



Interim report January 1 - March 31, 2007

Stockholm, 22 May 2007

All figures in this report are in SEK. Numbers in parenthesis indicate the corresponding period of the previous year.

Continued strong growth for all products on all markets during the period

- The Group's net sales from continuing operations (that is, excluding Net Entertainment) increased by 123 percent to SEK 156.0 (70.1) million
- Operating profit/loss from continuing operations increased to SEK 45.5 (-1.5) million
- The number of active customers during the quarter increased by 35 percent compared with Q4 2006 to 125,200
- A unique customer loyalty program covering all products was introduced
- Launching of Bingo, several new casino games, and live betting in Sportsbook
- The extraordinary general meeting on March 30 decided to distribute Net Entertainment
- The Group's result after taxes from continuing operations amounted to SEK 41.7 (-2.1) million, which corresponds to SEK 1.06 (-0.06) per share

Events after the end of the interim period

- The Board has now adopted a new dividends policy with the ambition to distribute up to 75 percent of the company's result after taxes to shareholders
- The shares in Net Entertainment were distributed as dividends to shareholders and the company was listed at NGM on April 5
- Betsson.com launched its French-language site



Betsson develops and operates gaming directed toward end consumers through the websites Betsson.com, CasinoEuro.com and CherryCasino.com. The company offers poker, casino gaming, sportsbook, lottery, betting exchange, and bingo.

Customers are primarily from Scandinavia and the rest of Europe.
Betsson is listed on the Nordic Exchange, Small Cap (BETS).

The Group's business area for development and licensing of gaming software for online gaming – the business area Net Entertainment – was distributed as dividends to Betsson's shareholders, according to the decision made by the extraordinary general meeting on March 30. The company has been listed on NGM since April 5, 2007.

The business area Net Entertainment's result for the period January-March 2007 are included in this interim report for Betsson. Net Entertainment's result has been excluded from revenues and expenses in the income statement, and is reported as net in the item "Incomes for the period from discontinued operations", in accordance with IFRS. The accounting principles used are described in more detail on page 4 of the report.

Interim period January-March 2007

The Group's revenues from continuing operations (that is, excluding Net Entertainment) increased by 123% to SEK 156.0 (70.1) million compared with the same quarter last year.

The Group's operating profit from continuing operations increased to SEK 45.5 (-1.5) million. Operating margin increased to 29.2 (-2.1) percent.

Profit before taxes increased to SEK 45.6 (-2.3) million.

Profit/loss after tax from continuing operations amounted to SEK 41.7 (-2.1) million which corresponds to SEK 1.06 (-0.06) per share.

The Group's profit after taxes including discontinued operations amounted to SEK 53.2 (5.0) million, corresponding to SEK 1.35 (0.14) per share. The result from discontinued operations refers to the previously included business areas Net Entertainment and Cherry Casino, and amounted to SEK 11.5 (7.1) million, corresponding to SEK 0.29 (0.20) per share.

Return on equity was 8 (0) percent and return on total capital 7 (0) percent. Equity per share amounted to SEK 12.41 (12.51) at the closing date.

Work with distribution of the Group into three independently noted companies – Betsson, Net Entertainment, and Cherryföretagen – which was begun at the end of 2005, is now completed. The purpose of the division was to clarify the value of each operation by creating three clear investment alternatives. The background to the proposal was that the Board determined that the three business-areas could develop more rapidly and stronger on their own. The individually-noted companies together today have a higher value on the stock market than what the Betsson Group had before the distribution.

Net result

Starting with this period, the result level Gross Profit has been added to Betsson's income statement. The purpose of implementing the income measure is to simplify comparisons with other gaming companies.

The gross margin from the Group's gaming operations is composed of the net of received gaming wagers and paid winnings, minus gaming taxes, license fees to game suppliers, and the net of income and expenses for bank and credit card payment services for depositing gaming wagers and paying winnings. Bonus does not affect the Group's gross margin. Instead, the net cost of free games is reported as a marketing cost under other external expenses.

The gross margin for the interim period amounted to SEK 125.6 (56.2) million. Operating margin in relation to gross margin increased to 36.1 (-2.7) percent.

Gaming operations

Betsson offers Internet gaming to end consumers on a global market through the gaming portal betsson.com and the casino sites CasinoEuro.com and CherryCasino.com.

