

24hPoker Holding AB (publ) Year-end report for 2006

Financial summary, Group SEK 000s	Oct-Dec 2006	Oct-Dec 2005	Jan-Dec 2006	Jan-Dec 2005
Net sales¹	48 114	56 389	208 512	136 041
Operating profit/loss	-10 159	12 473	1 630	27 117
Profit for the period excluding Daydream	396	8 247	8 493	20 116
Loss, discontinued operation	-658	-	-103 347	-
Profit/loss for the period	-262	5 673	-94 854	20 116
Equity per share, SEK	0.08	-	0.08	-
Earnings per share, SEK	-0.001	-	-0.19	-
Earnings per share for remaining operations, SEK	0.001	-	0.02	-
Gaming surplus	67 263	61 463	281 246	138 580
Gross margin	53.8%	62.3%	62.6%	68.4%
Operating margin	-21.1%	22.1%	0.8%	19.9%
Cash flow from operating activities	-45 492	28 196	-6 611	63 615
Cash and bank balances	74 134	87 699	74 134	87 699

¹ According to new accounting principles (refer to Page 11) and excluding the Daydream operation.

- ♣ Net sales amounted to SEK 208.5 M, (according to new accounting principles) (136.0), an increase of 53%, while operating profit decreased by 94%, which was attributable to the company's rapid expansion, increased costs for conducting gaming operations within the EU, higher marketing costs and a smaller portion of income were due to royalty.
- ♣ Profit after tax, excluding Daydream, for the full-year totaled SEK 8.5 M (20.1).
- ♣ Earnings per share were SEK 0.00 (N.A.).
- ♣ The Daydream operation is now completely discontinued and no costs will be charged against 2007.
- ♣ The number of active players in B2B Poker's network was 68,507 (103,344) during the quarter. Adjusted for skins that left the network during the year, the number of active players in the fourth quarter of 2005 was 27,072, which represents an increase in remaining skins of 153%.
- ♣ The number of registered players in B2B Poker's network was 555,617 (364,164) at the end of the period. Adjusted for skins that left the network during the year, the amount of registered players at the end of the fourth quarter of 2005 was 159,210, an increase in remaining skins of 249%.
- ♣ Income from other gaming operations, Sportsbetting and Casino, amounted to SEK 13,279 M (5,026), an increase of 164%.
- ♣ During the quarter, 24hPoker and Boss Media signed an agreement to initiate cooperation, which signified that players at 24hPoker.com and other selected skins in 24hNetwork will be offered the possibility to also play poker in International Poker Network.
- ♣ During the fourth quarter, an agreement was signed with 3Bwin and 24hNetwork also launched 10 new turnkey skins during the quarter.
- ♣ 24hPoker signed a statement of intent to initiate cooperation with WagerWorks to market each others gaming services to third parties.
- ♣ The Board will be proposing to the Annual General Meeting that no dividend be paid.

Comments by Per Hildebrand, President of 24hPoker Holding AB:

"The number of active players in 24hNetwork's turnkey solutions more than doubled during the year. However, the increase was not sufficient to compensate for the two major skins that left the network. Since margin costs for having skins in the poker network is very low, royalties paid by large skins have a relatively strong effect on revenues.

Since September 2006, our strategy has been to focus on maintaining strong player liquidity, which is a prerequisite for attracting potential skins. Our measures were successful and during the fourth quarter, the network showed a strong increase in newly registered and active customers. A stronger network means that we are now able to reduce costs for marketing and promotions to players.

Our network structure has changed from having fewer but more active players to having many players, which, however, generates a lower average income. A broader player base is a strong point and by adding more attractive services to our turnkey solution, we will be able to increase our income from each active player.

As a result of the consolidation occurring in the industry, it appears that several companies with competing turnkey offerings for poker are leaving the market. This, in addition to the fact that we already have the most complete and innovative turnkey solution, will attract many new skins in 2007. We are also continuously working on attracting large skins to the network.

During March 2007, we will be launching a new service whereby players on 24hPoker.com and major skins in 24hNetwork will be able to play on two poker networks using the same e-wallet. By doubling the range of active poker tables and tournaments, we will have a more attractive service, which will increase the number of active players and possibly even the income generated by each active player. We have great expectations regarding this service. Later in the year other gaming services will be added.

