

## INTERIM REPORT, ENTRACTION HOLDING AB

1 JANUARY – 30 SEPTEMBER 2010

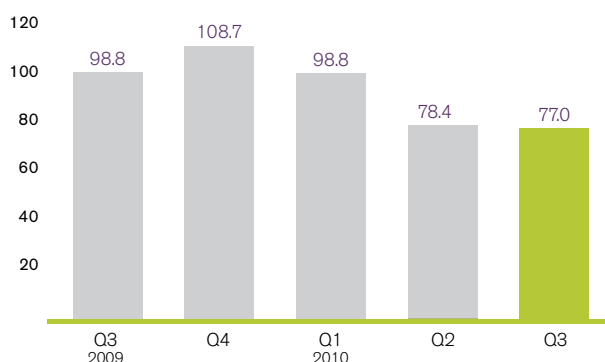
### JANUARY – SEPTEMBER

- Net sales amounted to SEK 254.2 (326.7) million, a decline of 22.2%. Disregarding the currency effect and closure of Cardroom2, the decline was 5.9%.
- EBITDA was SEK 18.7 (49.3) million, a decline of 62.1%.
- Operating profit amounted to SEK 8.6 (40.0) million. Q3 earnings were adversely affected by staff lay-off costs and expected customer losses of SEK –10 million, while the weak euro had a negative impact of SEK –7.3 million.
- Profit after tax attributable to equity holders of the parent was SEK 8.9 (60.5) million. Earnings per share was SEK 0.86 (5.84).
- Cash flow from operations before changes in working capital was SEK 21.1 (45.2) million.

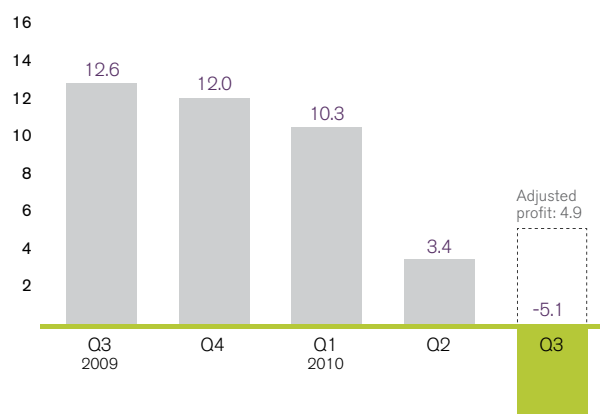
### Q3, JULY – SEPTEMBER

- Net sales amounted to SEK 77.0 (98.8) million, a decline of 22.1%. Disregarding the currency effect and closure of Cardroom2, the decline was 5.5%.
- EBITDA was SEK –1.5 (15.4) million, a decline of 109.7%.
- Operating profit/loss amounted to SEK –5.1 (12.6) million. Earnings were adversely affected by staff lay-off costs and expected customer losses of SEK –10 million, while the weak euro had a negative impact of SEK –2.0 million.
- Operating profit adjusted for staff lay-off costs and customer losses amounted to SEK 4.9 (12.6) million.
- Profit after tax attributable to equity holders of the parent was SEK –5.4 (12.2) million. Earnings per share was SEK –0.52 (1.18).
- Cash flow from operations before changes in working capital was SEK 2.4 (14.5) million.

**NET SALES**  
SEK MILLIONS



**OPERATING PROFIT**  
SEK MILLIONS



## STATEMENT FROM THE CEO

# QUARTER SHOWED STRONG FINISH AND AGREEMENT WITH LEADING OPERATOR

Experience tells us that the 3rd quarter is relatively tough, and poker has also shown lower growth than in previous years. However, it should be noted that during the period we increased our liquidity in the poker network, launched an action programme, which is already making its effects felt in the 4th quarter, and signed an exclusive agreement with one of the market's largest gaming operators. These factors, and the increase in revenue in the early part of the 4th quarter, point towards a rapid turnaround of our results – even before the end of the year. Q3 earnings have been adversely affected by one-off costs of approx. SEK 10 million. These comprise staff lay-off costs and write-downs of certain trade receivables for precautionary reasons.

The third quarter is seasonally weak, but, as in previous years, sales began to increase towards the end of August and the adjusted operating profit for September amounted to SEK 3,5 (3.8) million. We signed a number of small customer agreements during the period and in November we entered into an exclusive poker agreement with one of the sector's leading operators. The operator, who wishes to remain anonymous at this stage, will move its players to Entraction's poker network before the year end, and we expect to see positive effects on both player liquidity in the network and earnings in due course. We are convinced that there will continue to be a high level of activity, with several operators changing networks, and Entraction's position as a completely independent supplier without its own operator activities is really beginning to yield results.

The proportion of casual players is increasing and there is much to indicate that this trend will continue. There is also a desire among our customers to create systems that make the poker network more attractive to casual players too. With this in mind, Entraction will revamp its loyalty and bonus systems and adapt them to the players of the future. Developing the market's best product also involves creating incentive structures that increase activity levels among both low-stake players and high rollers.

During the quarter, we implemented an action programme involving staff lay-offs, mainly in Stockholm, which will reduce

our annual costs by approx. SEK 15 million. The staff lay-off costs amount to SEK 5,5 million and have been charged to the 3rd quarter. Earnings were also adversely affected by expected customer losses of SEK 4,5 million.

