

**NET ENTERTAINMENT**  
**INTERIM REPORT**  
**JANUARY-JUNE 2009**  
**BETTER GAMES**

## INTERIM REPORT JANUARY - JUNE 2009

### SECOND QUARTER 2009

- Revenues for the second quarter increased by 45.5% to SEK 70.1 (48.2) million
- Operating profit increased by 38.4% to SEK 25.3 (18.3) million
- Operating margin was 36.1% (37.9)
- Profit after tax increased by 28.9% to SEK 22.6 (17.5) million
- Earnings per share amounted to SEK 0.57 (0.44)
- Two new license agreements were signed for CasinoModule™

### FIRST SIX MONTHS 2009

- Revenues for the first six months increased by 52.6% to SEK 138.8 (90.9) million
- Operating profit increased by 55.8% to SEK 54.9 (35.2) million
- Operating margin was 39.5% (38.7)
- Profit after tax increased by 65.4% to SEK 54.5 (32.9) million
- Earnings per share amounted to SEK 1.38 (0.83)
- Five new license agreements were signed for CasinoModule™
- Two breakthrough agreements were signed for CasinoCafé™ in January

## COMMENTS FROM JOHAN ÖHMAN, PRESIDENT AND CEO

*The business continued to develop positively during the second quarter primarily driven by organic growth with our existing licensees. Overall, we have a good momentum and the performance in the second quarter is in line with our expectations. The revenue growth in the second quarter was lower than in the first quarter 2009 due to a somewhat negative currency development combined with seasonal effects and few new casinos being commissioned. The previously announced IT projects, which are of a non-recurring nature, are progressing well and affected profits during the second quarter by SEK 6 million. The projects, which are necessary to ensure our future competitiveness, will be completed during the third quarter. We continue to strengthen the organisation through recruitments to meet the demands from new and increasingly larger customers. At the same time additional development recourses are being established abroad as a step in increasing our production capacity.*

*The launch of CasinoCafé™ and the commissioning of CasinoModule™ with Paf and Sportingbet increase our revenue base and we see a continued positive development for the business. The addition of Expekt.com further strengthens the company's future revenue base and reinforces our position as a premium supplier of gaming software to Tier 1 operators. To ensure a continued first class account management and further increased sales focus, a new managing director has been appointed for our sales and marketing company in Malta.*

*During the second quarter one of the largest jackpots ever was won by a player of one of our licensees (SEK 47.3 million). The sum, that was paid out as a lump sum, affected cash flow and cash balance but not profits as there is a provision for the full amount (which is the case for all of our pooled jackpots).*

## ABOUT NET ENTERTAINMENT

Net Entertainment NE AB and its subsidiaries (which together form the Group or the Company) is a premium supplier of digitally distributed online gaming systems used by some of the world's most successful online gaming operators. The core product, CasinoModule™, is a complete gaming platform comprising high quality games and a powerful administration tool. Operators are provided a customized solution that is easily integrated ensuring short time to market and a cost efficient operation. Revenues consist of royalties based on revenues generated by the company's products and setup fees when new agreements are signed. Net Entertainment is a pure development company and thus does not conduct any gaming operations of its own. The company's brand is internationally recognised and associated with innovation, service, and quality.

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

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

## BUSINESS MODEL AND OBJECTIVES

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

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

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

## MARKET

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

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

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

## DEVELOPMENTS DURING THE SECOND QUARTER

### NEW PROJECTS AND CUSTOMERS

During the second quarter two new customer agreements were signed for CasinoModule™, including Navak Ltd and Betclass. The company has terminated its agreements with a number of smaller customers whose casinos have not generated the required minimum sales.