Our other gaming operations, Sportsbetting and Casino, have grown steadily during the year, although from a low level. We see strong growth potential from the cooperation with WagerWorks, which means that we will be able to offer an additional casino service. In addition, our Sportsbetting should be able to attract many new customers by offering the best odds in the market. Since the middle of February, Aftonbladet and Expressen have been publishing the odds on their gaming pages.

Despite the loss reported for the quarter, we view the future positively, since we anticipate that the cooperation with the new skins and the launches of new products will increase revenues significantly. At the same time, we have taken measures to reduce costs for credit card payments and consulting services. We will also be focusing on more cost-efficient marketing of 24hPoker.com. I expect that these measures will have an impact during the first quarter of 2007."

Operations

24hPoker Holding AB is a Swedish gaming group that develops proprietary software systems for online gaming operations through its subsidiaries 24hPoker AB and B2B Poker AB and operates one of the world's largest poker networks.

24hPoker launched online poker in 2001 and conducts gaming operations via subsidiaries based in Malta. All gaming is in EUR, and the servers and licenses are located in Malta. B2B Poker is currently the only poker network that operates from a jurisdiction within the EU.

B2B Poker is primarily aimed at skins that already have a functioning infrastructure in the form of payment solutions, support and a current customer base, but would also like to offer online poker to their customers. 24hNetwork offers companies without their own gaming license a turnkey solution for online poker, sports betting and casino. This includes gaming licenses, software, operation, payment solutions and round-the-clock support to end users. 24hPoker.com is one of the leading poker sites in the Nordic region, offering a variety of different game forms and stake levels. 24hPoker.com is part of 24hNetwork.

The company also offers up-to-date poker news on its own news site 24hPokernews.com. The support organization and sports betting administration are operated via subsidiaries in Estonia.

24hPoker Holding AB is listed on the Stockholm Stock Exchange and has approximately 9,500 shareholders.

Read more about the company on: www.24hPoker.se

Financial development

Net sales and earnings full-year 2006

From the fourth quarter, accounting principles for reporting income were changed in accordance with IFRS regulations. This means that from this report gaming income will be reported net, meaning that the poker rake earned will be reduced by the promotions that were paid to players in the system (costs for bonuses, cash-backs, VIP points, tournament sponsoring and Bad Beat Jackpot). The table below shows this change.

The total net sales for the period amounted to SEK 208.5 M (136.0), an increase of 54% compared with the corresponding period the preceding year.

Of the net sales, SEK 174.6 M (115.6) was attributable to **poker games**, which increased by 51% compared with the preceding year. The growth rate for Poker during the period weakened as a result of competition from Svenska Spel's poker initiative and of Bet24 and Unibet leaving the network during the year.

Royalty income in B2B Poker rose by 34% compared with the preceding year and the full-year total was SEK 20.6 M, compared with SEK 15.4 M in the preceding year. Royalty income during the fourth quarter was lower than earlier in the year since, Unibet left the network in September.

Income from other gaming operations, which consists of sports betting and casino, amounted to SEK 13.3 M (5.0), up 164% compared with the preceding year.

Type of revenues, SEK 000s	Oct-Dec 2006	Oct-Dec 2005	Jan-Dec 2006	Jan-Dec 2005
Poker revenues	62 612	60 244	267 967	133 554
Revenues, other gaming operations	4 651	1 219	13 279	5 026
Gaming surplus	67 263	61 463	281 246	138 580
Repayments in the form of bonuses, cash-back, etc	-21 249	-10 011	-93 361	-17 889
Net sales	46 014	51 452	187 885	120 691
Royalty income	2 100	4 937	20 627	15 350
Net sales, Group	48 114	56 389	208 512	136 041
<i>Sales according to previous accounting principles</i>	69 363	66 400	301 873	153 930

Excluding Daydream, operating profit during the period amounted to SEK 1.6 M (27.1). From the third quarter, Daydream is reported as a "discontinued operation". The decrease in operating profit and operating margin was attributable to lost royalty income from skins that left the poker network, as well as increased participation from skins that generate low gross margins. The company's strategy to maintain strong player liquidity also resulted in charges against profit and higher marketing expenses and other expenses required to stimulate gaming in the network. In addition, the relocation of the gaming operations to Malta resulted in increased costs for IT services and gaming taxes but is expected to generate a long-term competitive edge. Finally, expenses increased as a result of the company's rapid expansion, while high consulting and legal costs also had a negative impact on the revenue.