Local regulation of the gaming market continues and Denmark will be introducing a licence system in 2011. Denmark has adopted a very pragmatic approach, whereby Danish players are allowed to access a global poker network, but the generated income is taxed in Denmark. The introduction of poker cash games and casino has been postponed further by the Italian authorities, forcing us to delay our Italian establishment. However, we shall be able to launch a local network in Italy relatively quickly when the right conditions are in place. Entraction has decided to bar French players from the global network, although we are able to supply gaming to operators with a French licence.

Against the backdrop of a rapidly changing market, I am convinced that our position as an independent supplier, responsiveness to customers' needs and the ability to act quickly will ensure that Entraction delivers strong results in the future. Sales from our existing customer base are increasing and we have successfully reduced our annual costs. In addition, we have signed an agreement with one of the sector's largest operators.

**Peter Åström, CEO Entraction**

## ABOUT ENTRACTION

Entraction is an international Group in the digital gaming industry.

Entraction Holding is responsible for overall strategy and business development, as well as Group financing and supply of competence. The Company continuously evaluates business opportunities which can strengthen and develop the Group's supplier operations.

Entraction Solutions AB offers complete systems for Internet gaming and runs one of the largest poker networks in the world. The Company offers customers software for poker, betting, ca-

sino and bingo, as well as additional services which include web design, gaming licences, operational tools, payment solutions, promotional tools and round-the-clock end user support. The poker network is operated by subsidiaries in Malta which are licensed to market and engage in gaming operations and to supply gaming services to customers in the poker network.

Entraction Holding AB is listed on First North Premier and has approximately 6,500 shareholders. The Company's Certified Advisor is Remium AB. Read more at [www.entraction.com](http://www.entraction.com).

## SIGNIFICANT EVENTS DURING THE PERIOD

### **ACTION PROGRAMME**

In September, we implemented an action programme aimed at reducing the Company's cost base. This involved lay-offs of personnel in Stockholm corresponding to annual savings of SEK 15 million. Costs associated with these lay-offs were SEK 5.5 million and the entire amount was charged to earnings for the 3rd quarter.

### **REDEMPTION PROGRAMME**

In June, SEK 35.4 million was transferred to shareholders under a redemption programme. Shareholders were granted SEK 3.42 per share.

### **BOARD CHANGES**

At the end of September, Board members Gunnar Ahlström, Magnus Beer and Anders Skarin left the Board. At an extraordinary general meeting held on 15 October, Henrik Kwick and Richard Tour were elected to the Board. Entraction Holding's Board now consists of Börje Fors (Chair), Jon Jonsson, Henrik Kwick and Richard Tour.

## SIGNIFICANT EVENTS AFTER THE PERIOD

### **AGREEMENT WITH LEADING OPERATOR**

Entraction has signed a multi-year exclusive agreement with a leading European gaming operator. The operator, who wishes to remain anonymous at this stage, will migrate its players to Entraction before the year end. Entraction will announce the name of the operator and provide additional information before the new customer is launched in Entraction's network.

## FINANCIAL REVIEW

The 3rd quarter was dominated by costs associated with the action programme announced in the Q2 interim report and initiated in August. Staff lay-off costs of SEK 5.5 million were charged to earnings for the quarter. The decline in sales compared with the same period the previous year is, as mentioned earlier, largely due to the weak euro and the closure of Cardroom2. As part of the action programme a close examination was made of the risk in accounts receivable and as a result SEK 4.5 million has been charged to the third quarter.

### SALES

Net sales for the 3rd quarter amounted to SEK 77.0 (98.8) million, which is a decline of 22%. Net sales for the period January-September amounted to SEK 254.2 (326.7) million, which is a decline of 22% on the same period the previous year. All the Group's income is in euros. Disregarding the negative euro rate and sales from Cardroom2, which was closed down in the latter part of 2009, the actual decline in net sales for the 3rd quarter was 6% and for the period January-September also 6%.

### EARNINGS

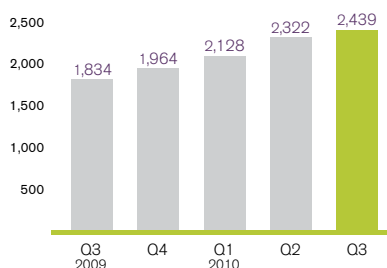
Operating profit (EBIT) for the 3rd quarter amounted to SEK -5.1 (12.6) million, a decline of 140%. Operating profit for the period January-September was 8.6 (40.0) million, a decline of 79%. Currency effects had a negative impact of SEK 7.3 million on operating profit for the period compared with the same period the previous year. Profit attributable to equity holders of the parent company for the first three quarters was SEK 8.9 (60.5) million. The previous year's results included SEK 26.4 million attributable to the divestment of operations in Casagaming Ltd.

#### DEVELOPMENT OF NUMBER OF PLAYERS

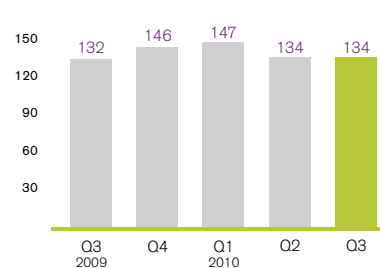
The number of registered players at the end of the period was 2,439,055 (1,834,278), an increase of 33%.