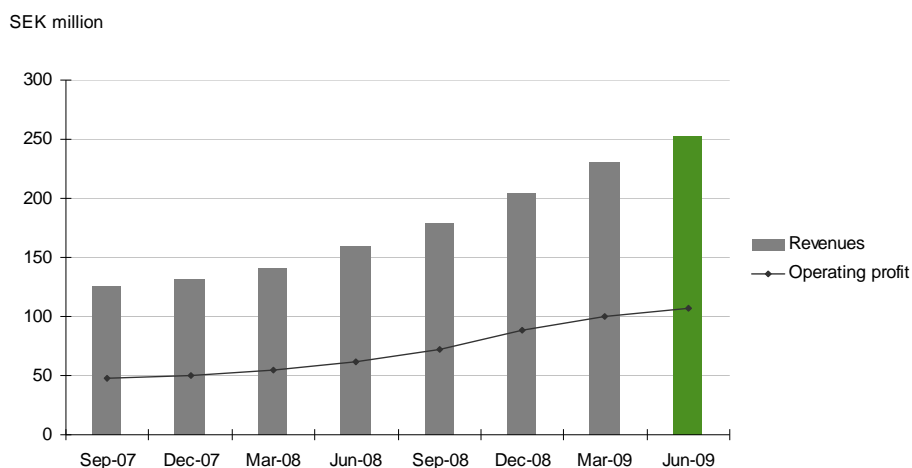
CasinoCafé™ was launched for PCP Electronics in April. During the quarter PCP have gradually launched CasinoCafé™ in 20 gaming arcades. The development has been satisfying for both parts and revenues are in line with expectations. PCP Electronics has considerable experience from land-based gaming and operates

gaming arcades throughout Cyprus. PCP Electronic's intention is to roll out CasinoCafé™ in a total of 50 arcades in Cyprus over a twelve-month period.

At the end of the quarter, the company had 14 contracted customers for CasinoModule™ that have not yet launched operations, including Paf and the former anonymous Tier 1 operator Sportingbet.

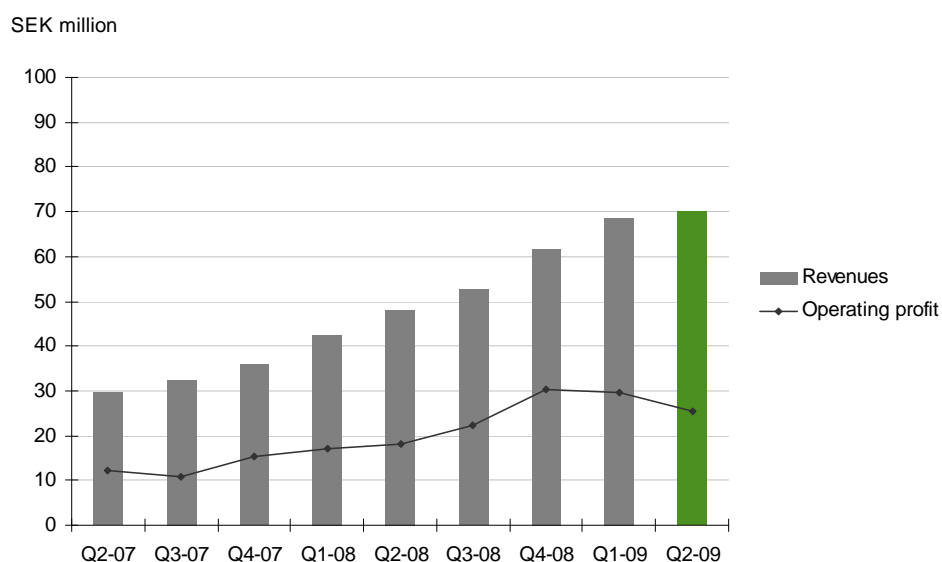
## REVENUES AND PROFITABILITY

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



Revenues during the second quarter increased to SEK 70.1 (48.2) million, an increase of 45.5 percent compared with the same period last year. Operating profit increased to SEK 25.3 (18.3) million and the operating margin was 36.1 (37.9) percent.

Revenues and operating profit by quarter are portrayed below:



Growth during the second quarter was the result of good market development despite financial unease in the world economy. Net Entertainment's revenue increase compared with the corresponding period last year is due to a combination of existing customers' growth and revenues from the launch of new customers. Two

new customers' casinos were launched during the quarter, which is less than previous periods. Therefore revenues increased somewhat less than previous quarters.

Royalty revenues were very favourably affected by higher volumes during the last twelve months compared with the same period last year, a trend that continued throughout the second quarter of 2009. However, the higher volumes have also meant a somewhat lower average price since the customers have staggered pricing systems whereby a higher volume generates a lower price. The royalty levels for each step remained stable throughout the quarter. Fluctuations in exchange rates had a positive effect on Net Entertainment's revenue growth in 2008 and 2009 due to the weaker Swedish krona. Approximately 37 percent of increased revenue in the second quarter, compared to the same period last year, was attributable to exchange rate effects. The positive effect of the exchange rate effect on the company's revenues, which are primarily denominated in Euro, are partially offset, however, by lower gaming volumes caused by the weakened currencies. By far the largest share of revenue growth is thus attributable to higher volumes.

