BETSSON AB
ANNUAL REPORT
2009

SEK **1.3** BILLION

SEK 1.3 billion in revenues 2009

25%

25% growth 2009

No.1

World best in responsible gaming 2009

72%

72% increase in active customers

303

SEK 303.3 million in earnings after tax 2009

258

258 Betsson employees

Betsson AB's Core Business consists of investing and administer companies within the gaming business. Betsson AB owns Betsson Malta which operates games through partnerships and towards end customers, via the websites www.betsson.com, www.casinoeuro.com and www.cherrycasino.com. Betsson Malta offers Poker, Casino, Betting exchange, Sports betting, Scratch tickets, Bingo and Games. The customers mainly orginate from the Scandinavian countries and other parts of Europe. Betsson AB is listed on NASDAQ OMX Nordic Mid Cap List, (BETS).

More about Betsson:

Betsson's Annual Report can be found at **www.betssonab.com**

This site also provides reports, presentations and press releases

betsson™

TABLE OF CONTENTS

ANNUAL REPORT 2009

The Board and the CEO of Betsson AB (publ), corporate identity number 556090-4251, registered in Stockholm, hereby presents this Annual Report for the 2009 financial year for the parent company and group. The formal Annual Report, including the Audit Report, is shown on pages 4–7 and 18–42.

The results of this year's operations and the financial position of the parent company and group, are given in the Directors' Report and associated income statement, balance sheet, cash flow statement and equity summary with relevant notes and comments.

The reporting currency for the parent company and consolidated reports is Swedish kronor (SEK).

The consolidated income statement and balance sheet and the parent company income statement and balance sheet will be presented for adoption at the Annual General Meeting on 6 May 2010.

DIRECTORS' REPORT

Group operations concentrate on Internet gaming. The parent company, Betsson AB, invests in and administers gaming companies operating within the online gamingbusiness. The parent company does not conduct any gaming operations of its own.

Via partnerships and subsidiary company Betsson Malta's Internet sites (www.betsson.com, www.casinoeuro.com and www.cherrycasino.com) Betsson Malta offers poker, casino, Sportsbook, lottery, exchange, bingo and games to customers primarily in the Nordic countries and the rest of Europe.

In this Annual Report, for the sake of simplicity, the word "Betsson" is used throughout as a description of the group's gaming operations which consist of the gaming operations of the subsidiary Betsson Malta which is operated on the basis of gaming licences in Malta.

Consolidated revenues and profit

Consolidated revenues amounted to SEK 1 299.7 (1 037.8) million, or an increase of 25 per cent. Gross profit was SEK 1 045.0 (828.1) million, which was an increase of 26 per cent. Operating income increased to SEK 316.9 (276.6) million and operating margin amounted to 24.4 (26.7) per cent.

Income before tax increased to SEK 318.9 (280.7) million and income was SEK 303.3 (267.3) million, which is the equivalent of SEK 7.73 (6.81) per share, a rise of 13 per cent.

Products

Casino games are Betsson's major product and accounted for 64 (58) per cent of the total gross profit during the year followed by Sportsbook 20 (19) per cent, Poker 13 (19) per cent and other products which jointly accounted for 4 (4) per cent of gross profit.

Markets

Betsson still has its strongest market in the Nordic countries but is growing increasingly rapidly in the rest of Europe. www.betsson.com is available in 19 languages, www.casinoeuro.com in 16 and www.cherrycasino.com in 13 languages.

Of the year's gross profit, the Nordic countries accounted for 58 (58) per cent, EU outside the Nordic countries for 13 (12) per cent and the rest of Europe (including Turkey) for 28 (30) per cent.

Customers

At the end of the year there were 2,117,800 (1,499,900) registered customers which is an increase of 41 per cent as compared to the end of the previous year.

There were 288,700 (167,400) active customers which was an increase of 72 per cent on the previous year. An active customer is defined as a customer who has played for real money during the previous three-month period.

Key events in 2009

Betsson has launched live streaming and mobile betting, two vital innovations for playing on Sportsbook in the future.

Betsson has been named as the world's most socially-responsible gaming operator.

Betsson has, via partner cooperation, launched the scratchcard sites www.Suomiarvat.com, www.Norwaysloddet.com and www.svenska-lotter.com as well as www.betsson.tv – a cooperative project with Germany's second largest media house Prosieben Sat 1.

Investments and depreciation

This year's investments amounted to SEK 58.5 (67.8) million, of which SEK 48.6 (53.8) million concerned capitalised development expenditure.

The year's depreciations totalled SEK 36.6 (20.6) million, of which SEK 30.0 (15.1) million concerned depreciation of capitalised development expenditure.

Investments were made in the development of gaming platforms, integration of game and payment solutions, domains, IT hardware for the operation of the Internet games and rebuilding and interior design of offices.

Equity

Equity in the group amounted to SEK 820.4 (720.2) million on closing date which was the equivalent of SEK 20.91 (18.34) per share after transfer to shareholders via the redemption procedure of SEK 5.10 (5.00) per share during the second quarter.

Return on equity was 39 (40) per cent.

Financing, cash, cash flow and gaming liabilities

Betsson´s operations are financed with its own funds. As of the end of the year, the equity/assets ratio amounted to 59 (63) per cent.

The year's cash flow was SEK 166.1 (117.1) million, of which cash flow from operations amounted to SEK 424.9 (384.3) million. At the end of the year cash and bank holdings amounted to SEK 529.1 (373.2) million.

Gaming liabilities, including reserves for accumulated jackpots, amounted to SEK 203.6 (121.7) million on closing day.

Current receivables from payment suppliers for as yet unsettled customer payments amounted to SEK 164.9 (125.4) million.

Personnel

At the end of the year there were a 258 (185) people employed at the company. In order to create, and meet the challenges of, anticipated future growth, these numbers have increased by 73 during the year.

The average number of employees this year was 225 (154) in the group of whom 149 (106) were based in Malta.

Significant events after the end of the year:

In December 2009 the Administrative Court of Appeal gave its ruling that once again, on threat of penalty payment, the shop at Götgatan 37 in Stockholm must cease to promote gambling operations. In order to avoid penalties, management was forced to close the shop. Based on the Supreme Administrative Court´s decision in late December, Betsson could open the shop again in January 2010. For more detailed information, see Disputes below. In January Betsson Business Solutions was launched which is a unit focussed on cooperation with other companies. This unit is presented in more detail at www.betssonbusiness.com.

During the first quarter a new version of the www.cherrycasino.com site was also launched.

Otherwise no important events occurred after the end of the year.

Parent company

Parent company, Betsson AB (publ), operations are primarily aimed at group management and administration. The company provides and sells services encompassing finance, administration and management to other group companies.

Parent company revenue for the year was SEK 10.8 (10.9) million and income before tax amounted to SEK 288.3 (389.) million.

Net interest income included SEK 298.2 (404.7) million as concerns dividends from shares in subsidiary companies.

Parent company investments for the year amounted to SEK 0.6 (0.9) million. Cash and cash equivalents were SEK 393.9 (147.9) million.

The company has no bank loans and has utilised no bank credits.

