which corresponds to the fair value of the instrument plus transaction costs for certain financial instruments. Subsequent recognition of a financial instrument depends on its classification, as explained below.

A financial asset or liability is recognised in the balance sheet when the Company becomes a contracting party to the instrument's conditions. Accounts receivable are recognised in the balance sheet when invoiced. Liabilities are recognised when the counterparty has delivered and a contractual obligation to pay exists, even if the invoice has not been received. Accounts payable are recognised on receipt of invoices.

A financial asset is derecognised when the rights under the agreement have been realised or have matured, or the Company no longer has control over them. The same applies to part of a financial asset. A financial liability is derecognised when the obligation under the agreement has been fulfilled or extinguished in some way. The same applies to part of a financial liability.

The fair value of listed financial assets corresponds to the asset's listed buying rate at the balance sheet date. The fair value of non-listed financial assets is defined by using measurement benchmarks such as recent transactions, prices of similar instruments and discounted cash flows.

At the end of each reporting period, the Company assesses whether there are any objective indications of impairment of a financial asset or group of financial assets. Equity instruments classified as available-for-sale are required to show a considerable and prolonged decline in fair value below the instrument's cost of acquisition before an impairment loss is recognised. If an asset classified as available-for-sale is identified as impaired, any previously accumulated impairment recognised directly in equity is reallocated to the income statement. Impairment losses for equity instruments recognised in the income statement are not reversed at a subsequent date.

Under IAS 39, financial instruments are classified into categories. The classification of a financial instrument is based on the purpose of its acquisition. Company management makes the classification on the original date of acquisition. Classification of financial assets:



The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

Financial Assets Measured at Fair Value in the Income Statement

This category comprises two sub-groups: financial assets held for trading, and other financial assets the Company initially placed in this category. The fair value of assets in this category is regularly assessed, with any changes recognised in the income statement.

Loan Receivables and Accounts Receivable

Loan receivables and accounts receivable are financial assets that are not derivatives with fixed payments or payments that can be defined, and are not listed in an active market. Receivables arise when a company provides money, goods and services directly to a beneficiary without any intention to conduct trading in the receivable. The category also includes acquired receivables. Assets in this category are measured at accumulated acquisition value. Accumulated acquisition value is measured on the basis of the effective interest calculated at the date of acquisition.

Held-to-Maturity Investments

Held-to-Maturity investments are financial assets with fixed or pre-determinable cash flows and fixed maturity, which the Company is able to and intends to hold until maturity. Assets in this category are measured at - accrued acquisition value. Accrued acquisition value is measured on the basis of the effective interest calculated at the date of acquisition. This means that surplus and deficit values and direct transaction costs are accrued over the instrument's maturity.

Available-for-sale Financial Assets

This category includes financial assets not classified in any other category or financial assets that the Company initially placed in this category. The fair value of assets in this category is regularly assessed, with any changes recognised in equity. When the investments are derecognised, any previously recognised accumulated profit or loss is transferred from equity to the income statement.

Other Financial Liabilities

Financial liabilities not held for trading are measured at accrued acquisition value. Accumulated acquisition value is measured on the basis of the effective interest calculated when the liability was recognised. This means that surplus and deficit values and direct issue costs are accrued over the liability's maturity.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash, readily convertible deposits with banks and similar institutions and short-term liquid investments maturing within three months of acquisition that are subject to an insignificant risk of changes in value. Deposit interest rates on the Group's bank and postal giro accounts in Sweden are Stibor-linked.

Financial Investments

Financial investments are either financial assets or short-term investments, depending on the purpose of the holding. If their maturity or expected period of ownership exceeds one year they are financial assets, and if it is less than one year they are short-term investments.

Financial investments comprising shares are either financial assets measured at fair value in the income statement or available-for-sale financial assets.

Interest-bearing securities acquired to be held until maturity are classified as held-to-maturity financial assets and are measured at accrued acquisition value. Interest-bearing securities not acquired to be held until maturity are classified as available-for-sale financial assets.

When financial assets are measured at fair value in the income statement, any changes in value are recognised in net finance income/expense.

Long-term and Other Receivables

Long-term receivables and other short-term receivables are receivables that arise when the Company provides money without any intention of conducting trading in the receivable. If the intended period of ownership exceeds one year they are long-term receivables, and if less than one year they are classified as other receivables. These receivables come under the category Loan receivables and accounts receivable.

Accounts Receivable

Accounts receivable are classified as accounts receivable and loan receivables. Accounts receivable are recognised in the amounts expected to be received, less a deduction for doubtful debts, which is calculated without any discounting. Impairment of accounts receivable is recognised in operating expenses.