Products

Betsson currently offers the following products:

- Sportsbook, which offers a wide variety of possibilities for wagering, both on sports and other happenings of interest to European players.
- The Betting Exchange, which is a marketplace for wagering. Unlike sport betting, here customers play against each other. Betsson receives commission from those who win a wager.
- Casino with a large variety of world-class casino games that do not require download. Here there are both traditional and innovative games including Black Jack, Roulette, Casino Hold'em, video poker games, gaming machines and much more.

- Poker with several different poker games connected to Ogame, the largest poker network in the world with close to twelve million registered poker players.
- The scratch card Trio, which gives the player high payout and winnings on average from every third card.
- Bingo, which was launched at the end of March for the Swedish market and offers several different bingo games. A bingo hostess is present in the chat, where players also have a chance to chat with each other.

During the period, Betsson launched Bingo, introduced several new casino games, and increased the number of poker tournaments. During the period, the company has launched live betting within Sportsbook, increased the number of playable markets, and introduced local Sport pages.

Customers

At the turn of the year, blocked American customers were removed from the customer database, so the database would reflect the actual situation at year end. The Internet casino Casinodomain.com, which had predominately American customers, was closed entirely during Q4, and the Internet casino CasinoEuro.com and CherryCasino.com have removed their American customers. In addition, the customer databases for Betsson.com, CasinoEuro.com and CherryCasino.com have been merged. After these adjustments, where about 225,000 customers were removed, the number of registered customers at the turn of the year amounted to 543,600. At the end of Q1 2007, the number of registered customers was 686,000, which corresponds to an increase of 26% compared to the previous quarter.

The number of active customers increased by 35% during the period to 125,200, with a total increase of 119% during the last year.

The number of active customers distributed by product (previous quarter given in parenthesis) was:

- Betting (Sportsbook and Exchange) 69,000 (47,000), 47 percent growth
- Casino 52,800 (37,000), 42 percent growth
- Poker 45,200 (38,400), 18 percent growth
- Trio 8,400 (8,000), 5 percent growth
- Bingo was launched first at the end of the quarter, so relevant numbers are missing.

An active customer is defined as a customer who has played for money during the last three months.

Betsson actively works with marketing through various media, and through result-based cooperations and partnerships to increase the number of customers. At the same time, Betsson has an active loyalty program to keep existing customers. During the quarter, the company launched a unique customer loyalty system that covers all of Betsson's gaming products. The company has also introduced new tools such as chat to streamline customer support internally *and* externally. Today Betsson offers phone, chat and e-mail support.

Markets

Betsson.com is established in 10 countries, with the Scandinavian countries composing the most important geographical market. CasinoEuro.com is available in 16 languages. Betsson still has its strongest footing in Scandinavia but is now growing more and more rapidly throughout the rest of Europe.

Discontinued operation, the business area Net Entertainment

Net Entertainment is a leading B2B supplier of turnkey solutions for Internet-based casino games. Net Entertainment develops gaming software for licensing to an international customer group, today consisting of around 40 gaming companies.

Net Entertainment's result for the interim period is reported net after taxes as "Incomes for the period from discontinued operations". Net profit for discontinued operations amounted to SEK 11.5 (7.1) million. The previous year's result also included the net loss for Cherry Casino of SEK 0.2 million.

Net Entertainment's revenues (including sales to Betsson) increased by 52 percent to SEK 33.2 (21.8) million during the quarter. Operating profit amounted to SEK 12.5 (10.6) million. The period's operating profit/loss absorbed costs of SEK 1.9 million in conjunction with the company's listing on NGM. For more information about Net Entertainment's operations, development and financial position, see Net Entertainment's interim report for Q1 2007, published on the company's website www.netent.com.

Personnel and organisation

The average number of employees in the continuing operations during the period amounted to 96 (60) for the Group. At the end of the period, there were 106 (69) employees.

Extraordinary General Meeting

On March 30, Betsson's extraordinary general meeting decided to distribute Net Entertainment as dividends to Betsson's shareholders and list the company on NGM from April 5. The shareholder's meeting also decided to elect Emil Sunvisson as a new ordinary member of Betsson's Board of Directors. Sunvisson represents Straumur-Burdaras Investment Bank.

Dividends

The 2006 year-end report proposed that no cash dividends would be paid. Betsson's earnings trend during Q1 has been very strong. The Board of Directors of Betsson AB have therefore changed their proposal and are recommending for the general meeting on May 22, 2007 to pay cash dividends of SEK 0.50 per share.