During the year, the parent company has executed a share redemption programme corresponding to a transfer of SEK 200.1 (196.2) million to the shareholders. In connection with the redemption procedure, a bonus issue of totally SEK 39.6 million was made in order to restore the company's share capital.

Outlook for 2010

Betsson expects that the market for Internet gaming will continue to develop strongly. Large numbers of the people of the world have no, or very little, access to Internet. However the numbers of people who do have access are increasing rapidly which has provided a considerable driving force for this business area.

In the regions where Internet is available, confidence in it as a market place is growing and increasing numbers of people are using it for banking, share trading, insurance matters and ordinary shopping. This change in behaviour patterns and improved confidence in e-commerce is vital to the development of the market.

According to the Global Betting and Gaming Consultants, the European Internet gaming market will increase by 12.6 per cent to USD 8.7 billion in 2010. Betsson intends to grow at a faster pace than the market over the year.

High levels of customer deposits and high levels of activity on Betsson gaming sites indicate continued healthy growth prospects.

Significant risks and uncertainty factors

Betsson operations are financed with in-house funding and group financial policy is characterised by low levels of risk. Financial risks are described in Note 28.

On most national markets, gambling and gaming are regulated by law and all such operations are required to obtain permits. Consequently, political decisions may affect Betsson operations (see for example the sections on USA, Turkey, Norway and Sweden below). Betsson is dependent on the legal preconditions for the gaming industry, especially those within the EU where the majority of company customers are active. The EC Court has, in a number of high-profile and precedent-setting rulings (the Schindler, Läärä, Gambelli, Lindman and Placanica rulings) stated that, in principle, state restrictions on the gaming field are to be regarded as violations of one the of the basic EU principles. In spite of this a number of member states have retained their restrictions with the aim of making operations difficult or even impossible for private, on-line operators.

Within the near future, more European gaming monopolies will probably be challenged in the form of national legal processes. Currently it is difficult to obtain a clear view of how the legal situation will affect the commercial preconditions for online operators. It should be emphasised in this context that Betsson does not offer its services to customers residing in USA due to legislation containing a ban on forwarding of payment transactions linked to Internet gaming in USA that entered into force in October 2006.

There is still pressure being applied on EU countries to adapt their national legislation to applicable EC law, with its free movement of goods and services. Several countries have announced that they are working on new legislation in line with EU requirements. However it is still not clear when such new legislation will be introduced onto the main Betsson markets, however when this does occur the company will be able to enjoy increased marketing opportunities and market presence.

In 2007, Turkey introduced legislation against Internet gaming with the aim of protecting its state gaming company IDDAA. Betsson's Internet-based gaming operations exhibit a clearly-defined, cross-border character which means that international law is applicable. According to the principle of the sovereignty of states, each country is of equal value; consequently one state's legal regulations cannot take precedence over those of another state. Betsson's marketplace is Malta and operations are undertaken in accordance with Maltese legislation and answer to the Maltese legal system. As a part of Malta's market place, Betsson is able to claim immunity to Turkish legislation that may attempt to prevent Betsson from carrying out its operations. This is, according to legal experts, a principle that Turkey accepted through its membership in WTO and through other international agreements. In addition to the above, Turkey has the intention of becoming a full member state of the EU and has accepted, in principle, the EU treaty concerning the free movement of goods and services between member states. Turkey has signed an Association Agreement which is to regulate the country's journey to full membership. According to legal expertise, this gaming legislation is in breach of EU law and not strictly in line with the Association Agreement. This Turkish legislation makes operations more difficult for Betsson on the

Turkish market, even though Turkey can apply no sanctions against Betsson due to the principle of sovereignty. Consequently, Betsson's future revenues from Turkey continue to be more uncertain than those generated by its other markets.

Norway intends to expand its ban on the promotion of gaming arranged abroad. This ban will hit banks in that it will be a criminal act to operate a redemption service in connection with payment for gaming to gaming companies via credit and debit cards. When this law enters into force it may affect Betsson's future revenues in a negative manner.

In Sweden, in December 2008, a government committee of enquiry on gaming presented its report including proposed new legislation. This proposed legislation has been the subject of harsh criticism. Betsson's assessment is that the proposed legislation is contrary to EU law and that it will not be included in its current form. No legal changes to the Swedish gaming law are expected before the parliamentary elections in September 2010.

People who suffer from gambling addiction may sue companies within the Betsson group for this addiction. Although such claims would probably be rejected, they may give rise to considerable cost and also reduce confidence in the Betsson group, which ultimately could lead to decreased revenues. Betsson is accredited by the G4 organisation which works to prevent gambling addiction and, as part of its commitment to this activity the companies have adapted their sites in order to offer full support to the guidelines established by G4. In addition, Betsson has established a special department and skilled, experienced staff have been recruited so that Betsson will be able to maintain its position as a leader in the field of responsible gaming. One result of Betsson's efforts to manage long-term gambling addiction issues was that, in December 2009, it was designated as the world's most socially responsible gaming operator.

Betsson is subject to both seasonal and economic situation variations. Seasonal variations can seriously affect the company's operations during periods of lower gaming activity and diverse results in various sporting events. The economic situation has, to date, not affected operations on any significant scale.

The interpretation of the relevant Maltese VAT rules has been amended in 2007 and may affect the costs of the Maltese subsidiary company. In 2008, Betsson took steps to reduce the risk of additional VAT for 2008 and onwards. Betsson has reported the amount of tax the company believes to be correct and considers reasonable, based on this uncertainty, to the Maltese tax authorities. This amount may, though, prove to be inadequate if the Maltese tax authorities make an interpretation of the VAT rules that is more restrictive than the assessment Betsson has made and currently considers to be correct.

Betsson is an international company with operations that are constantly exposed to various currencies; consequently changes to exchange rates affect group earnings. The parent company aims to reduce currency exposure through effective cash management and currency hedging. Group will, however, remain more or less exposed to currency fluctuations and will thus continue to be more or less vulnerable to exchange rate fluctuations.

Disputes

In 2001, Betsson reported the Swedish Government to the Chancellor of Justice (JK) as the state had not notified its prohibition on prize and wheel of fortune games and also failed to apply reasonable transition regulations. This negligence has cost Betsson considerable sums. Betsson requested JK to investigate whether the state was liable for these losses. JK gave a negative response in 2003. The justification of the JK response was not clearly-defined and Betsson has sought external legal expertise in order to investigate the opportunities of suing the state and claiming damages for breach of EC law. The findings of this study established that the state was in error when it did not notify of the 1997 legislative changes (Wheel of Fortune) under the provisions on technical regulations in Directive 98/34 EC. The ban therefore becomes void and could not be applied to Betsson. The state has consequently been guilty of a breach of EC law. According to this assessment there are, consequently, good prospects for the success of an action for damages concerning the 1997 amendments. This conclusion finds further support in recent rulings of the EC Court and the Supreme Court. On 1 November 2006, Betsson filed a lawsuit against the state which made a claim of damages of SEK 81 million. The case is currently underway in the Stockholm District Court.