Liabilities

Liabilities are classified as other financial liabilities, meaning that they are initially recognised in the amounts received, less transaction costs. After acquisition, loans are measured at accrued acquisition value using the effective interest method. Long-term liabilities have an expected maturity that exceeds one year, while current liabilities have a maturity of less than one year.

Leasing

Leasing is classified either as finance or operating leasing in the consolidated income statement. Leasing of fixed assets where the Group is essentially exposed to the same risks and rewards as in direct ownership is classified as finance leasing. The leased asset is recognised in fixed assets and the corresponding rental liability falls under interest-bearing liabilities. Leasing of assets where the lesser essentially remains the owner of the asset is classified as operating leasing and the leasing charges are expensed on a straight-line basis over the leasing period. Details of operating leasing and rental agreements are shown in Note 3.

Pension Expense and Pension Commitments

The Group has various pension plans in different countries, in which the assets have normally been separated for special administration. The pension plans are normally financed by payments from the relevant Group companies and in some cases from employees.

All pension plans are defined-contribution plans. The Group's disbursements for defined-contribution pension plans are reported as an expense during the period in which the employees performed the services to which the contribution relates.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event and it is likely that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. In order to settle the amount and, if applicable the risks associated with the liability, in a situation where the effect of the time values of money is material, the amount of a provision should be measured by discounting expected future cash flows at an interest rate before tax so that it reflects the present market value of the expenditure required. A restructuring provision is recognised when the group has defined a detailed, formal plan for restructuring and the restructuring has either commenced or has been approved. No provision is made for future operating expenses.

Contingent Liabilities

A contingent liability is recognised when there is a possible obligation arising from past events. Its existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or when these past events were not reported as a liability due to the fact that it was not possible to predict that resources will be required to settle the obligation.

The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

NOTES

NOTE 2 REVENUES, RELATED-PARTY TRANSACTIONS

	GROUP	PARENT COMPANY		
	2006	2006	2005	2004
Revenues				
- License revenues, royalties	95,550	81,531	46,835	34,140
- Consulting revenues	3,857	28,423	5,989	1,663
- Invoiced expenses	65	65	11,652	8,869
- Rental revenue	3	3	65	153
Total	99,475	110,022	64,541	44,825
Other operating income				
- EU grant received	-	-	-	44
- Capital gain on the sale of fixed assets	293	293	-	-
- Exchange differences, operations	-	-	143	133
- Other	5	-	-	-
Total	298	293	143	177
Intra-Group purchases and sales		2006	2005	2004
Purchases from subsidiaries		13,792	-	2,000
Sales to subsidiaries		24,584	17,353	14,016

Related-party transactions

The Parent Company is related to its subsidiaries; see Note 11. Sold services pertain mainly to consulting services, license fees, hosting and forward invoiced expenses. Related-party transactions are priced on the basis of normal market conditions.

	PARENT COMPANY		
	2006	2005	2004
Related-party transactions			
Purchases of services from related parties			
Purchases from subsidiaries	13,792	-	2,000
- share of total operating expenses	18.3%	0.0%	4.8%
Sales of services to related parties			
Sales to subsidiaries	24,584	17,53	14,016
- share of total revenues	22.3%	26.9%	31.3%
Liability to related parties			
Liability to subsidiaries	377	89	5,477
Receivable from related parties			
Receivable from subsidiaries	15,528	15,718	10,017

NOTE 3 LEASING

Lease payments for vehicles, rent for premises and other leased equipment classified as operating leasing amounted to:

	GROUP	PARENT COMPANY		
	2006	2006	2005	2004
Expensed lease payments and rental charges	2,113	2,103	1,777	1,268

Future minimum charges for non-cancelable operating leases and rental agreements:

	GROUP	PARENT COMPANY
- during 2007	2,458	2,453
- during 2008-2011	156	156
- after 2011	-	-
Total	2,614	2,609

NOTES

The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

NOTE 4 EMPLOYEES, PERSONNEL EXPENSES AND FEES TO BOARD AND AUDITORS

	2006	of whom,	2005	of whom,	2004	of whom
	Total	men	Total	men	Total	men
PARENT COMPANY						
Sweden	41	73%	32	78%	21	76%
Total, Parent Company	41	73%	32	78%	21	76%
Subsidiaries						
Malta	1	0%				
Costa Rica	1	100%				
Total, Subsidiaries	2	50%				
Total, Group	43	72%				

	PARENT COMPANY		
	2006	2005	2004
Sickness absence, Sweden			
Total sickness absence – employees' total standard working hours	2,0%	1,3%	1,8%
Share of sickness absence pertaining to absence exceeding 60 consecutive days; proportion of long-term absence	0,0%	0,0%	55,2%
Sickness absence, women*	2,6%	0,6%	6,0%
Sickness absence, men*	1,8%	1,5%	0,5%
Sickness absence, employees under 30*	2,4%	1,0%	0,2%
Sickness absence, employees 30–49*	1,9%	1,4%	2,3%
Sickness absence, employees over 49*	0,0%	0,0%	0,0%

* as a percentage of the Group's standard working hours.