Revenues for the second quarter increased by 2.0 percent compared to the previous quarter. The strengthened Swedish currency in relation to the Euro during the second quarter had a negative affect on revenues compared to previous quarter, combined with seasonal effects. The number of gaming transactions continues to grow and amounted to 880 million transactions during the second quarter which is an increase of 14 percent compared to previous quarter.

Operating profit for the second quarter increased by 38.4 percent compared with the same period last year. Operating expenses were higher than last year due to the company's increased rate of development to ensure a market-leading position and to broaden the product portfolio. The costs also increased by the non-recurring costs related to the IT project and the delivery and launch of CasinoCafé™ previously announced. These costs amounted to SEK 6 million during the second quarter. The increased development pace is enabled through staff recruitments and external consultants in Stockholm and out-sourced development in the Ukraine and India. This has also resulted in an increased volume of intangible assets being capitalised. The organisational improvement measures that have been implemented as a natural step in the company's development and expansion, especially within IT operations and Group management, have also led to an increased cost structure.

Financial net amounted to SEK -0.4 (0.2) million for the second quarter which is the effect of the return on cash and cash equivalents and exchange rate affect on cash and cash equivalents and financial receivables and liabilities. The size of the return is negatively affected by the low interest rate level.

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

The Group's cash flow from operating activities amounted to SEK 86.6 (39.8) million during the first six months. Cash and cash equivalents were affected by the pay-out of a jackpot winning in June amounting to SEK -47.3 million with a corresponding decrease in other liabilities. In the amount for tax received/paid SEK 13.8 million is the refund received for previously paid income tax included. Cash flow from investing activities amounted to SEK -28.0 (-7.4) million. Cash flow from financing activities amounted to SEK -46.0 (-29.7) million and is related to the transfer of SEK 49.4 million to the shareholders in accordance with the resolution by the Annual General Meeting on April 29, 2009 of the redemption of shares, and the premiums received for issued share option rights acquired by employees in the stock option program that was resolved by the Annual General Meeting. At the end of the period, consolidated cash and cash equivalents amounted to SEK 77.4 (28.6) million, of which SEK 23.7 (2.8) million refers to funds held on behalf of licensees. The Group's strong liquidity is attributed to the large cash flow generated by operating activities.

The Group had an effective tax rate of 10.5% (5.3) during the second quarter. The Group's effective tax rate is primarily affected by the distribution of profit between Sweden and the countries in which the Group conducts operations and can vary from one reporting period to the next. Since the profit in Sweden for the period is higher than for the same period last year, the effective tax rate for the Group is higher. The tax rate for the full year is expected to be consistent with previous years.

### CAPITAL INVESTMENTS

The Group's capitalisation of development costs such as intangible assets amounted to SEK 17.2 (6.7) million during the first six months and investments in property, plant, and equipment amounted to SEK 10.8 (0.7) million.

Capitalised development costs increased primarily as a result of greater activity in this area and the type of work being carried out, since not all costs meet the IAS 38 requirements for capitalisation. Major projects currently being capitalized is related to CasinoCafé™ during the first quarter and multi currency, a system for simultaneous multi-currency management in CasinoModule™.

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

## PERSONNEL AND ORGANISATION

During the second quarter Björn Krantz was employed as chief of operations and Managing Director for the sales and marketing company Net Entertainment Malta Ltd as of September 1, 2009. At the end of the period, there were 110 (74) employees. Including consultants, Net Entertainment employed 186 (91) people. A lease was signed for a new and larger office space in Stockholm with a planned admission in October 2009.

## PARENT COMPANY

The parent company's revenues for the quarter were SEK 48.0 million compared with SEK 26.6 million last year. Corresponding figures for the first six months amounted to SEK 90.7 million compared to SEK 50.9 million. Operating profit was SEK 4.4 (0.0) million and for the first six months SEK 7.3 (1.9) million. Profit after tax for the second quarter was SEK 2.8 (0.0) million and for the first six months SEK 9.6 (1.1) million.

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

Cash and cash equivalents in the parent company at the end of the period amounted to SEK 60.5 (9.1) million.

## INCENTIVE PROGRAM

The Annual General Meeting April 29, 2009 resolved to introduce a long-term incentive program intended for management and key employees within Net Entertainment. The resolution entailed the issue of a maximum of 760,000 share option rights to personnel with permanent employment within Net Entertainment to subscribe for an equal amount of shares in Net Entertainment AB.