In May 2008, Betsson opened a betting shop in Stockholm. The Gaming Board for Sweden felt these operations were contrary to the Lotteries Act and, on threat of penalty, required the shop to cease the promotion of gaming operations. This decision was appealed by Betsson (Shopsson) to the County Administrative Court. The County Administrative Court rejected the appeal, in the company's opinion in violation of EC law. Betsson then appealed the decision to the Administrative Court of Appeal. This court gave Betsson leave to appeal in January 2009 and upheld the Betsson claim for interim relief, which meant that the County Administrative Court ruling no longer applied. In December 2009 the Administrative Court of Appeal gave its ruling that once again, on threat of penalty payment, the shop must cease to promote gaming operations. Company management held fast to their view that the decision was contrary to applicable EU law and appealed once again to the Supreme Administrative Court. In order to avoid penalties, management was forced to close the shop. Two days after the shop closed the Supreme Administrative Court upheld Betsson's claim for interim relief, which in practical terms means that Betsson once again was entitled to conduct operations in anticipation of court's decision to enter into legal force or the Supreme Administrative Court to grant notice to appeal. The shop was opened again in January 2010.

On September 22, the police conducted a search of the shop in order to identify the possible illegal gaming operations. Betsson's view is that all gaming operations within the group are conducted in Malta. The police investigation is progressing and is will be completed within the next six-month period.

Research and Development

Betsson does not conduct any research operations. Expenditure on development of gaming platforms and the integration of games and payment solutions is activated in as much as they are expected to provide future financial benefits.

Environment

Betsson does not conduct any operations that are subject to authorisation or notification under the Environmental Code. Betsson purchases emission rights to compensate the climate for the air travel undertaken by group employees.

Latest guidelines for salaries and other remuneration of senior executives:

For a description of the guidelines adopted by the 2009 Annual General Meeting, please refer to Note 7.

The Board's proposal for guidelines for salaries and other remuneration of senior executives

The Board proposes that the Annual General Meeting adopts the following guidelines for remuneration of senior executives. Senior executives are defined as CEO and CFO of parent company, CEO, CFO and HR Director of Betsson Malta and CEO of Betsson Technologies AB.

Financial compensation levels are to be market-rate and competitive in order to be able to attract and retain competent senior executives. Remuneration to consist of fixed salary, when applicable variable remuneration (bonuses), pension plus other benefits such as, in some cases, a company car.

Variable remuneration will be paid only when certain financial targets established by the Board are achieved and will vary in size depending on the extent to which targets have been achieved or exceeded. If the financial targets are exceeded at the highest level ("out-perform"), estimated cost for variable remuneration to group senior management group will be approximately SEK 18.7 million including social insurance contributions.

Normal retirement age is to be 65. Pension terms to be market-determined and based on defined contribution pension arrangements.

The notice period should normally be six to twelve months if employment is terminated by company and six months if the termination takes place on the initiative of the executive. Upon termination initiated by the company, severance pay may be provided to the amount of not more than twelve months' salary.

The Board may take decisions that diverge from these guidelines if special circumstances prevail.

Shares and ownership structure

The number of shares in the company amounts to 39 553 720 of which 5 420 000 are A shares and 34 133 720 are B shares. Each A share entitles the holder to ten votes, while each B share carries one vote. All shares are equally entitled to Betsson assets and earnings.

The company's B shares are listed on Nasdaq OMX Nordic List Mid Cap (BETS). At end of period, the company had 9 905 (5 790) shareholders.

The largest shareholders (owners of more than 10 per cent of the votes) were Per Hamberg with 9.0 per cent of capital and 21.4 per cent of votes, the Knutsson family with 6.5 per cent of capital and 11.1 per cent of votes and Rolf Lundström with 3.9 per cent of capital and 10.5 per cent of votes.

Authorisation for the Board of Directors

The Annual General Meeting of May 12, 2009 resolved to authorise the Board to, during the period until the next Annual General Meeting, on one or more occasions, take a decision on non-cash issue of shares involving issuance of not more than 4 million shares of series B (corresponding to a dilution of about 10 per cent). This mandate has not been utilised in 2009.

The 2009 Annual General Meeting further determined to authorise the Board to take a decision as to whether to acquire a total number of own shares so that the company's holdings, at any given time, do not exceed 10 per cent of all shares in company. In addition it was decided to authorise the Board to dispose of company's own shares as payment during acquisition of companies or operations at a price equivalent to market price at the time of transfer. This mandate has not been utilised in 2009.

Proposed dividend

The Board proposes to the Annual General Meeting that no share dividend is to be paid, however that SEK 9.00 (5.10) per share be transferred to the shareholders of which SEK 5.75 (5.10) covers transfers for the financial year and SEK 3.25 (0.00) is to be designated as additional transfers. This represents a transfer of funds to shareholders of a total of SEK 353.2 (200.1) million.

After the proposed transfer to the shareholders in June 2010, it is estimated that cash reserves will exceed SEK 300 million.

The Board intends to propose to the AGM that the transfer to shareholders is to be achieved through a share redemption program. The Board's complete proposals will be presented well in advance of the Annual General Meeting.

According to the Dividend Policy which the Board adopted in 2008, it is the Board's ambition to transfer up to 75 per cent of group income after tax to the shareholders provided that an appropriate capital structure can be maintained.

CORPORATE GOVERNANCE REPORT

Good governance and control supports stable growth

Betsson has developed strongly in recent years. One contributing factor to this powerful, profitable development has been a good balance between ambition and the maintenance of detailed control. For our part, good corporate governance means preserving a dynamic, hungry company culture in which individuals are rewarded and appreciated for their efforts and where risks are managed on a sound commercial basis. A gaming company that provides players with fast, secure payment has a clear competitive advantage as this contributes to, and strengthens, confidence in the company. This is one good example of how quality internal control improves commercial preconditions for a gaming company.

At Betsson, good order in decision-making processes, clarity in areas of responsibility and accountability have always been vital to our success. In recent years, Betsson has intensified its efforts to scrutinise, update and coordinate reporting and control procedures on which to base decision making in group legal and operational areas. We have placed particular emphasis on identifying and evaluating the most significant risks in routines and worked hard on controls aimed at managing these risks. This is a continuous element of our daily work.

Improved governance and control in the gaming field facilitates good business and is a competitive tool in the capital market, as well as strengthening the industry's position in the eyes of the public.

John Wattin
Chairman

Company Governance Report 2009

Betsson applies the Swedish Code of Corporate Governance, a body of regulations based on the framework of internal control issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO).

Betsson hereby submits its Corporate Governance Report for 2009. This review has resulted in the statement that the company does not have any deviations to report.

Shareholders

Bettson has been a listed company since 1996, and listed on the Stockholm Stock Exchange since 2000. The company's B shares are listed on Nasdaq OMX Nordic List Mid Cap (BETS). At end of period, the company had 9 905 (5 790) shareholders. The largest shareholders (owners of more than 10 per cent of the votes) were Per Hamberg with 9.0 per cent of capital and 21.4 per cent of votes, the Knutsson family with 6.5 per cent of capital and 11.1 per cent of votes and Rolf Lundström with 3.9 per cent of capital and 10.5 per cent of votes.

AGM

The Annual General Meeting for 2009 was held on Monday, 12 May 2009. The meeting was attended by shareholders, in person or by proxy, representing 69.6 per cent of the votes and 48.0 per cent of capital. John Wattin was elected to Chairman at the meeting. Five (of six) Board members elected at the meeting were present.