	2006			2005			2004		
Number and proportion of women in executive positions	No. of men	No. of women	Proportion of women	No. of men	No. of women	Proportion of women	No. of men	No. of women	Proportion of women
Board of Directors	1	0	0%	1	0	0%	1	0	0%
Other senior positions	3	3	50%	4	2	33%	4	2	33%
Total Parent Company	4	3	43%	5	2	29%	5	2	29%
Board of Directors	2	1	33%						
Other senior positions	1	1	50%						
Total Group	7	4	36%						

	GROUP		PARENT COMPANY		
	2006		2006	2005	2004
Wages, salaries and remuneration					
Boards, CEOs	347		198	0	0
Other employees	17,414		17,369	12,358	8,905
Total	17,761		17,567	12,358	8,905
– bonus to CEOs	0		0	0	0
Social security contributions (incl. pension expense)	7,260		7,260	5,356	3,886
Pension expense					
Boards, CEOs	60		60	0	0
Other employees	1,409		1,409	1,011	762
	1,469		1,469	1,011	762

The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

NOTES

NOTE 4 CONTINUED

Via a management agreement, the President of Betsson AB also served as the President of Net Entertainment NE AB up to October 31, 2006. This cost is not reported as a personnel expense within Net Entertainment.

The current President of Net Entertainment took office on November 1, 2006. Only costs incurred from this date are reported above as salary, remuneration and pension costs for the President.

The Board of Directors of Net Entertainment previously comprised company officers who did not receive director fees. Board issues were addressed by Betsson AB's Board of Directors.

Remuneration of Senior Executives

Reference is made to "Board of Directors, senior executives and auditors" in this prospectus.

Exercised Warrants in Betsson AB

During 2003, 38 senior executives and key personnel within the Betsson Group (which also included Net Entertainment) subscribed for 710,000 warrants carrying entitlement to subscription of 710,000 new Series B shares in Betsson AB.

The option premium was SEK 0.49, which corresponded to the fair value calculated in accordance with the Black and Scholes valuation model. The employees who participated in the warrant program received a salary bonus corresponding to 73 percent of the option premium. A total of 694,994 warrants were exercised for subscription of 694,994 Series B shares on May 15, 2006. The subscription price was SEK 4.10.

Remuneration of Auditors

Auditor Gunnar Liljedahl from Ernst & Young was elected auditor by the 2004 Annual General Meeting for a period of four years. Ernst & Young performs audits of Net Entertainment NE AB and the Swedish subsidiaries. Gunnar Liljedahl has been Net

Entertainment's auditor since 2000. In addition to auditing assignments, Net Entertainment has used Ernst & Young for consultation on taxation, VAT and accounting matters and various analyses.

	GROUP	PARENT COMPANY		
	2006	2006	2005	2004
Auditing assignments				
Ernst & Young	160	160	164	78
Other accounting firms	49	-	-	-
Other assignments performed by Ernst	-	-	-	13
Total	209	160	164	91

NOTE 5 DEPRECIATION/AMORTIZATION

Depreciation/amortization of fixed assets was distributed as follows:

	GROUP	PARENT COMPANY		
	2006	2006	2005	2004
Gaming products, systems and platforms	2,670	2,538	2,045	1,673
Gaming agreements and concessions	538	538	538	314
Trademarks	49	49	4	-
Equipment	1,150	1,150	887	658
Total	4,407	4,275	3,474	2,645

NOTE 6 NET FINANCE INCOME/EXPENSE, FINANCIAL ITEMS

GROUP	2006
Interest income	237
Net exchange differences	-1,179
Finance income	-942
Interest expense	16
Financial expense	16
Total financial items	-958



The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

PARENT COMPANY

	2006	2005	2004
Dividend from subsidiaries	-	4,924	5,791
Capital loss on sale of shares in subsidiaries and liquidation	-61	-	-
Capital gain on sale of other shares	-	2,937	1,642
Total profit/loss from other securities and investments	-61	7,861	7,433
Interest income, external	193	39	7
Exchange differences	-1,179	1,402	-423
Total financial expense and similar expense	-986	1 441	-416
Interest expense, external	13	2	1
Total financial income and similar income	-	-161	37
Total financial income and similar income	13	-159	38

Comments on financial items in the income statements

Parent Company

During 2005 and 2004, the Parent Company divested its holding in the Icelandic company Betware. The divestment resulted in a capital gain totaling SEK 4.6 M. During 2006, the Parent Company divested all participating interests in the Costa Rican subsidiary Mil Treinta y Dos and liquidated the subsidiary Let it flow. The capital loss amounted to SEK 61,000.