The number of active players during the quarter was 133,854 (131,842), an increase of 2%.

#### NUMBER OF REGISTERED PLAYERS THOUSANDS



#### NUMBER OF ACTIVE PLAYERS THOUSANDS



### GAMING SURPLUS, TURNKEY

Gaming surplus for the quarter amounted to SEK 90.6 (120.0) million, which is a decline of 25%. Gaming surplus for the period January-September amounted to SEK 298.1 (395.8) million, which is a decline of 25% on the same period the previous year. The decline is largely due to an unfavourable euro rate and Entraction's closure of Cardroom2 in the 4th quarter of 2009. Expressed in euros and taking into account the closure of Cardroom2, gaming surplus fell by 8% for the quarter and 8% for the period January-September.

The majority of bonuses to players are covered by Entraction's customers themselves, although Entraction shares the costs of certain shared network bonus programmes and sponsorship of poker tournaments. Customer commission for the quarter amounted to SEK 39.7 (52.1) million, which is a decline of 24%. The figure for the period January-September was SEK 131.0 (172.1)

million, which is a decline of 24% and is a natural consequence of the decline in gaming surplus.

#### POKER

Gaming surplus for the 3rd quarter amounted to SEK 71.3 (101.7) million, which is a decline of 30% on the same period the previous year. Gaming surplus for the period January-September amounted to SEK

234.7 (328.8) million, a decline of 29%. Poker net sales for turnkey customers, i.e. rake less bonuses, for the quarter amounted to SEK 46.9 (69.9) million, a decline of 33%, while the figure for the period January-September was SEK 158.0 (229.3) million, a decline of 31%. Cardroom2 accounted for approx. SEK 27 million of poker net sales for the corresponding period in 2009.

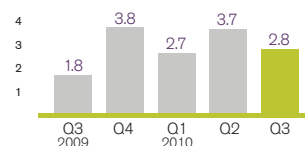
Expressed in euros and taking into account the closure of Cardroom2, net sales for the period January-September fell by 13% compared with the same period the previous year.

2010 has been marked by a general decline in the poker market and lower sales per player. The summer months are seasonally weak for online poker, although September showed a clear upswing and the positive trend has continued.

### BETTING

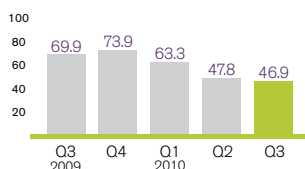
Gaming surplus for the 3rd quarter amounted to SEK 2.9 (1.9) million, an increase of 53%. Gaming surplus for the period January-September amounted to SEK 9.6 (8.6) million, an increase of 12%. Net sales for the quarter amounted to SEK 2.8 (1.8) million, which is an increase of 56%, while net sales for the period January-September amounted

#### NET SALES BETTING SEK MILLIONS



SEK 9.2 (6.0) million, an increase of 53%. Expressed in euros, net

#### NET SALES POKER SEK MILLIONS

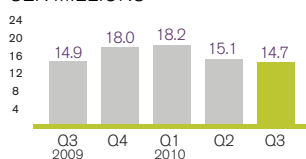


sales for the period January-September increased by 70%. Bonus costs have been kept relatively low, resulting in growth in gaming surplus and net sales, which has benefited both Entraction and its customers.

The World Cup, which ended on 11 July, had a positive impact on gaming surplus. Entraction launched live betting with additional customers during the quarter.

The betting margin remained high during the quarter and was 14.1% (6.6%). This is partly a due to favourable results during the final rounds of the FIFA World Cup.

#### NET SALES CASINO SEK MILLIONS



#### CASINO

Gaming surplus for the 3rd quarter amounted to SEK 16.2 (15.8) million, which is an increase of 3% on the same period the previous year. Gaming surplus for the period January-September amounted to SEK 53.1 (56.6) million, a decline of 6%. Net sales for the quarter amounted to SEK 14.7

(14.9) million, which is a decline of 1%. Net sales for the period January-September amounted to SEK 48.0 (54.2) million, a decline of 11%. Expressed in euros, net sales for the period January-September declined by 2%.

Live Casino was launched in the 3rd quarter and will be offered to more customers in the future, with the aim being to offer more low stake tables. Entraction is continuously evaluating casino campaigns aimed at different player segments in order to increase casino sales. A new casino is being launched via the poker client during the 4th quarter. This is an important launch for Entraction as it makes casino gaming available to both turnkey and integrated customers, unlike the separate casino products which are only offered to turnkey customers.

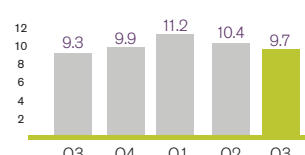
#### BINGO

Bingo net sales for the quarter amounted to SEK 0.1 (0.3) million. Net sales for the period January-September were SEK 0.4 (1.3) million. Entraction's present bingo customers are active in saturated bingo markets where competition is tough.