The cost for the discontinuation of Daydream during the year amounted to SEK 103 M, which largely pertains to impairment costs for the goodwill that arose on acquisition. The discontinuation of the Daydream company was finalized during the fourth quarter and no additional expenses will be charged against the company in 2007.

Player trend

The number of registered players in B2B Poker's network was 555,617 (364,164) at the end of the period. Adjusted for skins that left the network during the year, the number of registered players at the end of the fourth quarter in 2006 was 159,210, an increase in remaining skins of 249%.

The number of registered players in 24hNetwork amounted to 469,452 (145,230) at the end of the period, an increase of 223%.

The number of active players in B2B Poker's network during the quarter was 68,507 (103,344). Adjusted for the skins that left the network during the year, the number of active players during the fourth quarter of 2006 was 27,072, which means an increase in remaining skins of 153%. Compared with the preceding quarter, when the number of active players was 104,049, this is a reduction of 34%. The decline was due to major skins leaving the network. The number of active players during the quarter amounted to 55,766 (22,933), an increase of 143% compared with the year-earlier period and 28% compared with the third quarter.

Number of players	Oct-Dec 2006	Oct-Dec 2005	Dec 31, 2006	Dec 31, 2005
Number of active players, 24hNetwork ¹	55 766	22 933		
Number of active players, B2B Poker (incl. 24hNetwork) ²	68 507	27 072		
Number of newly registered players, B2B Poker	146 550	51 876		
Number of newly registered players, 24hNetwork	114 864	44 120		
Total number of registered players, 24hNetwork			469 452	145 230
Total number of registered players, B2B Poker ³			555 617	159 210

¹ Pertains to poker, sports betting and casino.

² Pertains only to poker players, excluding players of skins that left the network.

³ Excl. players of skins that have left the network.

Investments

Investments during the year totaled SEK 138.2 M (3.5), of which SEK 131.6 M (1.2) related to intangible assets (goodwill) pertaining to the acquisition of Daydream and the outstanding B2B Poker shares. The remainder pertained to investments in servers. Depreciation and impairment losses totaled SEK 104.4 M, of which SEK 96.5 M was attributable to impairment of the Daydream acquisition.

Cash and cash equivalent

At the close of the period, cash and bank balances amounted to SEK 74.1 M, of which SEK 31.8 M consisted of blocked amounts deposited as collateral via credit cards and e-wallets.

Cash flow

Cash flow from operating activities after changes in working capital was a negative SEK 6.6 M (positive: 63.6) during the year and a negative SEK 45.5 M (positive: 28.2) in the fourth quarter. The negative cash flow during the fourth quarter was largely attributable to the reduction of gaming debts and increase in blocked funds.

Other

Personnel

The number of employees at the close of the period was 109 (59) excluding Daydream (1). All employees in the Daydream Group have been laid off as a result of the Daydream Group's discontinuation.

Deferred tax

The Group's total deficit for tax purposes amounted to SEK 163.2 M (1.7). Deferred tax on loss carry-forwards amounted to SEK 15.8 M (0.5).

24hPoker shares

The number of shareholders in 24hPoker Holding AB on December 29, 2006 was 9,467. Share liquidity was favorable during the quarter and shares were traded on all days. In total, 492 million shares were traded at a value of SEK 346 M, which corresponds to an average price of SEK 0.70 per share. On December 29, the price quoted for the share was SEK 0.67, corresponding to market capitalization of SEK 347 M for the company.

Significant events during 2006

Daydream

In March, Daydream Software AB made a public share offer to owners of 24hPoker AB. The Board of 24hPoker AB decided, on the basis of the information on hand and the recommendation from HQ Bank, to recommend the owners to accept Daydream's offer. The purpose of the merger was to create an international company with an offering that included online gaming for money and skill games, distributed via a number of digital channels.