NOTE 7 TAX

	GROUP	PARENT COMPANY		
	2006	2006	2005	2004
Tax expense in income statements				
Distribution by current and deferred tax				
Current tax	10,885	10,885	7,518	3,022
Deferred tax	476	-	-	-
Total	11,361	10,885	7,518	3,022
Tax expense is distributed as follows:				
Current tax				
Sweden	10,885	10,885	7,518	3,022
Outside Sweden	-	-	-	-
Total current tax	10,885	10,885	7,518	3,022
Deferred tax				
Sweden	476	-	-	-
Outside Sweden	-	-	-	-
Total deferred tax	476	-	-	-

The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

NOTES

NOTE 7 CONTINUED

Difference between actual tax expense and tax expense based on present tax rate

	GROUP	PARENT COMPANY		
Recognised profit before tax	39,843	38,812	27,805	12,357
Tax according to present tax rate (28%)	11,156	10,867	7,785	3,460
Tax attributable to prior	-	-	520	-
Difference in tax in foreign operations	187	-	-	-
Tax effect of non-deductible items	18	18	36	22
Tax effect of non-taxable items	-	-	-823	-460
Recognised tax expense	11,361	10,885	7,518	3,022

Specification of deferred tax expense

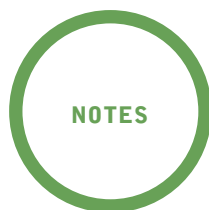
Tax on appropriations	476	-	-	-
-----------------------	-----	---	---	---

	2006	PARENT COMPANY		
Taxes in the balance sheet	2006	2006	2005	2004
Provision for taxes				
- Deferred tax on untaxed reserves	835	-	-	-
Current liabilities				
- Tax liabilities	5,172	5,172	639	-

NOTE 8 EARNINGS PER SHARE

The number of shares in the Parent Company was changed in 2006 in order to ensure that Net Entertainment had the same number of shares as Betsson AB. This was necessary to facilitate a distribution of Net Entertainment to the shareholders. No shareholders' equity was contributed to the Company to achieve this; instead a combination of a bonus issue and split was implemented. Accordingly, a more accurate way of calculating earnings per share would be to use the number of shares at the end of 2006 for all years, as follows:

	GROUP	PARENT COMPANY		
	2006	2006	2005	2004
Profit after tax attributable to Parent Company shareholders	28,482	28,135	20,287	9,335
Number of shares at end of 2006	39,553,720	39,553,720	39,553,720	39,553,720
Earnings per share (SEK)	0.72	0.71	0.51	0.24



The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

NOTE 9 INTANGIBLE FIXED ASSETS

GROUP	Gaming products, gaming systems and gaming platforms	Gaming agreements and concessions	Trademarks	Total
Accumulated acquisition value				
Opening balance Jan 1, 2006	12,994	1,615	147	14,756
Internally developed assets	14,560		-	14,560
Closing balance Dec 31, 2006	27,554	1,615	147	29,316
Accumulated amortization/impairment				
Opening balance Jan 1, 2006	5,672	852	4	6,528
Amortization during the year	2,670	538	49	3,257
Closing balance Dec 31, 2006	8,342	1,390	53	9,785
Carrying amounts				
January 1, 2006	7,322	763	143	8,228
December 31, 2006	19,212	225	94	19,531

PARENT COMPANY	Gaming products, gaming systems and gaming platforms	Gaming agreements and concessions	Trademarks	Total
Accumulated acquisition value				
Opening balance Jan 1, 2004	6,480	0	0	6,480
Business combinations	-	1,615	-	1,615
Internally developed assets	2,658	-	-	2,658
Closing Balance Dec 31, 2004	9,138	1,615	0	10,753
Internally developed assets	3,856	-	-	3,856
Other investments	-	-	147	147
Closing balance Dec 31, 2005	12,994	1,615	147	14,756
Internally developed assets	6,819	-	-	6,819
Closing balance Dec 31, 2006	19,813	1,615	147	21,575
Accumulated amortization/impairment				
Opening balance Jan 1, 2004	1,954	0	0	1,954
Amortization during the year	1,673	314	-	1,987
Closing balance Dec 31, 2004	3,627	314	0	3,941
Amortization during the year	2,045	539	4	2,588
Closing balance Dec 31, 2005	5,672	853	4	6,529
Amortization during the year	2,538	538	49	3,125
Closing balance Dec 31, 2006	8,210	1,391	53	9,654
Carrying amounts				
January 1, 2004	4,526	0	0	4,526
December 31, 2004	5,511	1,301	0	6,812
January 1, 2006	7,322	762	143	8,227
Per 2006-12-31	11,603	224	94	11,921