#### ROYALTY

Royalty is entirely attributable to customers which have integrated Entraction's poker into their own gaming platform. Royalty income, which provides a high contribution to fixed costs, was SEK 9.7 (9.3) million during the 3rd quarter, which is an increase of 4% on the previous year. Royalty income for the period January-September amounted to

#### NET SALES ROYALTY SEK MILLIONS



SEK 31.2 (27.2) million, an increase of 15%. Expressed in euros, royalty income for the period January-September increased by 17%. The increase is largely due to partner launches in the network during the year, although other partners have also generally developed well as new partners tend to have positive consequential effects throughout the poker network.

#### OTHER INCOME

Other income consists of set-up fees for new customers, withdrawal charges, exchange fees in the cashier and income associated with European Masters of Poker. Other income amounted to SEK 2.8 (2.7) million during the quarter.

NET SALES BY QUARTER, SEK THOUSANDS	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	FULL YEAR 2009
Poker	46,932	47,758	63,294	73,858	69,883	75,008	84,396	303,145
of which Cardroom2	0	0	0	1,775	8,331	8,045	10,438	28,588
Betting	2,783	3,732	2,713	3,803	1,773	881	3,374	9,831
Casino	14,718	15,142	18,181	17,981	14,936	18,999	20,291	72,207
Bingo	95	139	136	121	317	316	666	1,420
Royalty	9,653	10,393	11,188	9,931	9,255	8,898	9,093	37,177
Other income	2,795	1,281	3,283	3,020	2,654	2,659	3,251	11,584
<b>Net sales, Group</b>	<b>76,976</b>	<b>78,445</b>	<b>98,795</b>	<b>108,714</b>	<b>98,818</b>	<b>106,761</b>	<b>121,071</b>	<b>435,364</b>

NET SALES BY QUARTER, EUR THOUSANDS	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	FULL YEAR 2009
Poker	5,031	4,976	6,365	7,136	6,735	6,959	7,711	28,541
of which Cardroom2	0	0	0	159	753	747	954	2,692
Betting	298	385	273	363	171	83	308	926
Casino	1,576	1,575	1,828	1,736	1,446	1,762	1,854	6,798
Bingo	10	14	14	12	31	30	61	134
Royalty	1,033	1,079	1,125	957	888	825	831	3,500
Other income	297	136	330	291	256	247	297	1,091
<b>Net sales, Group</b>	<b>8,245</b>	<b>8,166</b>	<b>9,935</b>	<b>10,495</b>	<b>9,527</b>	<b>9,905</b>	<b>11,062</b>	<b>40,990</b>

## INVESTMENTS

Investments for the period January-September totalled SEK 14.6 (14.7) million. SEK 13.5 (7.7) million of this figure related to intangible assets in form of capitalised development expenses, and SEK 1.1 (3.6) million to equipment in the form of investments in hardware.

## CASH FLOW, CASH & CASH EQUIVALENTS

Cash flow for the 3rd quarter was SEK -40.4 (-9.3) million. Large items affecting cash flow in the quarter amounted to SEK -35.4 (0) million and related to transfers to shareholders in accordance with the annual general meeting's decision for a redemption procedure and a reduction in gaming liabilities by SEK -8.2 (-17.6) million.

Cash at bank and on hand was SEK 134.0 (196.3) million at the balance sheet date. This figure includes restricted funds of SEK 16.5 (20.5) million allocated as security for amounts deposited via credit cards and into e-wallets. Gaming liabilities were SEK 104.3 (121.4) million at the end of the period, which means the Group's own cash at bank and on hand (cash at bank and on hand less gaming liabilities) amounted to SEK 29.7 (74.9) million.

## TAX

The Group's tax expense for the period January-September was approx. SEK -0.7 (-1.4) million. This is calculated according to a standard rate of 5%, which is the tax the Group pays on its Maltese profits. The Parent Company, Entraction Holding AB, has accumulated tax losses of approximately SEK 155 million. These have not been recognised in the balance sheet.

## EQUITY

Group equity amounted to SEK 49.8 (92.2) million, corresponding to SEK 4.80 (8.90) per share.

## PERSONNEL

The number of employees in the Group's continuing operations at the end of the period was 101 (114). The average number of employees for the period January-September was 119 (107).

## THE ENTRACTION SHARE

Entraction is listed on Nasdaq OMX First North Premier. The Company's Certified Advisor is Remium AB. Entraction Holding AB had 6,642 shareholders at 30 September 2010. The share's liquidity is good, and there was trading in the share on every trading day. The share price at 30 September 2010 was SEK 21.90, corresponding to a market capitalisation of SEK 227 million.

## PARENT COMPANY

The Parent Company, Entraction Holding AB, manages the shares in the underlying companies, and does not engage in any other business activities. Profit/loss for the 3rd quarter amounted to SEK -1.7 (0) million. The loss is largely related to stock exchange expenses.

## RELATED-PARTY TRANSACTIONS

There were no related-party transactions in the period January-September 2010.