Decisions made at the 2009 AGM

Minutes from this meeting can be found on the Betsson website. Some of the decisions that the AGM took were as follows:

- To, in accordance with the Board proposal, distribute the equivalent of SEK 5.10 per share for 2008 through an automatic redemption procedure.
- The re-election of Board Members John Wattin, Per Hamberg, Kicki Wallje-Lund, Patrick Svensk, Carl Lewenhaupt and Lars Linder-Aronson.
- The re-election of Chairman John Wattin.

AGM 2010

The Annual General Meeting of Betsson AB (publ) will be held on Thursday, May 6 2010 at 2 p.m. in the auditorium of the Delphi Law Office located at Regeringsgatan 30–32, Stockholm.

For further information on the 2010 Annual General Meeting please refer to the company website at www.betssonab.com.

Nomination committee

It was the decision of the 2009 Annual General Meeting to task the Chairman to convene the meetings dealing with the company's nomination activities and to ask representatives of the company's larger shareholders to join the Nomination Committee. The Nomination Committee should consist of at least three members, and the majority of the Nomination Committee members should not be employees or members of the Board. The Nomination Committee shallprepare proposed names of Board members, Chairman, Auditor and propose remuneration for Board members, Board committees and Auditors which will be submitted to the 2010 Annual General Meeting for decision. The Nomination Committee's composition was announced on 4 November in Betsson's Interim Report for the third quarter of 2009 and on the company's website.

The Nomination Committee for the 2010 Annual General Meeting consists of:

- Peter Wahlberg, Chairman of Atala Design group LTD, representing the Hamberg family with a total of 21.4 per cent of the vote.
- Ola Wiklund, a lawyer at Wistrand, representing Lars Kling, with a total of 9.3 per cent of the vote.
- Jan Bengtsson, CEO Rasta group AB, representing the Knutsson family, with a total of 11.1 per cent of the vote.
- John Wattin, Chairman of Betsson AB and convener of the committee.

The Nomination Committee represents ownership interest that, as per year end, amounted to 42 per cent of the votes in company. The Nomination Committee has held one physical meeting and maintained telephone contacts. An important input to the Nomination Committee´s work is the yearly valuation of the Board´s performance.

The Nomination Committee was seeking to identify individuals to nominate who, together with the existing members, are able to provide the Board with the appropriate cumulative competence.

Consequently the members must possess experience of leading positions in listed companies, expertise in finance and the gaming industry and experience from international service companies.

The Nomination Committee's complete proposals and background information that will be presented to the 2010 Annual General Meeting will be published on the company website, www.betssonab.com, well in advance of the Annual General Meeting.

Shareholders who wish to submit proposals to the Nomination Committee should e-mail valberedning@betssonab.com or write to company headquarters.

The Board of Directors

Board members are elected annually by the Annual General Meeting for the period until the next Annual General Meeting. There are no rules in place that state how long a member may serve on the Board. Betsson's Board consists of six members with no deputies elected by the company AGM. The CEO is not part of the Board. At the 2009 Annual General Meeting the following were re-elected as Board members: John Wattin, Per Hamberg, Kicki Wallje-Lund, Patrick Svensk, Carl Lewenhaupt and Lars Linder-Aronson. John Wattin was also re-elected as Chairman. The Board is presented on pages 11–12.

Group CEO Pontus Lindwall participates as the report presenter at all Board meetings. Group CFO, Frederick Rüdén, participates both as report presenter and as secretary. Other officials from the group participate from time to time in Board meetings as required, either as presenters of specific issues or as secretary.

The Board's independence

According to the Stockholm Stock Exchange definition, the number of Board members elected at the AGM and who are independent of the company are six (100 percent) and the number of Board members elected at the AGM who are independent of the company's major shareholders are five (83 per cent), where everyone meets Nasdaq OMX´st requirements as concerns professional experience. Member Per Hamberg holds 9.0 per cent of capital and 21.4 per cent of the votes and is thus not to be considered as independent of the company's major shareholders. With this composition the Betsson Board fulfils the regulations for listed companies and the Swedish Code of Corporate Governance, which requires that the majority of the elected members are independent of the company and company management, and that at least two of these also are independent of the company's major shareholders. All Board members and all members of the group management team have undergone, or will undergo, Nasdaq OMX's training input as concerns Stock Exchange regulations.

Board meetings

In 2009, the Board held twelve (thirteen) minuted meetings, of which one (one) was statutory and three (two) were telephone meetings and three (two) were correspondence meetings. The Board has shown a ten (five) percent absence rate during the year's Board meetings.

All the meetings dealt with the CEO's review of developments within operations and current issues concerning important events, major contracts, potential acquisitions and legal trends in the gaming market. The Board has paid particular attention to strategic, financial matters and issues concerning internal controls and larger investments.

Members' attendance is shown below, (figure in brackets refers to preceding year).

John Wattin, Chairman	92% (100%)
Per Hamberg, member	92% (100%)
Kicki Wallje-Lund, member	83% (92%)
Patrick Svensk, member	92% (85%)
Carl Lewenhaupt, member	83% (86%)
Lars Linder-Aronson, member	100% (100%)

Average attendance at Board and committee meetings was a little higher than 90 (95) per cent.

Information to the Board of Directors

The Board's work follows a plan that will ensure that it receives all the necessary information. Company auditors report their observations from the audit of financial statements and their assessment of company internal procedures and controls to the Board. The Board receives, on a monthly basis, a detailed operations report which describes developments. The Board also receives a daily report showing the gaming operation outcome from the previous day.

The Audit Committee

The Audit Committee consists of the entire Board and meets in conjunction with Board meetings with the primary task of ensuring that established principles for financial reporting and internal controls are complied with. During the year, considerable focus has been on further improvement of the quality of internal controls. The Audit Committee is responsible for monitoring and following up reporting of issues involved with corporate responsibility. The Audit Committee also fulfils the functions of a finance committee tasked to support and follow financial operations and to annually evaluate and propose amendments to treasury policy. The results of the Audit Committee's work in the form of observations, recommendations and proposals for decisions and measures are dealt with by the Board on a continuous basis. Group auditors and group CFO present reports to the Audit Committee.

The Remuneration Committee

Like the Audit Committee, the Remuneration Committee consists of the entire Board and meets in conjunction with Board meetings. The Remuneration Committee bears the primary responsibility for dealing with remuneration and employment conditions for the CEO and the executives who report directly to him, based on the guidelines for remuneration and employment conditions for the CEO and other higher management positions adopted by the Annual General Meeting.

CEO and group management

The company CEO and President of Group is responsible for the daily management of both the parent company and the group. The CEO leads the work of the management team and makes decisions in consultation with the other senior executives. The management team consists of heads of business areas and staff positions. At the end of 2009 the management team consisted of six individuals; please refer to Senior Management on page 13.

Group management holds regular operational reviews under the leadership of the CEO.

The operations of the parent company (Betsson AB) consist of the management and administration of company investments and the evaluation of potential acquisition or divesting of operational branches. Group gaming operations are conducted in Malta, where the company has its own Board who make the operational decisions for Betsson's gaming operations using its own management team.