The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

NOTES

NOTE 10 FIXED ASSETS

	GROUP	PARENT COMPANY
	Installations and gaming equipment	Installations and gaming equipment
Accumulated acquisition value		
Opening balance Jan 1, 2004		2,232
Investments		1,794
Exchange differences		-
Closing balance Dec 31, 2004		4,026
Investments		713
Disposals and scrappage		-713
Closing balance Dec 31, 2005	4,324	4,026
Investments	4,461	4,461
Disposals and scrappage	-309	-309
Closing balance Dec 31, 2006	8,476	8,178
Accumulated depreciation/impairment		
Opening balance Jan 1, 2004		1,693
Depreciation during the year		659
Exchange differences		-
Closing balance Dec 31, 2004		2,352
Disposals and scrappage		-683
Depreciation during the year		886
Exchange differences		-
Closing balance Dec 31, 2005	2,853	2,555
Disposals and scrappage	-249	-249
Depreciation during the year	1,150	1 150
Closing balance Dec 31, 2006	3,754	3,456
Carrying amounts		
January 1, 2004	N.A	539
December 31, 2004	N.A	1,674
January 1, 2006	1,471	1,471
December 31, 2006	4,722	4,722

NOTE 11 PARTICIPATING INTERESTS IN GROUP COMPANIES

Company	Corp. Reg. No.	Reg. HQ	Share, %	No. of shares	PARENT COMPANY		
					2006	2005	2004
Mobile Entertainment ME AB	556185-1758	Stockholm	100%	1,000	89	89	89
- Net Entertainment Malta Holding Ltd		Malta	0.01%	1	0	-	-
- Net Entertainment Malta Ltd		Malta	0.01%	1	0	-	-
Feliz Europa S.A.		Costa Rica	100%	10	34	-	-
Net Entertainment Malta Holdings Ltd		Malta	99.99%	9,999	19	-	-
Net Entertainment Malta Ltd		Malta	99.99%	9,999	-	-	18
Secured Gaming Funds SGF AB	556118-8870	Stockholm	0%	0	-	-	5,577
Let it flow Inc USA		USA	0%	0	-	8	8
CasinoEuro Ltd Malta		Malta	0%	0	-	-	19
Mil Treinta y Dos S.A. Costa Rica		Costa Rica	0%	0	-	22	22
Total					142	119	5,733

NOTES

The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

NOTE 11 CONTINUED

PARENT COMPANY

Changes in participations in Group companies	2006	2005	2004
Opening acquisition value	119	5,733	119
External divestment of companies	-22	-	-
Voluntary liquidation of companies	-8	-	-
External acquisition of companies	34	-	-
Divestment of companies to Betsson Group	-	-5,595	-
Divestment of companies to subsidiaries	-	-19	-
Acquisition of companies from Betsson Group	19	-	5,577
Paid-in share capital, newly formed companies	-	-	37
Closing carrying amount	142	119	5,733

NOTE 12 FINANCIAL INVESTMENTS

PARENT COMPANY

		2006	2005	2004
Financial investments held as fixed assets				
Available-for-sale financial assets				
Shares		-	-	457
Closing carrying amount		0	0	457
Specification of holdings of financial investments				
Company, Reg. HQ	Andel	2006	2005	2004
Betware Ltd, Iceland	0%	-	-	457
Total shares classified as fixed assets		0	0	457
Specification of changes				
Changes in financial investments (fixed assets)				
Opening carrying amount		0	457	772
Disposals		-	-457	-315
Closing carrying amount		0	0	457

NOTE 13 LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

Other long-term receivables classified as fixed assets	GROUP	PARENT COMPANY		
	2006	2006	2005	2004
End of year				
Long-term portion of deposits	42	42	42	42
Total	42	42	42	42
Changes				
Opening carrying amount	42	42	42	42
Closing carrying amount	42	42	42	42
Other receivables classified as fixed assets	GROUP	PARENT COMPANY		
	2006	2006	2005	2004
End of year				
Kortfristigt lån	-	-	-	355
VAT	1,151	1,151	795	393
Receivables, Betsson Group	4,779	4,779	1,309	6
Other	5	5	25	36
Total	5,935	5,935	2,129	790

The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

NOTES

NOTE 14 PREPAID EXPENSES AND ACCRUED INCOME

	GROUP	PARENT COMPANY		
	2006	2006	2005	2004
Accrued license/royalty income	7,117	3,756	3,060	2,365
Other prepaid expenses	772	772	753	1,911
Total	7,889	4,528	3,813	4,276