Events after the end of the reporting period – New dividend policy

The Board of Directors has today at a board meeting adopted a new dividend policy for Betsson AB that will be valid from 2008. The ambition of the Board is for Betsson's to pay dividends of up to 75% of the Group's profit after taxes, assuming that a reasonable financial structure can be maintained.

2007 Prospects

2007 began strong and the first half of Q2 is in line with the company's expectations.

In March, the European Court of Justice confirmed through the Placanica ruling that national legislation prohibiting practicing gaming operations without license or governmental permit, constitutes a limitation on freedom of establishment and freedom to provide services within the EU. Later in March, the EU commission announced that it had taken measures to stop the prevention of free movement on sport betting services in Denmark, Finland and Hungary. The European Court of Justice and the EU Commission's point of view and actions can in the long term result in improved opportunities for Betsson and other gaming companies.

Turkey has adopted legislation against Internet gaming. The legislation, whose purpose is to protect the partially state-owned gaming company IDDAA, is according to legal expertise a violation against Turkey's agreement with the EU, which has the purpose to regulate Turkey's road to possible EU membership. The Turkish legislation complicates Betsson's participation on the Turkish market.

During the year, Betsson will widen its product offering to include new gaming products, some unique and some already established in the market. At the same time, Betsson will launch a number of new geographical markets, primarily in Europe. The goal is to grow both organically and through acquisition on these new markets.

Betsson aims to grow faster than the market, maintaining at least an operating margin of about 30%.

Financial reports

Information will be issued in 2007 according to the following schedule:

- Q2 2007 Interim report, August 21, 2007
- Q3 2007 Interim report, November 8, 2007

Betsson also intends to communicate certain Key Performance Indicators (KPIs) on a monthly basis now after the distribution of Net Entertainment. Betsson intends to begin this reporting after the summer.

Accounting principles

Betsson applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting principles remain unchanged

from the year-end accounting 2006. Further information on the Group's accounting and valuation principles is found in note 1 of the annual report for 2006.

Discontinued operations

The Group's business area for development and licensing of online gaming products – the business area Net Entertainment – was distributed as dividends to Betsson's shareholders at the beginning of April 2007 and was listed at NGM Equity. The Group's traditional gaming operations in the business area Cherry Casino were distributed as dividends to shareholders under the name Cherryföretaget AB and listed at AktieTorget in September 2006.

Net Entertainment was consolidated in the Betsson Group through March 2007, and Cherry Casino was consolidated in the Group through August 2006.

In accordance with IFRS 5, "Non-current Assets held for sale and Discontinued Operations", the period's result for the distributed business Net Entertainment is reported in the group's Income Statement within the item "Income for the period from discontinued operations". This means that income and expenses for the business area Net Entertainment were excluded from all items in the income statement for the actual period and comparison periods. Income and expenses for the business area Cherry Casino were also excluded from all items in the income statement for comparison periods.

The cash flow statement reports the effect of business area Net Entertainment on the interim period and comparison period's cash flow, as well as business area Cherry Casino's effect on the comparison period's cash flow, separately.

The business area Net Entertainment is included in the balance statement at March 31, 2007, since the company was distributed in the beginning of April 2007. The balance sheet for comparison periods are those already published, which means that Net Entertainment's balance sheet items are included in the Group's balance sheet for the reported comparison periods, while Cherry Casino's balance sheet items are included in the Group's balance sheet for the comparison period Q1 2006.

Segment reporting

Historically, Betsson has chosen to divide the company for the purposes of segment reporting into the business areas Betsson Online, Net Entertainment, Group-wide and previously also Cherry Casino.

With the distribution of Net Entertainment, only one business area remains in the Group - Betsson Online, which has its base on Malta and operates Internet consumer gaming. The previously disclosed expenses for Group functions now only affect this business area. As a result, reporting of the Betsson Group's business area organisation has been omitted.

For additional information, please refer to the summaries included in the interim report of the Group's statement of income, balance sheet, equity summary, cash flow statement as well as notes and key ratios for the period and comparison period as well as the annual report for 2006.

This report has not been subject to a special audit by the company's auditor.