CEO instructions have been established for the CEOs of all wholly-owned subsidiaries, which are transparent with the group CEO's instructions.

Remuneration

Board fees are determined at the AGM. Remuneration of President of Group is determined by the Remuneration Committee. Remuneration for executives directly subordinate to CEO is determined by him after consultation with the Remuneration Committee. The group applies the principle that the manager's manager must approve any decisions on remuneration issues.

The following principles apply to senior executives in the group. These principles were adopted at the 2009 Annual General Meeting:

- Financial compensation levels are to be market-rate and competitive in order to be able to attract and retain competent senior executives. Remuneration to consist of fixed salary, when applicable variable remuneration (bonuses), pension plus other benefits such as, in some cases, a company car.
- Variable remuneration which may be paid to senior executives will be determined based on the fulfilment of certain financial targets (individual and group) established in advance concerning company earnings and financial development, plus the personal development of the individual concerned. Current such payments to senior executives are described in more detail in Note 7.
- The Board may take decisions that diverge from these guidelines if special circumstances prevail.

Audit

At the 2008 Annual General Meeting, PricewaterhouseCoopers AB, with authorised public accountant Michael Bengtsson as Chief Auditor, was elected for the period until the end of the 2012 Annual General Meeting.

Michael Bengtsson has been an authorised public accountant since 1988 and has additional assignments in, for example, Haldex, Morphic Technologies, ENEA Nordic Service Partners and Carnegie.

The audit of annual accounts is carried out January–February each year and the audit of the Annual Report takes place during March–April. Less detailed audits are carried out in connection with the company's interim reports. In addition, an audit of internal procedures and control systems is undertaken continuously during the year, which is reported to Group CFO, management team and Board.

Betsson has, in addition to auditing tasks, employed PricewaterhouseCoopers AB for consultations in VAT and tax matters, accounting matters and for various studies.

Internal Audit

Betsson's profitable growth stems from a willingness and desire to constantly improve. The Internet-based gaming industry is constantly exposed to a rapidly changing environment such as shifts in legal systems, seasonality and currency fluctuations. In order to be able to manage these situations, it is of great importance to learn and adapt, at the same time as it is vital that customers feel safe and secure with Betsson gaming and payment solutions. This permeates all company and group customer offers. Betsson's internal audit of controls and other activities therefore constitutes an integral part of day-to-day operations.

As a complement to the internal audit, operations are also monitored by several independent parties. Betsson is licensed in Malta by the Lotteries and Gaming Authorities (LGA). In order to obtain and maintain licenses, company routines and processes must meet certain quality standards. LGA scrutinises operations in order to ensure that the company complies with all standards. Betsson is also certified according to Visa and MasterCard regulations, cooperates with several large banks and is PCI-compatible for secure transactions. Consequently all credit card information is safely managed and the company meets the highest security standard for payments, withdrawals and deposits. Betsson games, and those supplied by subcontractors, are certified and monitored continuously by a third party to ensure fair and correct gaming. In order to ensure that poker software generates random outcomes, it is monitored continuously by independent inspectors.

The Audit Committee bears ultimate responsibility for ensuring that established principles for internal control are complied with. Group CEO and CFO are responsible, on a continuous basis, for taking appropriate steps to maintain sound internal control. Each company function is responsible for executing the internal audit within the relevant operational area and under given conditions. Reporting is continuous from all levels.

Investor relations

Betsson information to shareholders is provided via the Annual Report, year-end report, quarterly report and press releases as well as the company website. On the www.betssonab.com website there are also reports and press releases covering the past few years.

For Betsson, communication and transparency are vital in order to maintain good relations with investors and analysts. The company attaches great weight to investor relations where the aim is to inform the capital market of Betsson's financial position, operations and development in order to increase knowledge levels and interest in the company so that a fair valuation may be obtained.

During the year Betsson has participated in several IR activities such as seminars, investor meetings and road shows in both Europe and the USA.

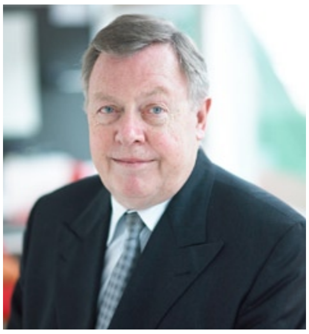
BOARD OF DIRECTORS

Carl Lewenhaupt
Board member

Born in 1958, Stockholm.
Board Member since 2008.
CEO of the ad agency Calleolle AB.

Relevant background: Carl Lewenhaupt is a Creative Director and possesses many years' experience of international marketing. He has founded, owned and operated several ad agencies. Carl studied at IHR Stockholm, NYU in New York and at the School of Visual Arts in New York. Carl is a member of the Platinum Academy.

shareholding: 440 B shares.



Per Hamberg
Board member

Born In 1943, Ekerö.
Board Member since 1974.

Other commissions: Board member of Cherryforetagen AB, Solporten Fastighets AB and Hamberg Forvaltning AB.

Relevant background: Per Hamberg is one of the founders of Betsson AB (prev. Cherryforetagen AB). He worked as CEO for a period and has been Chairman of the Group and its subsidiaries. Previously Per has studied business studies and political science.

shareholding: 1,699,500 A shares and 1,818,359 B shares (including holdings via companies and close relatives).

Patrick Svensk
Board member

Born in 1966, Stockholm.
Board Member since 2005.
CEO of Zodiak Television AB.

Other commissions: Board member of Next Generation Broadcasting AB and internal board member in subsidiaries within the Zodiak group.

Relevant background: Patrick Svensk possesses experience from various management positions in listed companies. Since 2003 he has been CEO and Head of Group for Zodiak Television. Previously he has worked as CEO of Kanal5 and TV3 Sweden. Patrick graduated in business studies from the Stockholm School of Economics.

shareholding: 3,000 B shares.

Kicki Wallje-Lund
Board member

Born in 1953, Nyköping.
Board Member since 2006.
CEO Wellnet AB.

Other commissions: Board member of Syntensia AB, Followit AB and Wellnet AB.

Relevant background: Kicki Wallje-Lund has experience of business and operational development from different international companies in which she has primarily worked within the bank and finance business areas. Kicki has held senior positions within NCR, Digital Equipment, AT&T, Philips, ICL and Unisys.

shareholding: 450 B shares.

John Wattin
Chairman

Born in 1947, Stockholm.
Board Member since 1989.
CEO of Investering i Kunskap AB.

Other commissions: Chairman of Mosync AB, Qbranch AB and Optivy AB. Board member of Touring Exhibition Sweden AB and Silentium AB.

Relevant background: John Wattin possesses many years of international experience of working on boards with emphasis on company development and transformation in listed and unlisted companies. He is one of the founders of Enator, Sigma and a number of other companies. John has been working with his own investments for the last 15 years.

shareholding: 115,000 B shares (including holdings via companies and close relatives).

Lars Linder-Aronson
Board member

Born in 1953, Saltsjöbaden.
Board Member since 2008.

Other commissions: Board member of the 7th AP Fund, Catal Advisory Sweden AB, e-Capital AB, SBAB and Ventshare AB.