At the end of the offering 489,225 share option rights had been subscribed for, corresponding to 87 percent of the total offer. The share option rights were issued to market value determined to SEK 7.90 which generated SEK 3.5 million to equity for the parent company. The strike price for the shares amounted to SEK 71.70 which represents 130 percent of the average share price during the period May 12-26, 2009. Subscription of shares can be made during the period May 15 to July 15, 2012. An additional 140,000 share option rights are held by the wholly owned subsidiary Mobile Entertainment ME AB, intended for ongoing and future recruitment. The subscription terms for these share option rights are the same as for the remaining and will be issued at market value.

At the end of the second quarter the total outstanding share option rights amounted to 629,225, corresponding to the same number of shares. In the case of full subscription of these share option rights the parent company's equity will increase by SEK 45.1 million.

To stimulate participation in the program it is the company's intention to offer a loyalty compensation which will be paid out no later than June 15, 2012 to participants who are still employed at the date of payment and have not resigned. The compensation can amount to a maximum of 50 percent of paid premium for the share option rights net after tax.

## EVENTS AFTER THE END OF THE PERIOD

Since the end of the reporting period, CasinoCafé™ has been launched for Delta Invest with a first-roll out to approximately 20 shops. Further roll-outs will occur gradually during the remaining six months. Delta Invest has considerable experience from land-based gaming operations and will be launching CasinoCafé™ into its

network of over 500 shops in Russia. It is possible that Delta Invest will become one of the company's single largest licensees if Delta Invest's projections hold true.

In the beginning of July, CasinoModule™ was launched with Paf who runs gambling operations with a licence issued by the Åland authorities. Paf's online operation was launched in 1999 and has over 500,000 registered players today.

In the middle of August, CasinoModule™ was launched with Sportingbet on their two largest markets with a gradual roll-out to remaining markets. Sportingbet was founded in 1998 and has over 200,000 *active* players.

The company also communicated an agreement with Expekt.com to deliver CasinoModule™. Expekt has over 1,500,000 registered players and CasinoModule™ will be launched no later than during the first quarter of 2010.

## ACCOUNTING POLICIES

### PREPARATION OF THE REPORT

Net Entertainment prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union. This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The parent company uses the same accounting principles as the Group, with the addition of the Swedish Financial Reporting Board's recommendation RFR 2.1, Accounting for Legal Entities. The same accounting and valuation principles have been used as in the 2008 annual report. For further information on the principles, please refer to the annual report.

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

The potential shares the issue of the share option rights are considered, when calculating the number of shares and earnings per share after dilution, to the extent they affect dilution in accordance with IAS 33 Earnings per share. As the share price is currently below the strike price the potential shares have no dilutive effect and are therefore not included in the number of shares after dilution.

## RISKS AND UNCERTAINTIES

Net Entertainment's operations are exposed to certain risks that could have a varying impact on earnings or its financial position. These can be divided into industry, operational, and financial risks. The management's general view of the risks that may affect operations has not changed significantly compared with the description given in the most recently published annual report. The description below is a summary. For a detailed description of the risk profile, see Net Entertainment's 2008 Annual Report, pages 43-46 and page 70.

### INDUSTRY AND OPERATIONAL RISKS

As specific industry-related operational risks it is noted that since gaming is regulated by law on most national markets, Net Entertainment, as supplier of casino games, and its customers are dependent on the legal situation of the gaming industry, and can be significantly affected by political decisions and legislative changes. Net Entertainment has a Class 4 license on Malta, which means that the Group is permitted to supply its customers with systems and certain associated services. It is crucial that this license is maintained and extended. Since 2005, Net Entertainment is a member of the organisation G4, which works to prevent gaming addiction and CasinoModule™ has been adapted to follow the organisation's guidelines.

In December 2008, the gaming commission appointed by the Swedish government to propose long-term tenable Swedish gaming regulations presented its report. If a legislative proposal is developed from this report, it will come into force in January 2011. However, it is very uncertain whether the findings of the

report will be used to develop a proposal. The success of this legislative proposal is highly uncertain following the criticism of the commission's report and the fact that there are about 15 cases currently being examined by the European Court of Justice. If the gaming legislation were to change, the operators' (Net Entertainment's customers) response to the changes will determine what, if any, effect the change will have on Net Entertainment.