On June 30, the Board of the merged company decided to discontinue the operations in the former Daydream Group. When new and previously unknown information came to light, the Board assessed that there were no prerequisites to indicate that the operation would be able to report profits in the foreseeable future. Impairments and discontinuation costs amounting to SEK 103.3 M were charged against profit.

Changes in the network

During the year, several small skins joined the network. However, the company's two largest skins left the network, which had a negative impact on profit since the Company also lost royalty income from these skins, while expenses were not reduced to the same extent.

Dispute with HQ Bank

The Company has withheld payment for parts of HQ Bank's requested fee in conjunction with the merger with Daydream. The reason for this includes the fact that the company believes that HQ Bank violated its responsibility as advisor in the merger between 24hPoker and Daydream Software AB. HQ Bank has sued the company in the Stockholm City Court. 24hPoker has responded to the charges and submitted a cross-action to the court.

Re-listing

As a result of the merger between 24hPoker and Daydream Software AB, 24hPoker is on the observation list of the Stockholm Stock Exchange. The process to re-list the company is under way.

Compulsory redemption

In August, the call was made for the conversion of outstanding shares in 24hPoker AB in accordance with Chapter 22 of the Swedish Companies Act. The value of the outstanding shares has not yet been decided but will be determined during the compulsory redemption proceedings, which in many cases take several years to finalize. The company has reserved SEK 12,248 M, which corresponds to the number of outstanding shares times the share price on the first issue day.

Significant events during the fourth quarter

Cooperation with Boss Media

According to surveys, the average online poker player plays in three different poker networks. Consequently, 24hPoker and Boss Media decided during the quarter to initiate a cooperation signifying that players of selected skins in 24hNetwork will be offered the possibility to also play poker in International Poker Network, which is another major poker network. This cooperation will enable players to play in both poker networks in a simple manner via the same digital e-wallet.

Development of the poker network

During the fourth quarter, B2B Poker signed an agreement with 3Bwin, a sports gaming site with approximately 10,000 members. During the year, 10 new skins were launched. 24hNetwork took the strategic decision to be more selective in its choice of new skins in markets where 24hNetwork is already operating.

In the middle of December, Bestpoker left 24hNetwork, but the player liquidity in the network was not negatively influenced since other skins have developed.

Divested companies

During the period, the company sold its operations in the former Daydream Group, including the Rezet, It's Alive and Kidz Wireless companies, to Game Federation.

Gaming ban in the US

In October, a law was introduced in the US banning financial transactions involving gaming sites. The new law has had a major impact on the market and several listed poker companies have excluded customers from the US. 24hPoker decided to exclude US customers as early as July and was therefore not directly affected by the new law.

Significant events following the close of the quarter

WagerWorks

24hPoker has signed a letter of intent to initiate cooperation with WagerWorks, which is owned by International Game Technology (IGT), a world-leading company in the gaming industry, and represents the gaming Group's investment in Internet gaming. WagerWorks supplies casino solutions and online gaming to several major companies in the gaming market, and today operates a minor poker network. The purpose of the cooperation is for WagerWorks and 24hPoker to market each others' gaming services to third parties. The final cooperation agreement is expected to be completed shortly, but effects of the cooperation will be noticed after the summer of 2007.

Incentive programs

At an Extraordinary General Meeting on January 15, 2007, it was decided to establish an options program for the company's employees in Sweden. The objective of the options program is to stimulate long-term ownership commitment among employees, with the aim of increasing interest in the operations and the company's profit trend. Subscription for the new Series B shares, which will be issued on the basis of warrants, can occur between February 1, 2009 and February 28, 2009 and the issue price has been fixed at SEK 0.92. At full exercise of the options, the share capital will increase by SEK 3,549,000, which corresponds to a dilution of approximately 1.8% of the total number of shares and 1.3% of the voting rights in the company.

Extraordinary General Meeting

At the Extraordinary General Meeting on January 15, 2007, a Board election was held and Christer Wikner was elected to the Board for the period up to the Annual General Meeting.

The General Meeting also decided to reduce the company's share capital by SEK 528,456,000.36 to cover the loss; the par value thereafter amounts to SEK 0.39.

Outlook

24hPoker's future focus will be to develop and broaden its product offering, recruit new skins and increase the number of active customers in collaboration with the skins.