Relevant background: Lars Linder-Aronson possesses many years' experience of the financial and capital markets primarily within investment banking in London, New York and Stockholm. He was previously Head of Enskilda Securities and has worked in the investment bank Dillon, Read & Co. Lars graduated in business studies from the Stockholm School of Economics.

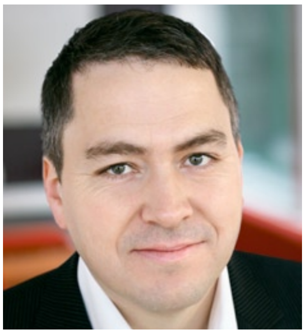
shareholding: 152,600 B shares (including holdings via companies and close relatives).

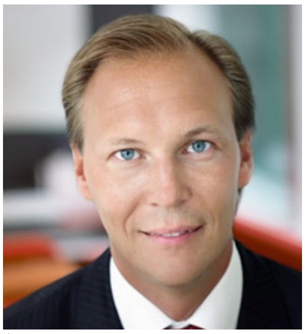
SENIOR MANAGEMENT


1


3


5


2


4


6

1. Pontus Lindwall
CEO and Group President, Betsson AB

Born in 1965, Stockholm. Employed in the group since 1991. Board member of Betsson Technologies AB, Betsson PR & Media AB and Shopsson AB.

SHAREHOLDING: 10,000 A shares, 534,594 B shares, 100,000 subscription options.

2. Fredrik Rüdén
CFO, Betsson AB

Born in 1970, Nacka. Employed in the group since 2008.

SHAREHOLDING: 0, 25,000 subscription options.

3. Pierre de Boer
CEO, Betsson Technologies AB

Born in 1969, Stockholm. Employed in the group since 2008.

SHAREHOLDING: 0, 25 000 subscription options.

4. Fredrik Nilsson
CFO, Betsson Malta Ltd

Born in 1973, Malta. Employed in the group since 2004.

SHAREHOLDING: 0, 43,200 employee stock options.

5. Elsebeth Alfvegren
HRD, Betsson Malta Ltd

Born in 1966, Malta. Employed in the group since 2006.

SHAREHOLDING: 4 000 B shares, 18 000 employee stock options.

6. Magnus Silfverberg
CEO, Betsson Malta Ltd

Born in 1973, Malta. Employed in the group since 2009. Board member of Betsson Malta Ltd.

SHAREHOLDING: 2,500 B shares.

AUDITORS

PricewaterhouseCoopers AB

Michael Bengtsson
Chief Auditor since 2008. Born in 1959, Stockholm. Authorised Public Accountant.

SHARE AND OWNERS

Betsson's B shares are listed on the NASDAQ OMX Nordic Mid Cap List.

SHARE STRUCTURE

At the end of the year, Betsson had 39 553 720 shares, distributed as 5,420,000 A shares and 34,133,720 B shares. Each A share is entitled to 10 votes per share, while each B share is entitled to one vote per share. All shares have equal entitlement to Betsson assets and earnings.

REPURCHASED SHARES

Company holdings of its own shares on closing day amounted to 310,000 B shares which had been acquired at an average share cost of SEK 58.27 during the course of 2007–2008. The number of shares outstanding, excluding repurchased shares, on closing day amounted to 39,243,720 shares of which 5,420,000 were A and 33,823,720 were B shares.

REDEMPTION PROGRAMME

The Annual General Meeting on 12 May 2009 took a share split 2:1 decision and an automatic redemption programme of the redeemable shares that had arisen from the share split. The redemption procedure caused SEK 200.1 (196.2) million, the equivalent of SEK 5.10 (5.00) per share, to be transferred out to the company shareholders on 15 June 2009.

BONUS ISSUE ETC.

In connection with this redemption procedure, a bonus issue was made to a total of SEK 39.6 million in order to restore the company's share capital.

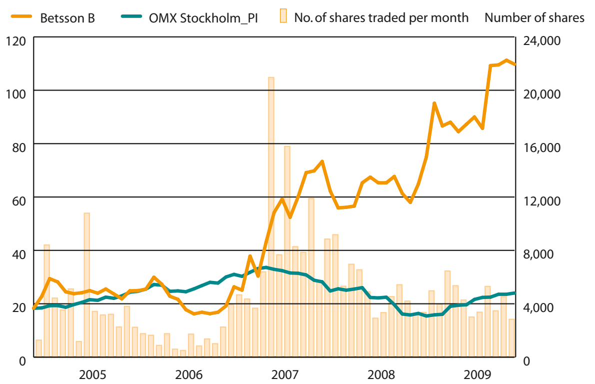
INCENTIVE PROGRAMME

At the extraordinary AGM that was held on November 21, 2008 it was decided to implement two incentive programmes – one aimed at employees in Sweden (subscription warrants) and one at employees abroad (stock options).

On the final date of the Swedish offer, which was 15 December 2008, 260 000 options had been subscribed at a market rate premium of SEK 5.94 per warrant, which has provided an additional SEK 1.5 million to equity. On the final date of the foreign offer which was 15 January 2009, 352 536 options had been subscribed.

Each option entitles the holder to subscribe to one new B share in Betsson AB in late 2010 at a price of SEK 75 per warrant or SEK 88.20 per employee stock option. These stock option programmes and their effects are described in Note 27.

SHARE PRICE TRENDS



OWNERSHIP STRUCTURE

As of 30 December 2009, there were 9,905 (5,790) shareholders in Betsson. The proportion of foreign shareholders amounted to 5 (5) per cent. Foreign share ownership amounted to 34 (43) percent of share capital and 30 (34) percent of the votes.

The proportion of individual people owning shares was 89 (90) per cent. The proportion of shares owned by individual people was 24 (25) per cent of share capital and 25 (25) per cent of the votes.

SHARE LIQUIDITY

Totally 49.5 (59.4) million shares changed hands during the year which is the equivalent of 126 (151) per cent of the average number of outstanding B shares. On average 197,000 (236,000) shares changed hands per trading day and the number of trades averaged 439 (266) per trading day.

SHARE PRICE PERFORMANCE AND TURNOVER

Share price during the year increased by 60 (decreased by 18) per cent. The share price (last paid) on the closing day was SEK 109.75 (68.50), which generated a market value of SEK 4.3 (2.7) billion.

Highest price quotation was SEK 121.00 (83.75) on November 10 (2 January) and the lowest quotation was SEK 67.75 (54.25) on 5 January (27 October). The average share price during the year was SEK 95.09 (66.88).

Total turnover of shares during the year was SEK 4,709 (3,970) million, which is equal to an average of SEK 18.8 (15.8) million per trading day and approximately SEK 43,000 (59,000) per average deal.

DIVIDEND POLICY AND PROPOSAL

The Board proposes that the Annual General Meeting takes a decision to transfer SEK 9.00 (5.10) per share of which 5.75 (5.10) SEK concerns transfers for the 2009 financial year and SEK 3.25 (0.00) is extra transfer to the shareholders. This represents a transfer to shareholders amounting to SEK 353.2 (200.1) million.

The company's dividend policy means that 75 per cent of earnings may be transferred to the shareholders, provided that a suitable capital structure can be maintained. In light of the company's strong development, the Board proposes that an additional transfer be made.