In July 2009 a new legislation took effect in Russia in regards to gambling operations. Net Entertainments agreement with Delta Invest is deemed not to be affected by the new legislation. According to our partner the legislation will not affect their operation in a negative way.

Other operational risks include the Group's dependency on access to qualified employees, maintaining larger customer contracts and protecting internally developed products, intellectual property and contracts. The Group's competitors and general market fluctuations naturally also affect the company's situation.

## FINANCIAL RISKS AND TAXES

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

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

The provision of the company's services from Malta is exempt from VAT. However, the relevant authority's interpretation of the applicable Maltese VAT regulations relating to the company's liability to Malta VAT on services purchased was revised in 2007 and 2008 and may come to affect Net Entertainment Malta's purchases from Net Entertainment NE AB (see note 20). It is currently not possible to determine conclusively the extent to which the changed regulatory interpretation will affect costs. Net Entertainment has reported and in 2009 paid to the Maltese tax authorities the VAT amounts that are deemed correct and reasonable by the company considering the current uncertainty. However, the amounts may be insufficient if the Maltese tax authority interprets the VAT regulations more restrictively than Net Entertainment currently assesses and deems as correct. Net Entertainment is also taking measures to reduce the risk of additional VAT in the future.

## FINANCIAL INFORMATION

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

Interim report January–September	28 October
Earnings report 2009 and quarterly report for the fourth quarter	4 February 2010

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



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

Stockholm, 26 August 2009

Rolf Blom  
Chairman of the Board

Vigo Carlund

Fredrik Erbing

Niclas Eriksson

Mikael Gottschlich

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President and CEO

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**THIS INTERIM REPORT HAS NOT BEEN SUBJECT TO SPECIAL REVIEW BY THE COMPANY'S AUDITOR.**

## **LEGAL DISCLAIMER**

Certain statements in this interim report are forward-looking and the actual outcomes may be materially different. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, the effectiveness of copyright for computer systems, technological developments, fluctuations in exchange rates and interest rates, and political risks.

## **PUBLICATION**

Net Entertainment NE AB (publ) is required to publicly disclose the information in this report under the Securities Market Act and/or Financial Instruments Trading Act. The information was submitted for publication on 27 August 2009 at 8.00 am.

## CONSOLIDATED INCOME STATEMENT

Statement of income	Apr-Jun 2009	Apr-Jun 2008	Jan-Jun 2009	Jan-Jun 2008	Jan-Dec 2008
Revenues	70 097	48 016	138 668	90 485	204 602
Other revenues	-12	165	123	447	971
<b>Total operating revenues</b>	<b>70 085</b>	<b>48 181</b>	<b>138 791</b>	<b>90 932</b>	<b>205 573</b>
Personnel expenses	-16 113	-13 161	-31 865	-25 157	-52 630
Depreciation and amortisation	-5 164	-4 174	-11 210	-7 092	-15 513
Other operating expenses	-23 504	-12 568	-40 862	-23 481	-49 627
<b>Total operating expenses</b>	<b>-44 781</b>	<b>-29 903</b>	<b>-83 937</b>	<b>-55 730</b>	<b>-117 770</b>
<b>Operating profit</b>	<b>25 304</b>	<b>18 278</b>	<b>54 854</b>	<b>35 202</b>	<b>87 803</b>
Financial items	-353	175	5 796	-177	-1 850
<b>Profit before tax</b>	<b>24 951</b>	<b>18 453</b>	<b>60 650</b>	<b>35 025</b>	<b>85 953</b>
Tax on the period's profit	-2 362	-935	-6 173	-2 091	-5 986
<b>Profit for the period</b>	<b>22 589</b>	<b>17 518</b>	<b>54 477</b>	<b>32 934</b>	<b>79 967</b>
<i>Earnings per share before dilution (SEK)</i>	<i>0.57</i>	<i>0.44</i>	<i>1.38</i>	<i>0.83</i>	<i>2.02</i>
<i>Earnings per share after dilution (SEK)</i>	<i>0.57</i>	<i>0.44</i>	<i>1.38</i>	<i>0.83</i>	<i>2.02</i>
<i>Number of shares at period's end</i>	<i>39 553 716</i>	<i>39 553 716</i>	<i>39 553 716</i>	<i>39 553 716</i>	<i>39 553 716</i>
<i>Average number of shares</i>	<i>39 553 716</i>	<i>39 553 716</i>	<i>39 553 716</i>	<i>39 553 716</i>	<i>39 553 716</i>
Effective tax rate	10.5%	5.3%	11.3%	6.3%	7.5%
Profit for the period attributable to parent company shareholders	22 589	17 518	54 477	32 934	79 967
<b>Statement of total income</b>					
<b>Profit for the period</b>	<b>22 589</b>	<b>17 518</b>	<b>54 477</b>	<b>32 934</b>	<b>79 967</b>
<b>Other total income</b>					
Exchange differences arising from the translation of foreign operations	-690	666	-7 764	510	13 046
<b>Cash flow hedges</b>	-	-280	-	-280	-
<b>Tax related to components regarding other total income</b>	-	24	-	24	-
<b>Sum of other total income for the period, net after tax</b>	<b>-690</b>	<b>410</b>	<b>-7 764</b>	<b>254</b>	<b>13 046</b>
<b>Total income for the period</b>	<b>21 899</b>	<b>17 928</b>	<b>46 713</b>	<b>33 188</b>	<b>93 013</b>