NOTE 15 SHAREHOLDERS' EQUITY

	2006		2005		2004	
	No. of shares	Share capital	No. of shares	Share capital	No. of shares	Share capital
Distribution of share capital						
Parent Company						
Shares, series A (10 votes)	5,610,000	168	20,409,123	1,021	20,409,123	1,021
Shares, series B (1 vote)	33,943,720	1,019				
Total shares	39,553,720	1,187	20,409,123	1,021	20,409,123	1,021
Par value of the shares (SEK)	0,03		0,05		0,05	

Series A and B shares carry identical rights to the Company's assets and earnings.

Prior to the distribution of Net Entertainment to Betsson's shareholders, a bonus issue and a split were implemented during 2006 in order to arrive at the same number of shares in both companies.

Group

Other capital contributed by shareholders

Pertains to shareholders' equity contributed by the owners. In addition to the share capital, the shareholders of Net Entertainment have contributed shareholders' contributions and Group contributions in order to cover the Company's losses during the development phase.

Reserves

Translation reserve

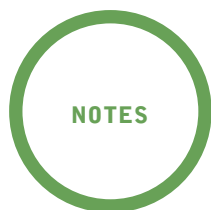
The translation reserve comprises all exchange-rate differences that arise from the translation of financial statements from foreign operations that have prepared their financial statements in a currency other than the currency in which the consolidated financial statements are presented. Since the Group was formed on January 1, 2006, the opening translation differences are zero.

Retained Earnings Including Profit for the Year

Retained earnings including profit for the year comprise earnings in the Parent Company and its subsidiaries, as well as the portion of untaxed reserves attributable to shareholders' equity. Group contributions paid by Net Entertainment and share dividends paid to Betsson AB have been deducted from this item. Previous provisions to statutory reserves are also included in this equity item.

NOTE 16 UNTAXED RESERVES, APPROPRIATIONS

PARENT COMPANY	2006	2005	2004
Balance Sheet			
Accumulated accelerated depreciation	2,982	1,280	1,180
Total untaxed reserves	2,982	1,280	1,180
Deferred tax in untaxed reserves amounts to	835	358	330
Income Statement			
Difference between recognised depreciation and depreciation according to plan	1,702	100	486
Total appropriations	1,702	100	486



The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

NOTE 17 OTHER LIABILITIES

	GROUP	PARENT COMPANY		
	2006	2006	2005	2004
Other current liabilities				
Employees' tax	711	712	426	315
Liabilities to Betsson Group	20,336	20,336	19,986	13,133
Other	-	-	-	270
Total	21,047	21,048	20,412	13,718

NOTE 18 ACCRUED EXPENSES AND PREPAID INCOME

	GROUP	PARENT COMPANY		
	2006	2006	2005	2004
Vacation pay liability	1,370	1,370	1,029	658
Social security contributions	1,066	1,066	729	497
Payroll tax	342	342	240	185
Accrued wages and salaries	241	241	106	122
Other	7,239	1,385	753	677
Total	10,258	4,404	2,857	2,139

The condensed 12-month report for 2006 has been reviewed by the Company's auditor. For the years 2005 and 2004, audited financial information is presented for the Parent Company.

KEY FIGURES

KEY FIGURES

	GROUP	PARENT COMPANY		
	Full-year 2006 ¹	Full-year 2006 ¹	Full-year 2005 ²	Full-year 2004 ²
Operating margin (%)	40.9	35.6	27.0	12.3
Profit margin (%)	39.9	34.7	40.8	26.9
Interest coverage ratio (multiple)	2,491	3,17	-174	339
Equity/assets ratio (%)	28.4	28.4	29.4	27.0
Quick ratio (%)	65.1	79.6	79.2	79.2
Interest-bearing net debt (SEK 000s)	-13,053	-6,127	-5,349	-2,703
Net debt/equity ratio (multiple)	-0.8	-0.4	-0,5	-0.3
Average number of employees	43	41	32	21
Employees at year-end	53	51	39	23
Earnings per share	0.72	0.71	0.51	0.24
Equity per share	0.41	0.37	0.28	0.22
Proposed dividend per share	0.25	0.25	0.25	-
Average number of shares outstanding	39,553,720	39,553,720	39,553,720	39,553,720
Number of shares at year-end	39,553,720	39,553,720	39,553,720	39,553,720

DEFINITIONS

Operating margin. Operating profit in relation to revenue for the period.

Profit margin. Profit after financial items in relation to revenue for the period.

Interest coverage ratio (multiple). Profit after financial items, plus interest expense, in relation to interest expense.