## ACCOUNTING POLICIES AND ADDITIONAL INFORMATION

All figures refer to the Group unless otherwise stated. Comparative figures in this interim report refer to the corresponding period in 2009 unless otherwise stated. These have been restated without the Casablanca Gaming Group segment, which was disposed of in the second quarter of 2009 and is reported under Discontinued operations. Poker sales are reported on a net basis as rake less bonuses etc. Casino, betting and bingo sales are reported on a net basis as the difference between bets and winnings less bonuses. Royalty comprises the monthly licence fee paid by customers with an integrated solution to Entraction's network. The royalty is based on the sales generated by the integrated customers' players.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the applicable provisions of the Swedish Annual Accounts Act. Unless otherwise specified, the accounting policies applied for the Group and Parent Company are the same as those applied in the preparation of the most recent annual report, which is available at [www.entraction.com](http://www.entraction.com) or from the head office in Stockholm.

New and amended accounting policies for 2010 which are expected to have a significant effect on the Group's financial reports are the revised IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements.

## RISK AND UNCERTAINTIES

The Group's significant risks and uncertainties are mainly of a legal and political nature. The Entraction Group is dependent on the legal situation for the gaming industry, particularly in the EU, where the majority of its customers' players are active. The Group does not at present offer services to customers resident in the USA.

In December 2008, the Government's inquiry into gambling presented a report which may bring a change to Swedish legislation with effect from January 2011. Such changes may have a detrimental effect on the legal situation for gaming companies, although Entraction does not believe the risk to be imminent.

The Group's earnings are exposed to changes in exchange rates, mainly in relation to the Euro. All income and direct costs are in Euro. As the Company's functional currency is SEK, earnings and equity are affected by exchange rate movements when the assets and liabilities of foreign subsidiaries are translated to SEK. No use of derivatives has been made to address these fluctuations.

<b>CONSOLIDATED INCOME STATEMENT, CONDENSED</b> SEK THOUSANDS	Q3 2010	Q3 2009	JAN-SEP 2010	JAN-SEP 2009	FULL YEAR 2009
<b>CONTINUING OPERATIONS</b>					
<b>Net sales</b>	<b>76,976</b>	<b>98,818</b>	<b>254,216</b>	<b>326,650</b>	<b>435,364</b>
Direct costs of gaming operations	-43,148	-58,469	-141,901	-191,361	-254,431
<b>Gross profit</b>	<b>33,828</b>	<b>40,349</b>	<b>112,315</b>	<b>135,289</b>	<b>180,933</b>
Personnel expenses	-18,651 <sup>(1)</sup>	-12,531	-51,311	-41,940	-58,973
Other external costs	-16,724 <sup>(2)</sup>	-12,459	-42,260	-44,090	-57,729
Depreciation and amortisation	-3,566	-2,724	-10,134	-9,305	-12,251
<b>Operating profit/loss</b>	<b>-5,113</b>	<b>12,635</b>	<b>8,610</b>	<b>39,954</b>	<b>51,980</b>
Financial items	-142	482	1,079	2,606	3,194
<b>Profit/loss before tax</b>	<b>-5,255</b>	<b>13,117</b>	<b>9,689</b>	<b>42,560</b>	<b>55,174</b>
Income taxes	-160	-298	-744	-1,373	-1,496
<b>Profit/loss from continuing operations</b>	<b>-5,415</b>	<b>12,819</b>	<b>8,945</b>	<b>41,187</b>	<b>53,678</b>
<b>DISCONTINUED OPERATIONS</b>					
Profit/loss for the year from discontinued operations	0	-669	0	25,737	25,680
<b>Profit/loss for the period</b>	<b>-5,415</b>	<b>12,150</b>	<b>8,945</b>	<b>66,924</b>	<b>79,358</b>
<b>Profit/loss for the period attributable to:</b>					
Equity holders of the Parent	-5,415	12,215	8,945	60,520	72,954
Minority interest	0	-65	0	6,404	6,404
<b>EPS calculated from profit/loss for the period attributable to equity holders of the parent</b>					
Earnings per share before dilution (SEK)	-0.52	1.18	0.86	5.84	7.04
Earnings per share after dilution (SEK)	-0.52	0.95	0.86	4.71	5.85
<b>Number of shares</b>					
Average number of shares before dilution (thousands)	10,362	10,362	10,362	10,362	10,362
Average number of shares after dilution (thousands) <sup>(3)</sup>	10,362	12,862	10,362	12,862	12,476

- 1) SEK 5,502 thousand relates to action programme costs  
2) SEK 4,507 thousand relates to expected customer losses  
3) No outstanding warrants since November 2009.

<b>STATEMENT OF COMPREHENSIVE INCOME</b> SEK THOUSANDS	Q3 2010	Q3 2009	JAN-SEP 2010	JAN-SEP 2009	FULL YEAR 2009
<b>Profit/loss for the period</b>	<b>-5,415</b>	<b>12,150</b>	<b>8,945</b>	<b>66,924</b>	<b>79,358</b>
<b>Other comprehensive income</b>					
Exchange differences in equity	-1,731	-4,392	-6,505	-4,341	-2,923
<b>Other comprehensive income for the period, net after tax</b>	<b>-1,731</b>	<b>-4,392</b>	<b>-6,505</b>	<b>-4,341</b>	<b>-2,923</b>
<b>Total comprehensive income for the period</b>	<b>-7,146</b>	<b>7,758</b>	<b>2,440</b>	<b>62,583</b>	<b>76,435</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Parent	-7,146	7,821	2,440	56,508	70,360
Minority interest	0	-63	0	6,075	6,075