## CONSOLIDATED BALANCE SHEET

<b>ASSETS</b>	<b>2009-06-30</b>	<b>2008-06-30</b>	<b>2008-12-31</b>
Intangible assets	40 859	25 015	31 409
Property, plant, and equipment	17 811	5 459	10 788
Other long-term receivables	5	5	5
<b>Total non-current assets</b>	<b>58 675</b>	<b>30 479</b>	<b>42 202</b>
Accounts receivable	4 795	11 433	11 254
Prepaid expenses and accrued revenues	36 842	20 833	30 040
Current tax recoverable	-	-	9 641
Other receivables	5 219	2 704	3 744
Cash and cash equivalents	77 379	28 572	65 132
<b>Total current assets</b>	<b>124 235</b>	<b>63 542</b>	<b>119 811</b>
<b>TOTAL ASSETS</b>	<b>182 910</b>	<b>94 021</b>	<b>162 013</b>
<b>EQUITY AND LIABILITIES</b>	<b>2009-06-30</b>	<b>2008-06-30</b>	<b>2008-12-31</b>
Share capital	1 191	1 191	1 191
Other capital contributed	37 673	34 200	34 200
Reserves	6 083	1 055	13 847
Retained earnings incl. profit for the period	72 290	20 222	67 255
<b>Total equity</b>	<b>117 237</b>	<b>56 668</b>	<b>116 493</b>
Deferred tax liabilities	1 663	1 908	1 676
<b>Total non-current liabilities</b>	<b>1 663</b>	<b>1 908</b>	<b>1 676</b>
Accounts payable	10 108	12 202	9 541
Current tax liabilities	10 371	3 139	-
Other liabilities	28 955	2 914	17 147
Provisions	-	1 970	-
Accrued expenses and prepaid revenue	14 576	15 220	17 156
<b>Total current liabilities</b>	<b>64 010</b>	<b>35 445</b>	<b>43 844</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>182 910</b>	<b>94 021</b>	<b>162 013</b>
*Cash and cash equivalents include funds held on behalf of licensees with	23 735	2 760	12 152

\*Closing cash and cash equivalents for the period includes SEK 23,735 (2,760 and 12 152, respectively) which are funds held on behalf of licensees.

## CONSOLIDATED CHANGES IN EQUITY

	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
<b>2008</b>					
Opening equity 2008-01-01	1 191	34 200	801	16 953	53 145
Total income for the period Jan-Mar			-156	15 416	15 260
<b>Closing equity 2008-03-31</b>	<b>1 191</b>	<b>34 200</b>	<b>645</b>	<b>32 369</b>	<b>68 405</b>
Dividend				-29 665	-29 665
Total income for the period Apr-Jun			410	17 518	17 928
<b>Closing equity 2008-06-30</b>	<b>1 191</b>	<b>34 200</b>	<b>1 055</b>	<b>20 222</b>	<b>56 668</b>
<b>2009</b>					
Opening equity 2009-01-01	1 191	34 200	13 847	67 255	116 493
Total income for the period Jan-Mar			-7 074	31 888	24 814
<b>Closing equity 2009-03-31</b>	<b>1 191</b>	<b>34 200</b>	<b>6 773</b>	<b>99 143</b>	<b>141 307</b>
Transfer to the shareholders				-49 442	-49 442
Premium received for share option rights		3 473			3 473
Total income for the period Apr-Jun			-690	22 589	21 899
<b>Closing equity 2009-06-30</b>	<b>1 191</b>	<b>37 673</b>	<b>6083</b>	<b>72 290</b>	<b>117 237</b>