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

Quick ratio. Current assets, net of inventories, in relation to current liabilities, including proposed but not yet adopted dividend.

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

Net debt/equity ratio (multiple). Net of interest-bearing provisions and liabilities less financial assets including cash and cash equivalents divided by shareholders' equity.

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

Earnings per share. Profit after tax in relation to the average number of shares outstanding during the period.

Dividend per share. Implemented/proposed dividend.

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

Number of shares outstanding. Number of shares outstanding at the close of each period, adjusted for bonus issue and split.

¹) The condensed 12-month report for 2006 has been reviewed by the Company's auditor. The statements in the consolidated condensed 12-month report for 2006 have been compiled in accordance with the principles that will be applied in the consolidated accounts compiled in accordance with IFRS, which will be included in the Company's 2006 Annual Report.

²) Audited financial information.



AUDIT REPORT ON THE REVIEW OF FINANCIAL STATEMENTS FOR 2006

To the Board of Directors of Net Entertainment NE AB (publ). Corp. Reg. No. 556532-6443

I have conducted a review of pages 52-75, as appended, and the specially marked condensed 12-month report for January – December 2006. The Board of Directors and the President are responsible for preparing and presenting this report in accordance with the principles stated on page 52 in the “Accounting principles” section. My responsibility is to express an opinion on this report based on my review.

Focus and Scope of the Review

I have conducted my review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Company’s Elected Auditors. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different direction and is substantially more limited in scope than an audit conducted in accordance with Swedish GAAP and other generally accepted auditing practices. The procedures performed in a review do not enable me to obtain a level of assurance that would make me aware of all

significant matters that might be identified in an audit. Therefore, the opinion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Opinion

Based on my review, nothing has come to my attention that causes me to believe that the appended condensed 12-month report for 2006 has not, in all material respects with respect to the Group, been prepared in accordance with the principles that will be applied in the consolidated financial statements prepared in accordance with IFRS that will be included in Net Entertainment NE AB (publ)’s annual report for 2006.

Based on my review, not has come to my attention that causes me to believe that the appended condensed 12-month report for 2006 has not, in all material respects for Net Entertainment NE AB (publ), been prepared in accordance with the principles that will be applied in the consolidated financial statements prepared in accordance with RR 32 Accounting for Legal Entities.

Stockholm, March 26, 2007

Gunnar Liljedahl

Authorized Public Accountant



AUDITOR'S REPORT REGARDING THE HISTORICAL FINANCIAL REPORTS FOR 2004–2005

To the Board of Directors of Net Entertainment NE AB (publ). Corp. Reg. No. 556532-6443

I have examined the financial statements for Net Entertainment NE AB (publ) on pages 57–75 of this prospectus, which include the Company's balance sheet at December 31, 2005 and December 31, 2004, the Company's income statements and cash flow statements for these years and a summary of significant accounting principles and other supplementary information for 2005 and 2004.

Board of Directors and CEO's Responsibility

The Board of Directors and the CEO are responsible for ensuring that the financial statements are prepared and presented in a true and fair manner in accordance with law, other applicable standards and the Prospectus Directive for inclusion in the Prospectus Ordinance 809/2004/EC. This responsibility includes the presentation, introduction and maintenance of internal controls of relevance to the preparation and suitable presentation of the financial statements without material misstatement, regardless of whether such misstatement is caused by fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I have conducted my audit in accordance with FAR's SRS proposal RevR 5 Examination of Prospectuses. This requires that I plan and perform the audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement.

An audit in accordance with FAR's SRS proposal concerning RevR 5 Examination of Prospectuses involves performing procedures to obtain audit evidence corroborating the amounts and disclosures in the financial statements. The audit procedures selected depend on my assessment of the risk of material misstatement, whether due to fraud or error. In making these risk assessments, I consider internal controls relevant to the Company's preparation and presentation of the financial statements as a basis for designing audit procedures that are applicable under these circumstances but Note for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also involves evaluating the accounting policies applied and the reasonableness of the significant accounting estimates made by the Board of Directors and the CEO and evaluating the overall financial statement presentation.

I believe that my audit gives me a reasonable basis for my opinion.

Opinion

In my opinion, the 2005 and 2004 financial statements for Net Entertainment NE AB (publ) give a true and fair view, in accordance with the Annual Accounts Act (1995:1554) and the Financial Accounting Standards Council's recommendation RR 32 Accounting for Legal Entities of the financial position of Net Entertainment NE AB (publ) on December 31, 2005 and December 31, 2004 and its earnings and cash flow for the said years.