The Board intends to propose to the AGM that the transfer to shareholders be achieved through a share redemption programme. The Board's full proposals will be presented well in advance of the Annual General Meeting.

ANALYSTS WHO MONITOR BETSSON

Dawid Myslinski
Redeye

Johan Isaksson
Remium AB

Martin Arnell
Carnegie Investment Bank

Stefan Nelson
SEB Enskilda

Karen Hooi
Goldman Sachs International

Bile Daar
Danske Bank

Rasmus Engberg
Handelsbanken

Daniel Ek
HQ Bank

Johan Grabe
Nordea

Henrik Fröjd
Swedbank

Anders Hillerborg
ABGSC

James Hollins
Daniel Stewart & Company

Mikael Holm
Penser

MAJOR SHAREHOLDERS AS PER 30 DECEMBER 2009

Owner[2]	Number of A shares	Number of B shares	Capital share (%)	Numberof votes (%)	Adjusted capital share[1] (%)	Adjusted number of votes[1] (%)
Per Hamberg family and company	1,699,500	1,818,359	8.9	21.3	9.0	21.4
Bertil Knutsson and company	800,000	1,741,000	6.4	11.0	6.5	11.1
Rolf Lundström family and company	852,500	682,191	3.9	10.4	3.9	10.5
Lars Kling	797,000	232,030	2.6	9.3	2.6	9.3
SIX SIS AG	700,000	390,564	2.8	8.4	2.8	8.4
Bill Lindwall family (estate)	561,000	72,595	1.6	6.4	1.6	6.4
JP Morgan Chase Bank		3,285,585	8.3	3.7	8.4	3.7
Swedbank Robur Fonder		2,451,734	6.2	2.8	6.2	2.8
SEB Investment Management		1,698,142	4.3	1.9	4.3	1.9
Handelsbanken Fonder including XACT		774,695	1.9	0.9	2.0	0.9
Lannebo Fonder		714,700	1.8	0.8	1.8	0.8
Other Shareholders	10,000	19,962,125	50.5	22.7	50.9	22.8
External owners	5,420,000	33,823,720	99.2	99.6	100.0	100.0
Betsson AB		310,000	0.8	0.4		
Total	**5,420,000**	**34,133,720**	**100.0**	**100.0**		

1) Capital share and votes share adjusted for Betsson repurchased shares.

2) Information on ownership based on information from EuroClear (previously VPC), which means that that the nominee shareholders may be Included In the table and that the actual owners are not, as a consequence, stated.

SHARE CAPITAL COMPOSITION

	Votes	number of shares	Number of votes	Par value (SEK)	Thousand SEK
Shares, series A	10	5,420,000	54,200,000	2	10,840
Shares, series B	1	34,133,720	34,133,720	2	68,267
Total shares		**39,553,720**	**88,333,720**		**79,107**

SHARE DISTRIBUTION AS OF 30 DECEMBER 2009

Number of shares	Number of shareholders	Proportion number of shareholders (%)	Number of shares	Proportion of number of shares (%)	Proportion of vote value (%)
1–500	7,657	77.3	1,247,523	3.2	1.4
501–1 000	1,116	11.3	964,948	2.4	1.1
1 001–2 000	465	4.7	756,361	1.9	0.9
2 001–5 000	345	3.5	1,191,319	3.0	1.3
5 001–10 000	104	1.0	776,885	2.0	0.9
10 001–20 000	60	0.6	878,290	2.2	1.0
20 001–50 000	57	0.6	1,784,722	4.5	2.2
50 001–100 000	35	0.3	2,513,966	6.4	2.8
100 001–500 000	49	0.5	10,422,457	26.3	11.8
500 001–1 000 000	10	0.1	6,660,953	16.9	13.4
1 000 001→	7	0.1	12,356,296	31.2	63.4
Total	**9,905**	**100.0**	**39,553,720**	**100.0**	**100.0**

FIVE-YEAR REVIEW

Amount in SEK millions unless otherwise stated	2009	2008	2007	2006	2005
INCOME STATEMENT					
Revenues	1,299.7	1,037.8	649.0	293.6	157.1
Gross profit (gaming surplus)	1,045.0	828.1	520.8	232.2	119.6
Operating income	316.9	276.6	189.9	18.9	4.7
Income before tax	318.9	280.7	192.7	17.8	141.8
Income after tax for continuing operations	303.3	267.3	179.4	32.0	141.9
Income from discontinued operations	–	–	11.5	30.5	36.2
Income after tax	303.3	267.3	190.9	62.5	178.1
— of which attributable to parent company shareholders	303.3	267.3	190.9	62.3	176.9
BALANCE SHEET					
Intangible noncurrent assets	464.2	441.7	402.2	403.4	395.2
Tangible fixed assets	17.2	18.5	12.3	10.6	27.3
Long-term receivables including deferred tax receivables	1.5	2.4	1.3	0.7	2.3
Short-term receivables	380.2	312.6	195.1	100.6	70.2
Current assets	529.1	373.2	232.7	77.2	78.4
Total assets	1,392.2	1,148.4	843.6	592.5	573.4
Equity	820.4	720.2	623.5	491.3	474.1
Interest-bearing long-term liabilities	–	–	–	–	9.7
Other long-term liabilities	4.5	4.3	0.2	0.9	14.4
Interest-bearing current liabilities	–	–	–	–	3.5
Other current liabilities	567.3	423.9	219.9	100.3	71.7
Total equity and liabilities	1,392.2	1 ,148.4	843.6	592.5	573.4
CASH FLOW					
Cash flow from operating activities	424.9	384.3	239.3	15.6	57.9
Cash flow from investment activities	-58.5	-67.5	-36.8	-15.7	-2.9
Cash flow from financing activities	-200.3	-199.7	-37.9	-29.1	-4.5
Total cash flow from continuing operations	166.1	117.1	164.6	-29.2	50.5
GROSS PROFIT BY GEOGRAPHICAL AREA					
Nordic countries	605.0	478.2	351.4	158.0	82.9
EU, outside Nordic region	139.7	97.2	66.3	28.8	16.8
Others Europe	295.9	250.4	89.3	34.1	6.8
Rest of the world	4.4	2.3	1.5	6.1	9.2
Others, adjustments	0,0	0.0	12.3	5.2	3.9
Total	1, 045,0	828.1	520.8	232.2	119.6
GROSS PROFIT BY PRODUCT					
Casino	670.4	481.3	254.2	126.8	70.1
Poker	131.9	158.5	193.0	83.1	44.4
Sportsbook	206.6	159.0	56.8	14.6	0.0
Other products	36.1	29.3	4.5	2.5	1.1
Others, adjustments	0.0	0.0	12.3	5.2	3.9
Total	1,045.0	828.1	520.8	232.2	119.5
NUMBER OF CUSTOMERS					
Number of registered customers (in thousands)	2,117.8	1,499.9	996.2	543.6	445.5
Number of active customers (in thousands)	288.7	167.4	107.0	92.6	44.3