<b>CONSOLIDATED BALANCE SHEET, CONDENSED</b> SEK THOUSANDS	30 SEP 2010	30 SEP 2009	31 DEC 2009
<b>ASSETS</b>			
Intangible assets <sup>(1)</sup>	34,565	25,471	29,295
Property, plant & equipment	5,153	5,745	6,271
Other non-current assets	308	460	348
<b>Total non-current assets</b>	<b>40,026</b>	<b>31,676</b>	<b>35,914</b>
Current receivables	30,608	52,116	47,528
Short-term investments	83	133	131
Cash at bank and on hand	133,953	196,266	196,564
<b>Total current assets</b>	<b>164,644</b>	<b>248,515</b>	<b>244,223</b>
<b>Total assets</b>	<b>204,670</b>	<b>280,191</b>	<b>280,137</b>
<b>EQUITY AND LIABILITIES</b>			
Equity <sup>(2)</sup>	49,755	92,239	82,753
Non-current liabilities/provisions	110	439	356
Gaming liabilities	104,273	121,376	136,497
Other current liabilities	50,532	66,137	60,531
<b>Total liabilities</b> <sup>(3)</sup>	<b>154,915</b>	<b>187,952</b>	<b>197,384</b>
<b>Total equity and liabilities</b>	<b>204,670</b>	<b>280,191</b>	<b>280,137</b>
Number of shares (thousands)	10,362	10,362	10,362
Equity per share (SEK)	4.80	8.90	7.99

1) Of which goodwill SEK 6,280 (5,657) thousand.

2) Of which minority interest SEK 0 (-36) thousand.

3) Of which interest-bearing liabilities 0 (0).

<b>STATEMENT OF CHANGES IN EQUITY</b> SEK THOUSANDS	JAN-SEP 2010	JAN-SEP 2009	FULL YEAR 2009
<b>Opening balance</b>	<b>82,753</b>	<b>64,773</b>	<b>64,773</b>
Increase in provision for compulsory redemption of shares in subsidiary due to arbitration	0	-1,819	-1,819
Redemption of shares	-35,438 <sup>(1)</sup>	-11,916 <sup>(2)</sup>	-11,916
Buy-out of minority interests	0	-21,382	-21,346
Acquisition of outstanding warrants	0	0	-23,374
Total comprehensive income for the period	2,440	62,583	76,435
<b>Closing balance</b>	<b>49,755</b>	<b>92,239</b>	<b>82,753</b>

1) Profits were transferred to shareholders by means of a 10:1 share split, with shareholders receiving nine redemption shares for each share. The redemption shares were then redeemed for cash at SEK 0.38 per share.

2) Profits were transferred to shareholders by means of a 2:1 share split, with shareholders receiving one redemption share for each share. The redemption share was then redeemed for cash at SEK 1.15 per share.



**CONSOLIDATED CASH FLOW STATEMENT, CONDENSED  
 (CONTINUING AND DISCONTINUED OPERATIONS)**

SEK THOUSANDS	Q3 2010	Q3 2009	JAN-SEP 2010	JAN-SEP 2009	FULL YEAR 2009
Cash flow from operations before changes in working capital	2,381	14,498	21,120	45,184	61,701
Changes in working capital	-4,501	-19,112	-29,318	-4,506	9,725
<b>Cash flow from operations before changes in restricted funds</b>	<b>-2,120</b>	<b>-4,614</b>	<b>-8,198</b>	<b>40,678</b>	<b>71,426</b>
Changes in restricted funds	613	1,221	4,218	1,401	1,165
<b>Cash flow from operating activities</b>	<b>-1,507</b>	<b>-3,393</b>	<b>-3,980</b>	<b>42,079</b>	<b>72,591</b>
Cash flow from investing activities	-3,504	-5,916	-14,567	-14,723	-22,249
Cash flow from financing activities	-35,438	0	-35,438	-11,916	-35,290
<b>Cash flow for the period</b>	<b>-40,449</b>	<b>-9,309</b>	<b>-53,985</b>	<b>15,440</b>	<b>15,052</b>
<b>Cash &amp; cash equivalents at beginning of period</b>	<b>159,494</b>	<b>188,837</b>	<b>175,858</b>	<b>163,098</b>	<b>163,098</b>
Cash flow for the period	-40,449	-9,309	-53,985	15,440	15,052
Exchange differences	-1,580	-3,732	-4,408	-2,742	-2,292
<b>Cash &amp; cash equivalents at end of period</b>	<b>117,465</b>	<b>175,796</b>	<b>117,465</b>	<b>175,796</b>	<b>175,858</b>
Restricted funds	16,488	20,470	16,488	20,470	20,706
<b>Cash at bank and on hand</b>	<b>133,953</b>	<b>196,266</b>	<b>133,953</b>	<b>196,266</b>	<b>196,564</b>

**SEGMENT REPORTING**

The Casablanca Gaming Group operations were sold in the 2nd quarter of 2009. As the Group now has only one segment, no segment reporting is prepared. The results of the Casablanca Gaming Group segment are reported as a discontinued operation.