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

## CONSOLIDATED KEY DATA AND FIGURES

	Apr-Jun 2009	Apr-Jun 2008	Jan-Jun 2009	Jan-Jun 2008	Jan-Dec 2008
Revenues (SEK thousands)	70 085	48 181	138 791	90 932	205 573
Operating profit (SEK thousands)	25 304	18 278	54 854	35 202	87 803
Profit before tax (SEK thousands)	24 951	18 453	60 650	35 025	85 953
Profit for the period (SEK thousands)	22 589	17 518	54 477	32 934	79 967
Operating margin (percent)	36.1	37.9	39.5	38.7	42.7
Profit margin (percent)	35.6	38.3	43.7	38.5	41.8
Return on investment in shareholders' equity (percent)	17.5	28.0	46.6	60.0	94.3
Equity/assets ratio (percent)	64.1	60.3	64.1	60.3	71.9
Quick ratio (percent)	194.1	179.3	194.1	179.3	273.3
Net interest-bearing liabilities (SEK thousands)*	-77 379	-28 572	-77 379	-28 572	-65 132
Net debt/equity ratio (multiple)	-0.7	-0.5	-0.7	-0.5	-0.6
Average number of employees	103	66	98	65	70
Employees at period's end	110	74	110	74	85
Employees and consultants at period's end	186	91	186	91	132
Earnings per share	0.57	0.44	1.38	0.83	2.02
Equity per share (SEK)	2.96	1.43	2.96	1.43	2.95
Average number of outstanding shares	39 553 716	39 553 716	39 553 716	39 553 716	39 553 716
Number of outstanding shares at the period's end	39 553 716	39 553 716	39 553 716	39 553 716	39 553 716

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

## DEFINITIONS

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

**Profit margin** - Profit before tax items in relation to revenues.

**Return on investment on shareholders' equity** - Period's profit/loss in relation to average shareholder equity for the period.

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

**Quick ratio** - Current assets in relation to current liabilities, including proposed but not yet adopted dividends.

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

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

**Average number of employees** - The average number of employees during the period.

**Number of employees at period-end** - The number of employees at the end of the period.

**Number of employees and consultants at period-end** - The number of employees and consultants at the end of the period.

**Earnings per share** - Profit for the period divided by the average number of shares outstanding during the period.

**Equity per share** - Shareholders' equity divided by the number of shares outstanding at the end of the period.

**Average number of shares outstanding** - The average number of shares outstanding during the period, adjusted for bonus issue and share split.

**Number of shares outstanding** - The number of shares outstanding, adjusted for bonus issue and share split.

## CONSOLIDATED CASH FLOW STATEMENT

	Jan-Jun 2009	Jan-Jun 2008	Jan-Dec 2008
Operating profit	54 854	35 202	87 803
<i>Adjustments for items not included in cash flow:</i>			
Depreciation and amortisation	10 066	7 092	15 513
Other	-405	36	2 761
Interest received/paid	221	-177	1 192
Tax received/paid	13 838	-7 874	-24 988
<b>Cash flows from operating activities before changes in working capital</b>	<b>78 574</b>	<b>34 279</b>	<b>82 281</b>
Changes in working capital	7 978	5 559	6 792
<b>Cash flows from operating activities</b>	<b>86 552</b>	<b>39 838</b>	<b>89 073</b>
Capitalised intangible assets	-17 190	-6 749	-16 867
Acquisition of property, plant, and equipment	-10 793	-711	-6 560
Divestment of other financial assets	-	13	13
<b>Cash flows from investing activities</b>	<b>-27 983</b>	<b>-7 447</b>	<b>-23 414</b>
Transfer to shareholders	-49 442	-29 665	-29 665
Received premium for share option rights	3 473	-	-
<b>Cash flows from financing activities</b>	<b>-45 969</b>	<b>-29 665</b>	<b>-29 665</b>
<b>Cash flow for the period</b>	<b>12 600</b>	<b>2 726</b>	<b>35 994</b>
Cash and liquid assets at beginning of period	65 132	25 915	25 915
Exchange rate differences in cash and cash equivalents	-353	-69	3 223
<b>Cash and liquid assets at end of period*</b>	<b>77 379</b>	<b>28 572</b>	<b>65 132</b>
*Closing cash and cash equivalents include funds held on behalf of licensees with	23 735	2 760	12 152