Stockholm, 22 May 2007

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Consolidated income statements (MSEK)	Q1 2007	Q1 2006	Full Year 2006	Full Year 2005
Revenues	156.0	70.1	319.8	157.1
Operating expenses from gaming activities	-30.4	-13.9	-63.5	-37.5
Gross Profit	125.6	56.2	256.3	119.6
External expenses	-63.0	-45.6	-177.4	-89.8
Personnel expenses	-13.9	-9.1	-46.5	-17.1
Depreciation	-2.9	-3.0	-11.5	-7.0
Other operating expenses	-0.3	0.0	-2.0	-1.0
Operating expenses	-80.1	-57.7	-237.4	-114.9
Operating income	45.5	-1.5	18.9	4.7
Financial items, net	0.1	-0.8	-1.1	137.1
Income before tax	45.6	-2.3	17.8	141.8
Tax	-3.9	0.2	14.2	0.1
Income for the period from continuing operations	41.7	-2.1	32.0	141.9
Income for the period from discontinued operations	11.5	7.1	30.5	36.2
Income for the period	53.2	5.0	62.5	178.1
Attributable to:				
Parent company's shareholders	53.2	5.3	62.3	176.9
Minority interest	0.0	-0.3	0.2	1.1
Continuing operations				
Earning per share (SEK)	1.06	-0.06	0.82	3.93
After dilution (SEK)	1.06	-0.05	0.81	3.78
Discontinued operations				
Earning per share (SEK)	0.29	0.20	0.77	0.98
After dilution (SEK)	0.29	0.18	0.77	0.95
Total operations				
Earning per share (SEK)	1.35	0.14	1.59	4.91
After dilution (SEK)	1.35	0.13	1.58	4.73
Operating margin (percent)	29.2	-2.1	5.9	3.0
Profit margin (percent)	29.2	-3.3	5.6	90.3
Average number of shares (millions)	39.6	38.1	39.1	36.0
Diluted (millions)	39.6	39.5	39.6	37.5
Number of shares at end of period (millions)	39.6	38.1	39.6	38.1
Average share price (SEK)	31.25	29.83	25.04	29.01
Last paid share price (SEK)	43.00	34.00	18.50	28.20

Consolidated balance sheet (MSEK)	2007-03-31	2006-03-31	2006-12-31	2005-12-31
Intangible assets	407.4	396.7	403.5	395.2
Tangible fixed assets	12.2	31.9	10.6	27.3
Other long-term receivables	0.7	1.5	0.7	1.6
Deferred tax receivables	0.1	0.7	0.0	0.7
Total non-current assets	420.4	430.8	414.8	424.8
Inventories	0.0	1.9	0.0	1.9
Current receivables	135.3	64.9	100.6	68.3
Cash and liquid assets	122.1	80.4	77.2	78.4
Total current assets	257.4	147.2	177.8	148.6
Total assets	677.8	578.0	592.6	573.4
Equity	545.3	479.0	491.3	474.1
Long-term interest bearing liabilities	0.0	11.0	0.0	9.7
Other long-term liabilities	0.0	0.0	0.0	0.0
Deferred tax liabilities	0.9	14.2	1.0	14.4
Total non-current liabilities	0.9	25.2	1.0	24.1
Current interest bearing liabilities	0.0	6.9	0.0	3.5
Other current liabilities	131.6	66.9	100.3	71.7
Total current liabilities	131.6	73.8	100.3	75.2
Total equity and liabilities	677.8	578.0	592.6	573.4

Quarterly figures (MSEK)	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2007 Q1
Total / external revenues	19.3	36.6	45.9	55.3	70.1	63.1	71.6	115.0	156.0
Operating income	-3.5	0.9	3.9	3.3	-1.6	-12.7	10.4	22.8	45.5
Operating margin	-18%	3%	9%	6%	-2%	-20%	15%	20%	29%
Quarterly growth 1)		90%	26%	20%	27%	-10%	14%	61%	36%
Registered Clients 2)	256 000	313 500	374 600	445 500	508 800	550 500	646 300	543 600	686 000
Quarterly growth		22%	19%	19%	14%	8%	17%	-16%	26%
Active Clients	25 300	28 000	33 000	44 300	57 200	60 200	63 300	92 600	125 200
Quarterly growth		11%	18%	34%	29%	5%	5%	46%	35%
Activity Rate (Active/Registered clients)	10%	9%	9%	10%	11%	11%	10%	17%	18%

1) Betsson.com is consolidated in the Betsson-group as from February 17, 2005, which explains the relatively large growth in Betsson Online during the second quarter 2005.