<b>GAMING SURPLUS AND NET SALES</b> SEK THOUSANDS	Q3 2010	Q3 2009	JAN-SEP 2010	JAN-SEP 2009	FULL YEAR 2009
<b>GAMING SURPLUS</b>					
Poker	71,301	101,749	234,661	328,839	435,662
Betting	2,912	1,942	9,617	8,645	12,497
Casino	16,249	15,799	53,139	56,625	75,642
Bingo	100	501	686	1,727	2,268
<b>Total gaming surplus</b>	<b>90,562</b>	<b>119,991</b>	<b>298,103</b>	<b>395,836</b>	<b>526,069</b>
Repayments in the form of bonuses etc.	-26,034	-33,082	-82,480	-104,994	-139,466
	<b>64,528</b>	<b>86,909</b>	<b>215,623</b>	<b>290,842</b>	<b>386,603</b>
Royalty	9,653	9,255	31,233	27,246	37,177
Other income	2,795	2,654	7,360	8,562	11,584
<b>Net sales, Group</b>	<b>76,976</b>	<b>98,818</b>	<b>254,216</b>	<b>326,650</b>	<b>435,364</b>

<b>DIRECT COSTS OF GAMING OPERATIONS</b> SEK THOUSANDS	Q3 2010	Q3 2009	JAN-SEP 2010	JAN-SEP 2009	FULL YEAR 2009
Commission to customers	-39,718	-52,149	-131,023	-172,077	-230,529
Licence fees to gaming suppliers	-2,540	-4,143	-7,949	-14,197	-17,868
Gaming licences and taxes	-529	-724	-2,032	-1,901	-3,125
Other gaming expenses	-361	-1,453	-897	-3,186	-2,909
<b>Total direct costs of gaming operations</b>	<b>-43,148</b>	<b>-58,469</b>	<b>-141,901</b>	<b>-191,361</b>	<b>-254,431</b>

<b>FINANCIAL SUMMARY, GROUP</b> SEK THOUSANDS	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	FULL YEAR 2009
Net sales <sup>(1)</sup>	76,976	78,445	98,795	108,714	98,818	106,761	121,071	<b>435,364</b>
Operating profit <sup>(1)</sup>	-5,113	3,383	10,341	12,026	12,635	11,022	16,298	<b>51,980</b>
Profit for the period	-5,415	3,694	10,666	12,434	12,150	38,894	15,880	<b>79,358</b>
Gaming surplus <sup>(1)</sup>	90,562	93,233	114,307	130,235	119,991	127,396	148,448	<b>526,069</b>
Return on equity %	-4.7	4.1	12.4	14.2	13.7	46.9	21.8	<b>107.6</b>
Equity/assets ratio %	24.3	36.0	34.0	29.5	32.9	29.3	26.9	<b>29.5</b>
Equity per share (SEK)	4.8	8.9	8.7	8.0	8.9	8.2	7.8	<b>8.0</b>
Earnings per share (SEK)	-0.5	0.4	1.0	1.2	1.2	3.1	1.6	<b>7.0</b>
Gross margin % <sup>(1)</sup>	43.9	45.4	43.4	42.0	40.8	41.0	42.3	<b>41.6</b>
Operating margin % <sup>(1)</sup>	-6.6	4.3	10.5	11.1	12.8	10.3	13.5	<b>11.9</b>
Profit margin %	-7.0	4.7	10.8	11.4	12.3	36.4	13.1	<b>18.2</b>
Cash flow from operating activities	-1,507	306	-1,778	30,147	-3,393	12,064	34,215	<b>72,591</b>
Cash at bank and on hand	133,953	176,595	179,198	196,564	196,266	210,528	217,841	<b>196,564</b>
Average number of employees <sup>(1)</sup>	117	120	121	110	107	104	102	<b>110</b>
Sales per employee <sup>(1)</sup>	658	654	816	988	924	1,027	1,187	<b>3,958</b>
Operating profit per employee <sup>(1)</sup>	-44	28	85	109	118	106	160	<b>473</b>
Stock exchange price at end of period (SEK) <sup>(2)</sup>	21.90	30.10	50.25	62.00	58.75	42.70	46.00	<b>62.00</b>
Market cap at end of period	226,928	311,896	520,691	642,444	608,768	442,457	476,646	<b>642,444</b>

1) Operations in Casablanca Gaming Group were disposed of in Q2 2009. Consequently, all comparative figures have been cleared for the Casablanca Gaming Group segment.

2) A 1:50 reverse share split was implemented in May 2009.

<b>INCOME STATEMENT - PARENT COMPANY, CONDENSED</b> SEK THOUSANDS	Q3 2010	Q3 2009	JAN-SEP 2010	JAN-SEP 2009	FULL YEAR 2009
Net sales	7,670	3,004	17,642	11,893	14,397
Personnel expenses	-5,147	-2,463	-11,298	-8,287	-12,981
Other external costs	-4,102	-444	-9,559	-3,773	-4,676
Depreciation and amortisation	0	0	0	0	0
<b>Operating profit/loss</b>	<b>-1,579</b>	<b>97</b>	<b>-3,215</b>	<b>-167</b>	<b>-3,260</b>
Financial items <sup>(1)</sup>	-105	-88	-330,769	-451	308,970
<b>Profit/loss before tax</b>	<b>-1,684</b>	<b>9</b>	<b>-333,984</b>	<b>-618</b>	<b>305,710</b>
Income taxes	0	0	0	0	3,419
<b>Profit/loss for the period</b>	<b>-1,684</b>	<b>9</b>	<b>-333,984</b>	<b>-618</b>	<b>309,129</b>

1) Mainly write-down and reversal of write-down of shares in Entraction Solutions AB to reporting date market value.