The company anticipates that continued growth and interest from potential skins will be significant. The poker network is among the few with a European profile and the only one licensed within the EU. Since the gaming operations are domiciled in Malta, this makes it possible for skins to market their gaming services within the EU and it is not necessary for players from most European countries to pay tax on their poker winnings.

The number of newly registered and active players continues to grow. In January, there was a record number of new registrations. The challenge ahead is for 24hPoker to continue to increase the number of active players in the network and the income generated by each player.

The company expects that the action program initiated in 2006 will start to generate effects during the first quarter of 2007 and achieve its full impact during the second quarter. 24hPoker got off to a favorable start in 2007 and revenues increased for poker as well as sports betting and casino during January, compared with December 2006.

The portion of the company's sales from markets other than Sweden is increasing and growth is most significant in the Finnish market, where 24hNetwork has several strong skins. The company also sees major growth potential in Eastern and Central Europe. The unique turnkey solution makes entrance barriers low for potential skins to enter the online-gaming market and for 24hPoker to enter new geographic markets.

24hPoker's strategy is to offer players the most attractive gaming service by adding new games and other services, as well as offering several alternatives of the most popular and profitable gaming services, for example, double poker networks and two casinos. Due to the strength of 24hNetwork's concept, the company has strong possibilities to maintain its position as a leading company in the future.

Solna, February 22, 2007

24hPoker Holding AB (publ)

The Board

This report has not been examined by the company's auditors.

Annual General Meeting

The Annual General Meeting will be held on May 10, 2007.

Dates for financial information

Interim report for the first quarter of 2007	May 10, 2007
Interim report for the second quarter of 2007	August 22, 2007
Interim report for the third quarter of 2007	November 15, 2007
Year-end report for 2007	February 21, 2008

The Annual Report will be available at the company's head office in Solna from April 25, 2007. Financial reports are published on www.24hpoker.se

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Condensed income statement, SEK 000s	Oct-Dec 2006	Oct-Dec 2005	Jan-Dec 2006	Jan-Dec 2005
Operations, excl Daydream				
Net sales	48 114	56 389	208 512	136 041
Direct costs for gaming operations	-22 251	-21 263	-77 950	-43 015
Gross profit	25 863	35 126	130 562	93 026
Gross margin	53.8%	62.3%	62.6%	68.4%
Personnel costs	-11 079	-8 020	-41 238	-23 056
Other external costs	-22 514	-14 368	-79 784 ³⁾	-41 727
Profit/loss before depreciation and impairment	-7 730	12 738	9 540	28 243
Depreciation and impairment	-2 429	-265	-7 910	-1 126
Operating profit/loss	-10 159	12 473	1 630	27 117
Financial items	1 784	-30	3 084	-771
Profit/loss after financial items	-8 375	12 443	4 714	26 346
Income tax	8 771	-4 196	3 779	-6 230
Profit/loss for the period, remaining operations	396	8 247	8 493	20 116
Discontinued operations				
Profit/loss discontinued operations ¹	-658	-	-103 347	-
Profit/loss for the period	-262	5 673	-94 854	20 116
Average number of shares before and after dilution (thousands) ²	516 947	-	490 624	-
Profit/loss per share (SEK)	-0.001	-	-0.19	-
Profit/loss per share, remaining operations (SEK)	0.001	-	0.02	-

¹ Specified income statement for the divested operations within the Daydream Group for period June 5 - December 31, 2006 (SEK 000s).

Revenues	-372
Production costs	-1 387
Gross loss	-1 759
Other operating expenses	-4 278
Loss before depreciation and impairment	-6 037
Amortization of goodwill	-96 501
Operating loss	-102 538
Financial items	4 364
Deferred tax	-5 173
Loss for the period	-103 347

² The number of shares in 24hPoker AB before the acquisition of the Daydream Group was 5.2 million. Profit/loss for the comparative periods in the preceding year pertains only to the 24hPoker Group.

³ External costs for 2006 pertain largely to marketing (SEK 24 M), handling payments in the gaming operation (SEK 18 M) and IT consulting expenses (SEK 10 M) and jointly increased by 150% from the preceding year.