2) At year end 2006, Betsson has cleared the customer data base of American customers. As a result of this appr. 225 000 clients was deleted in the data base. This explains the decline in numbers of registered clients between during the fourth quarter 2006.

Other key ratios, Group	Q1, 2007	Q1, 2006	Full Year 2006	Full Year 2005
	2007-03-31	2006-03-31	2006-12-31	2005-12-31
Number of registered shareholders	3 226	3 959	3 256	3 785
Equity per share (SEK)	12.41	12.51	12.41	12.38
Equity per share after dilution (SEK)	12.41	12.19	12.41	12.06
Return on equity (percent)	8	0	7	35
Return on total capital (percent)	7	0	4	30
Return on capital employed (percent)	9	0	4	35
Equity/assets ratio (percent)	80	83	83	83
Investments, totals (MSEK)	12.5	12.9	46.0	29.4
Investments, continuing operations (MSEK)	5.5	4.5	18.0	15.4
Average number of employees	96	60	71	27
Number of employees and end of period	106	69	95	50

Consolidated cash flow statements (MSEK)	Q1	Q1	Full Year	Full Year
	2007	2006	2006	2005
Income after financial items (incl discontinued operations)	58.1	7.1	60.1	187.0
Adjustments for non-cash items	4.9	6.9	25.2	-119.5
Taxes paid	-7.6	-2.2	-2.0	-3.8
Cash flows from operating activities				
before changes in working capital	55.4	11.8	83.3	63.7
Changes in working capital	-0.9	1.8	-13.7	-3.6
Cash flows from operating activities	54.5	13.6	69.6	60.1
Investments	-12.5	-12.9	-46.0	-29.4
Investments in acquisition of subsidiaries	-	-	-	2.0
Change in long-term receivables	0.1	0.1	0.5	-0.3
Distribution of business area Cherry Casino	-	-	-24.1	-
Sale of shares and fixed assets	3.0	0.1	0.5	19.9
Cash flows from investing activities	-9.4	-12.7	-69.1	-7.8
New share issue	-	-	2.8	-
New share issue costs	-	-	-	-0.2
Costs of distribution of Net Entertainment and Cherry	-2.2	-	-4.7	-
Change in long-term liabilities	-	1.4	2.8	5.4
Cash flows from financing activities	-2.2	1.4	0.9	5.2
Changes to cash and liquid assets	42.9	2.3	1.4	57.5
Cash and liquid assets at beginning of period	77.2	78.4	78.4	19.9
Exchange rate differences	2.0	-0.3	-2.6	1.0
Cash and liquid assets at end of period	122.1	80.4	77.2	78.4
Of which cash flows regarding discontinued operations				
Operating activities	-7.8	16.8	54.0	2.3
Investing activities	-3.9	-8.5	-29.3	-5.0
Financing activities	0.0	0.5	5.9	9.7
Total discontinued operations	-11.7	8.8	30.6	7.0
Change in Group equity (MSEK)				
	Q1	Q1	Full Year	Full Year
	2007	2006	2006	2005
Opening balance	491.3	474.1	474.1	101.3
Effect of changed accounting principles, IAS 39	-	-	-	222.9
Adjusted opening balance	491.3	474.1	474.1	324.2
Translation differences	2.8	-0.1	-0.8	0.3
Financial assets that can be sold:				
- Total wealth changes reported directly against equity	0.2	-	-	31.9
- Reported in income statement at sale	-	-	-	-2.8
Acquisition and consolidation of Betsson (71%), adjusted to acquisition value of previously acquired shares	-	-	-	-57.6
Total change directly in equity, excluding transactions against company owners	3.0	-0.1	-0.8	-28.2
Income for the period	53.2	5.0	62.5	178.1
Total change, excluding transactions against company owners	56.2	4.9	61.7	149.9
Sale of minority owned sub-subsidiaries	-	-	-	0.2
Distribution of shares in Cherryföretagen (Cherry Casino)	-	-	-47.2	-
Cost of distributing Net Entertainment and Cherryföretagen	-2.2	-	-3.4	-
New share issue (exercise of convertibles and warrants)	-	-	6.1	-
New share issue costs	-	-	-	-0.2
Equity at end of period	545.3	479.0	491.3	474.1
Attributable to:				
Parent company's shareholders	544.9	476.2	490.9	471.0
Minority Interest	0.4	2.8	0.4	3.1
Total equity	545.3	479.0	491.3	474.1