<b>BALANCE SHEET - PARENT COMPANY, CONDENSED</b> SEK THOUSANDS	30 SEP 2010	30 SEP 2009	31 DEC 2009
<b>ASSETS</b>			
Financial assets	312,031	333,110	642,571
<b>Total non-current assets</b>	<b>312,031</b>	<b>333,110</b>	<b>642,571</b>
Current receivables	3,622	158	2,439
Short-term investments	83	133	131
Cash at bank and on hand	2,311	2,240	1,779
<b>Total current assets</b>	<b>6,016</b>	<b>2,531</b>	<b>4,349</b>
<b>Total assets</b>	<b>318,047</b>	<b>335,641</b>	<b>646,920</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	200,735	274,203	570,581
Non-current liabilities/provisions	104,224	53,838	67,332
Current liabilities	13,088	7,600	9,007
<b>Total liabilities</b>	<b>117,312</b>	<b>61,438</b>	<b>76,339</b>
<b>Total equity and liabilities</b>	<b>318,047</b>	<b>335,641</b>	<b>646,920</b>

### Stockholm, 10 November 2010

BÖRJE FORS  
Chairman of the Board

HENRIK KVICK

PETER ÅSTRÖM  
President and CEO

JON JONSSON

RICHARD TOUR

This interim report has not been audited or reviewed by the Company's auditors.

#### 2011 AGM

The annual general meeting of Entraction Holding AB (publ) will be held on 12 May 2011.

In accordance with the resolution adopted by Entraction Holding AB's AGM, the nomination committee consists of the Chairman of the Board (also the convener) and one representative of each of the Company's four largest shareholders (based on number of votes) as at 30 September 2010. Entraction Holding's nomination

committee prior to the 2011 annual general meeting consists of Henrik Kvick, Per Hildebrand, Östen Carlsson and Hans Haraldsson.

Shareholders wishing to submit proposals to Entraction Holding AB's nomination committee before the 2011 AGM may contact the Board Secretary Pia Rosin by sending an e-mail to [pia.rosin@entraction.com](mailto:pia.rosin@entraction.com).

## DEFINITIONS

### ACTIVE PLAYER

Each unique player who has bet money on poker, betting, casino, bingo or participated in a competition requiring a stake in the form of bonus points during the period (the last 90 days).

### AVERAGE NUMBER OF SHARES

The average number of shares during the period, adjusted for splits, bonus issues or dilution.

### BETTING MARGIN

Gaming surplus divided by total bets.

### CASH & CASH EQUIVALENTS

Cash at bank and on hand (not including restricted funds).

### DIRECT COSTS OF GAMING OPERATIONS

Expenses for gaming activities directly attributable to the corresponding income.

### EARNINGS PER SHARE

Profit after tax attributable to equity holders of the parent divided by the average number of shares.

### EQUITY/ASSETS RATIO

Equity including minority interest divided by total assets.

### EQUITY PER SHARE

Equity divided by number of shares at the end of the period.

### GAMING SURPLUS

Net of stakes and winnings payments in betting, bingo and casino, and rake from turnkey poker.

### GROSS MARGIN

Profit after direct costs of gaming operations divided by net sales.

### INTEGRATED SOLUTION

A customer with an integrated solution purchases access to the poker network and its associated administration tools, and licenses the poker and betting software.

### NET SALES

Net revenues from all gaming operations of Entraction's turnkey customers, royalty income from external integrated solution customers and other income minus direct discounts to players in the form of bonuses, VIP points and tournament sponsorship.

### NET SALES PER EMPLOYEE

Net sales divided by average number of employees.

### NET SALES PER SHARE

Net sales divided by average number of shares.

### OPERATING MARGIN

Operating profit divided by net sales.

### OPERATING PROFIT PER EMPLOYEE

Operating profit divided by average number of employees.

### PROFIT MARGIN

Profit for the period divided by net sales.

### RAKE

Portion of the pot the gaming operator charges as a fee for the poker game.

### REGISTERED PLAYER

A player with a registered username in the network.

### RETURN ON EQUITY

Net profit after tax divided by average equity.

### ROYALTY

The licence fee paid by customers with an integrated solution.

### TURNKEY SOLUTION

Gives customers access to the Company's gaming portfolio and a complete range of additional services such as payment solutions, promotional tools, customer support, operational tools, web design and gaming licences. Customers are responsible only for marketing and acquisition of customers.

### CONTACTS

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### CALENDAR

24 FEBRUARY 2011  
2010 Year-end Report

12 MAY 2011  
Interim Report January-March 2011

25 AUGUST 2011  
Interim Report January-June 2011

10 NOVEMBER 2011  
Interim Report January-September 2011

23 FEBRUARY 2012  
2011 Year-end Report