Condensed balance sheet, SEK 000's	Dec 31 2006	Dec 31 2005
Assets		
Intangible fixed assets ¹	31 921	2 737
Tangible fixed assets	6 695	2 130
Financial fixed assets	17 749	1 411
Current receivables	7 657	32 325
Cash and bank balances	74 134	87 699
Total assets	138 156	126 302
Shareholders' equity and liabilities		
Shareholders' equity	40 330	35 399
Long-term liabilities/Provisions ²	1 748	0
Current liabilities ²	96 078	90 903
Tot shareholders' equity and liabilities	138 156	126 302
Number of shares (thousands)	518 094	-
Equity per share	0,08	-

¹ Of which, goodwill: 5,257 (0)

² Of which, interest-bearing liabilities: 0 (0)

Change in shareholders' equity, SEK 000's	Dec 31 2006	Dec 31 2005
Opening balance	35 399	15 075
Increase in shareholders' equity (non-cash issue)	83 180	
Change in translation differences	-755	208
Revaluation reserve ¹	17 360	
Net profit/loss for the period	-6 037	20 116
Closing balance	129 147	35 399

¹ The revaluation reserve arose in connection with the acquisition of 23% of the shares in B2B Poker AB. As of February 1, 2006, B2B is consolidated as a subsidiary.

Condensed cash flow statement, SEK 000s	Oct-Dec 2006	Oct-Dec 2005	Jan-Dec 2006	Jan-Dec 2005
Cash flow from operating activities before change in working capital	-14 366	12 854	-1 971	28 561
Change in working capital	-31 126	15 342	-4 640	35 054
Cash flow from operating activities	-45 492 ¹	28 196	-6 611	63 615
Cash flow from investing activities	98	-1 199	-29 363	-7 680
Cash flow from financing activities	0	0	0	0
Cash flow for the period	-45 394	26 997	-35 974	55 935
Cash and cash equivalents at the beginning of the period	87 710	51 293	78 290	22 355
Cash and cash equivalent at the end of the period	42 316	78 290	42 316	78 290

¹ The negative cash flow for the quarter was attributable to a reduction in player debts and an increase in blocked funds.

Accounting principles and supplementary information

All figures refer to the Group, unless otherwise specified. Comparative figures in this interim report refer to the corresponding period during the 2005 fiscal year, unless otherwise specified.

B2B Poker AB, which was previously a joint venture, was consolidated in the 24hPoker Group according to the proportional method up to January 31, 2006, meaning that the balance sheets and income statements were consolidated in the proportion of 74.61%. The same applies to the key data referring to the number of employees, etc. Since February 1, 2006, B2B Poker is consolidated as a subsidiary in accordance with the purchase method.

As of the fourth quarter, and as an adaptation to the IFRS regulations pertaining to revenue recognition, poker revenues will be reported net, whereby all bonuses, cash-backs, VIP points, tournament sponsoring and Bad Beat Jackpot to players will be deducted from the gross income. The comparison figures for 2005 have been adjusted accordingly.

For casino and sports-betting operations, revenues are reported net as the difference between the stakes laid and the winnings paid.

Revenues from sports betting and casino operations are reported under the "other gaming operations" heading.

Royalty is defined as B2B Poker's monthly revenue from each skin in B2B Poker's network. Royalty is based on the rake that the skin's players generate.

The interim report has been compiled in accordance with IAS 34 Interim Financial Reporting and RR31 Interim Reports for Groups. In addition, the Parent Company applies the Financial Accounting Standards Council's new recommendation RR32 as of January 1, 2005.

Key data (SEK 000s)	Oct- Dec 2006	Oct- Dec 2005	Jan- Dec 2006	Jan- Dec 2005
Gaming surplus for 24hNetwork ¹ <i>of which, gaming surplus from Poker</i>	67 263 62 612	61 463 60 244	281 246 267 966	138 580 133 554
Gross margin	53.8%	62.3%	62.6%	68.4%
Sales growth	-14.7%	363.9%	53.3%	499.4%
Profit/loss after tax, excluding Daydream	396	8 247	8 493	20 116
Profit/loss per share, remaining operations (SEK)	0.001	-	0.02	-

	Dec 31, 2006	Dec 31, 2005
Shareholders' equity	40 330	35 399
Equity per share	0.08	-
Equity/assets ratio	29.2%	28.0%
Cash and cash equivalents <i>of which, restricted funds</i>	74 134 31 818	87 699 9 409
Return on capital employed	-201.4%	111.0%
Return on equity	-231.7%	84.7%
Number of employees at period end	110	59
Share price at period end	0.67	N.A.
Number of shares (thousands)	518 094	-
Market capitalization at period end	347 123	-

¹ 24hNetwork includes all skins, including 24hpoker.com

DEFINITIONS

24hNetwork

24hNetwork pertains to skins that are included in the company's network, including 24hPoker.com.