## PARENT COMPANY INCOME STATEMENT

	Apr-Jun 2009	Apr-Jun 2008	Jan-Jun 2009	Jan-Jun 2008	Jan-Dec 2008
Operating revenues	47 959	26 582	90 690	50 871	111 254
Other external expenses	-23 372	-9 917	-43 462	-17 655	-42 601
Personnel expenses	-18 352	-13 954	-36 283	-26 858	-57 276
Depreciation and amortisation	-1 816	-2 706	-3 692	-4 430	-8 869
Other operating expenses	-	-	-	-	-248
<b>Operating profit</b>	<b>4 419</b>	<b>5</b>	<b>7 253</b>	<b>1 928</b>	<b>2 260</b>
Financial items	-256	48	6 117	-451	53 354
<b>Profit after financial items</b>	<b>4 163</b>	<b>53</b>	<b>13 370</b>	<b>1 477</b>	<b>55 614</b>
Depreciation in excess of plan	-	-	-	-	2 982
<b>Profit before tax</b>	<b>4 163</b>	<b>53</b>	<b>13 370</b>	<b>1 477</b>	<b>58 596</b>
Tax on the period's profit	-1 324	-15	-3 810	-414	-905
<b>Profit for the period</b>	<b>2 839</b>	<b>38</b>	<b>9 560</b>	<b>1 063</b>	<b>57 691</b>

## PARENT COMPANY BALANCE SHEET

ASSETS	2009-06-30	2008-06-30	2008-12-31
Intangible assets	2 687	8 874	5 212
Property, plant, and equipment	6 661	2 746	4 226
Shares in subsidiary	512	183	183
Other long-term receivables	5	5	5
<b>Total non-current assets</b>	<b>9 865</b>	<b>11 808</b>	<b>9 626</b>
Accounts receivable	1 009	-	-
Receivables from Group companies	59 612	9 268	61 225
Prepaid expenses and accrued revenues	2 841	2 066	1 972
Current tax recoverable	2 048	693	985
Other receivables	5 219	2 704	3 744
Cash and cash equivalents	60 515	9 097	14 598
<b>Total current assets</b>	<b>131 244</b>	<b>23 828</b>	<b>82 524</b>
<b>TOTAL ASSETS</b>	<b>141 109</b>	<b>35 636</b>	<b>92 150</b>
<b>EQUITY AND LIABILITIES</b>	<b>2009-06-30</b>	<b>2008-06-30</b>	<b>2008-12-31</b>
Share capital	1 191	1 191	1 191
Statutory reserve	38	38	38
Premium received for share option rights	3 473	-	-
Retained earnings	15 244	6 739	6 995
Profit for the period	13 370	1 063	57 691
<b>Total equity</b>	<b>33 316</b>	<b>9 031</b>	<b>65 915</b>
<b>Untaxed reserves</b>	<b>-</b>	<b>2 982</b>	<b>-</b>
Accounts payable	8 891	2 337	9 078
Liabilities to Group companies	83 455	8 373	89
Current tax liabilities	-	-	0
Other liabilities	1 743	893	1 024
Accrued expenses and prepaid revenue	13 704	12 020	16 044
<b>Total current liabilities</b>	<b>107 793</b>	<b>23 623</b>	<b>26 235</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>141 109</b>	<b>35 636</b>	<b>92 150</b>

## NET ENTERTAINMENT'S PRODUCTS

### CASINO

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

The games are customised for each licensee so they become a natural, integral part of the licensee's gaming site. Net Entertainment also provides assistance with graphical design of the website where the games are presented.

### MULTIPLAYER GAMES

Net Entertainment has developed a poker game for the Turkish market and a multiplayer blackjack game.

### CASINO CAFÉ™

CasinoCafé™ is a product that allows gaming in a physical environment. A very small initial investment allows an operator to set up a mini casino using standard PCs where gaming can be operated through one-time accounts.

### SERVICE

Net Entertainment offers a number of peripheral services including technical support, hosting, account management and system surveillance. This allows the licensees to focus on their core business.

### DEVELOPMENT

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

Two new games are Bloodsuckers and Groovy Sixties.