Stockholm, March 26, 2007
Gunnar Liljedahl
Authorized Public Accountant



STOCKHOLM (HQ)

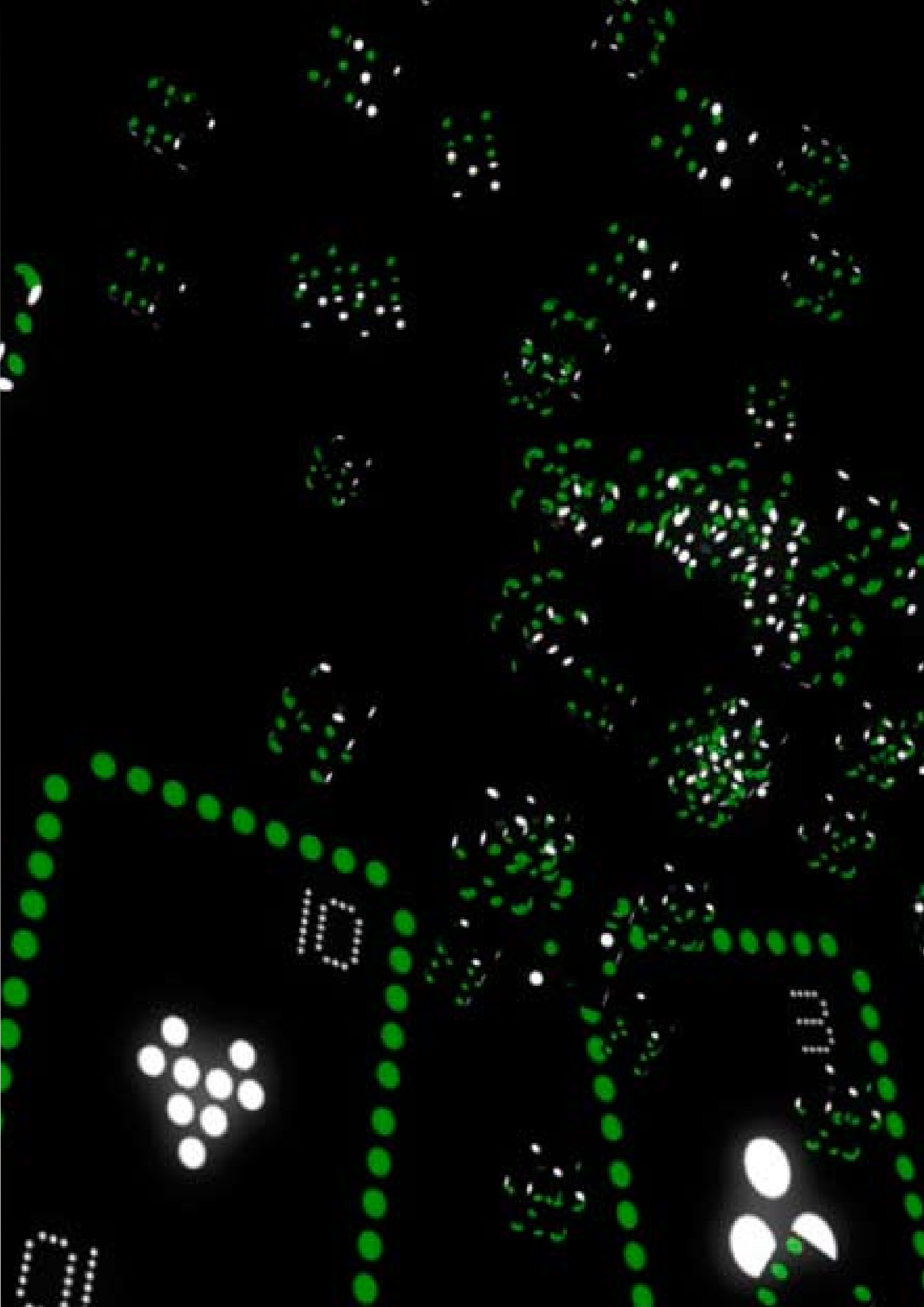
Net Entertainment NE AB
Birger Jarlsgatan 57 B
SE- 113 56 Stockholm
Sweden
Tel: +46-8-556 967 00
Fax: +46-8-556 967 07
www.netent.com
info@netent.com

TA' XBIEX

Net Entertainment Malta Ltd.
Suite A
Dolphin Court A
Embassy Way
Ta' Xbiex MSD 11
Malta
Tel: +356 21 311 621
Fax: +356 21 332 490
www.netent.com
info@netent.com

AUDITOR

Ernst & Young AB
PO Box 4017
SE-904 02 Umeå





Net Entertainment | Birger Jarlgatan 57 B | SE -113 56 Stockholm, Sweden | Tel: +46-8-556 967 00
info@netent.com | www.netent.com