Active player

Each unique player that during the period (the most recent 90 days) has bet money in poker, sports betting or casino operations or participated in a competition where a stake in the form of money or bonus points was required.

Return on shareholders' equity

Net profit divided by average shareholders' equity.

Return on capital employed

Profit after financial items plus financial expenses (excluding exchange-rate differences) divided by average capital employed.

Gross margin

Profit after direct costs for gaming operations in relation to net revenues.

Direct costs for gaming operations

Costs for gaming operations directly attributable to the corresponding revenues.

Equity per share

Shareholders' equity in relation to the number of shares on the closing date.

Average number of shares

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

Cash and cash equivalents

Cash and bank balances excluding blocked funds.

Net sales (new definition according to IFRS)

Net sales from all gaming operations in 24hNetwork, royalty revenues from external skins to B2B and other revenue with deductions for direct discounts to players in the form of bonuses, cash-backs, VIP points, tournament sponsoring and Bad Beat Jackpot.

Registered player

Players who have registered usernames in the network.

Profit per share

Profit after tax in relation to the average number of shares.

Rake

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

Operating margin

Operating profit in relation to net sales.

Operating profit per employee

Operating profit in relation to the average number of employees.

Skin

Partner site with its own design, for which such functions as support, payment systems and back office activities are administered by 24hNetwork.

Equity/assets ratio

Shareholders' equity including minority interests in relation to total assets. **Gaming surplus**

Net revenues from all gaming operations in 24hNetwork, excluding royalty income.

Capital employed

Total assets reduced by non-interest bearing liabilities and provisions, including deferred tax liabilities.

Profit margin

Profit after net financial items in relation to net sales.

Note 1 Reversed acquisition of subsidiary, SEK 000s

On June 5, the exchange-listed company Daydream Software AB acquired a majority of the shares in 24hPoker AB. Following this acquisition, the acquisition analysis for the Group was prepared as if 24hPoker had acquired Daydream Software AB.

Here follows information on the net assets and goodwill in Daydream Software AB:

Purchase consideration

Issue in accordance with reversed acquisition	83 180 ¹
Acquisition costs	15 233
Total purchase consideration	98 413
Fair value of acquired net assets	<u>-1 714</u>
Goodwill ²	100 127

¹ The acquisition price in connection with the reversed acquisition corresponds to the market capitalization of Daydream Software AB at June 5, 2006, meaning the number of shares, 52,645,488, multiplied by the share price of SEK 1.58, which is equal to the issue amount of SEK 83,179,887.

² Since the acquisition, goodwill has been impaired to zero, since the goodwill at December 31, 2006, following the discontinuation of Daydream, has no value. The liability for the remaining shares from the acquisition balance has been reduced from SEK 15,873,000 to SEK 12,247,000, whereby the difference of SEK 3,626,000 has been converted into share capital and reduced the result from the goodwill impairment to SEK 96,501,000. The adjustment of SEK 3,626,000 corresponds to the value of 25,221 24hPoker AB shares, which at September 30, 2006 were converted into 2,295,111 shares in 24hPoker Holding AB. The number of outstanding shares is 7,751,380 Series B shares.

The assets and liabilities included in the acquisition were as follows:

	Acquired carrying value	Fair value
Tangible fixed assets	647	0
Intangible fixed assets	52 565	0
Deferred tax assets	0	15 419
Receivables	10 219	3 936
Capitalized consultancy costs, acquisition of 24hPoker	8 639	0
Cash and cash equivalents	5 976	5 976
Liabilities	-11 234	-16 645
Liability, shares outstanding	0	-15 873
Deferred tax		5 473
Net assets	66 812	-1 714