Amount in SEK millions unless otherwise stated	2009	2008	2007	2006	2005
PROFITABILITY AND FINANCIAL POSITION					
Gross margin (%)	80.4	79.8	80.2	79.1	76.2
EBITDA margin (%)	27.2	28.6	31.2	10.4	7.4
Operating margin (%)	24.4	26.7	29.3	6.4	3.0
Profit margin (%)	24.5	27.0	29.7	6.1	90.3
Return on equity (%)	39	40	32	7	35
Equity/assets ratio (%)	59	63	74	83	83
DEPOSITED AMOUNT					
Customer deposits (million)	3,258.0	2,279.7	1,346,6	748.8	385.9
INVESTMENTS					
Investments in continuing operations	58.5	67.8	36.1	18.0	15.4
PERSONNEL					
Average number of employees	225	154	106	71	28
Number of employees at end of year	258	185	136	95	52
SHARES					
Share capital	79.1	79.1	79.1	79.1	76.1
Number of shares outstanding at end of year	39,243,720	39,243,720	39,309,720	39,553,720	38,058,726
Number of own shares at end of year	310,000	310,000	244,000	0	0
Average number of shares outstanding	39,243,720	39,256,835	39,472,002	39,088,161	36,049,178
Average number of shares outstanding after dilution	39,269,264	39,256,835	39,472,002	39,553,720	37,466,258
Number of registered shareholders	9,905	5,790	5,952	3,256	3,785
Average share price (SEK)	95.09	66.08	57.00	25.04	29.01
Share price at end of year (SEK)	109.75	68.50	83.25	21.80	28.20
Market Cap at end of year (million)	4,341.0	2,709.4	3 292.8	862.3	1,073.3
Earnings per share for continuing operations (SEK)	7.73	6.81	4.55	0.82	3.93
Earnings per share after dilution (SEK)	7.72	6.81	4.55	0.81	3.78
Equity per share (SEK)	20.91	18.34	15.85	12.41	12.38
Dividend or equivalent per share (SEK)	9.00[1]	5.10[1]	5.00[1]	0.50	0.00

[1]) Dividend for 2009 concerns the proposed redemption programme and dividend for 2008 and 2007 executed redemption programmes.

CONSOLIDATED INCOME STATEMENT

Amount in thousand SEK unless otherwise stated	note	2009	2008
Revenues	3, 4	1,299,701	1,037,756
Other revenues	3, 4	13	0
Total		**1,299,714**	**1,037,756**
Operating expenses for gaming operations		-254,679	-209,688
Gross profit		**1,045,035**	**828,068**
Capitalised development costs		53,319	44,036
Marketing expenses		-440,009	-347,741
Other external expenses	5, 6	-150,916	-109,826
Personnel expenses	7	-150,379	-101,702
Depreciation	8	-36,638	-20,628
Other operating income	9	21,407	-
Other operating expenses	9	-24,919	-15,603
Total		**-728,135**	**-551,464**
Operating income		**316,900**	**276,604**
NET FINANCIALS	10		
Financial income		2,166	4,251
Financial expenses		-141	-182
Total net financial items		**2,025**	**4,069**
Income before tax		**318,925**	**280,673**
Tax	11	-15,666	-13,395
INCOME FOR THE YEAR		**303,259**	**267,278**
Of which attributable to:			
– parent company shareholders		303,259	267,277
– minority interests		–	1
Earnings per share			
– before dilution (SEK)	12	7.73	6.81
– after dilution (SEK)	12	7.72	6.81
*Proposed/*actual dividend per share (SEK)	13	9.00 [1]	5.10 [1]

[1] Dividend for 2009 refers to proposed redemption programme and dividend for 2008 refers to executedredemption programme..

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amount in thousand SEK unless otherwise stated	2009	2008
Income for the year	303,259	267,278
Other comprehensive income		
Revenues and expenses reported directly in equity		
Currency exchange rate differences when translating overseas operations	-3,692	29,177
Other comprehensive income for the year (after tax)	**-3,692**	**29,177**
Total comprehensive income for the year	**299,567**	**296,455**

CONSOLIDATED BALANCE SHEET

Amount in thousand SEK	note	2009	2008
ASSETS			
FIXED ASSETS			
Intangible noncurrent assets	14	464,184	441,676
Tangible fixed assets	15	17,193	18,563
Deferred tax receivables	11	1,536	2,445
Total fixed assets		**482,913**	**462,684**
CURRENT ASSETS			
Tax receivables	11	186,175	167,176
Other receivables	17	178,617	129,265
Prepaid expenses and accrued income	18	15,368	16,103
Cash and bank holdings		529,119	373,223
Total current assets		**909,279**	**685,767**
TOTAL ASSETS		**1,392,192**	**1,148,451**
EQUITY AND LIABILITIES			
EQUITY	19		
Share capital		79,107	79,107
Other contributed capital		236,914	236,914
Reserves		29,838	33,530
Retained earnings including annual income		474,582	370,248
Shareholders' equity attributed to parent company shareholders		820,441	719,799
Minority interests		–	408
Total equity		**820,441**	**720,207**
LONG-TERM LIABILITIES			
Deferred tax liabilities	11	4,508	4,310
Total long-term liabilities		**4,508**	**4,310**
CURRENT LIABILITIES			
Accounts payable		19,757	13,942
Tax liabilities	11	212,145	186,455
Other liabilities	21	223,908	158,251
Accruals and deferred income	22	111,433	65,286
Total current liabilities		**567,243**	**423,934**
TOTAL EQUITY AND LIABILITIES		**1,392,192**	**1,148,451**
Pledged assets and contingent liabilities			
Pledged assets	23	17,764	15,336
Contingent liabilities	24	None	None

CONSOLIDATED CASH FLOW STATEMENT

Amount in thousand SEK	2009	2008
OPERATING ACTIVITIES		
Income after financial items	318,925	280,673
Adjustments for items not included in cash flow:		
– Depreciation	36,638	20,628
– Capital gains/losses from divestments	754	1,405
– Other	7,457	5,711
Tax paid	-7,868	-1,973
Cash flow from operations before changes in working capital	**355,906**	**306,444**
Changes in working capital		
Changes in current receivables	-48,617	-28,157
Changes in current liabilities	117,619	106,011
Cash flow from operations	**424,908**	**384,298**
INVESTMENT ACTIVITIES		
Acquisition of intangible noncurrent assets	-53,809	-55,681
Acquisition of tangible fixed assets	-4,721	-12,120
Amortisation of long-term receivables	–	295
Cash flow from investment activities	**-58,530**	**-67,506**
FINANCING ACTIVITIES		
Premium received for subscription options	–	1,544
Share redemption	-200,143	-196,219
Repaid dividend	3	3
Costs for redemption programme	-247	-1,575
Tax effects of costs for redemption programme	65	441
Repurchase of own shares	–	-3,907
Cash flow from finansing activities	**-200,322**	**-199,713**
CHANGES IN CASH AND CASH EQUIVALENTS	**166,056**	**117,079**
Cash and cash equivalents opening balance	373,223	232,680
Exchange rate differences cash and cash equivalents	-10,160	23,464
CASH AND CASH EQUIVALENTS AT YEAR END	**529,119**	**373,223**
Additional information		
Unutilised credit facilities amounted to	–	–
Interest paid during the year amounted to	-141	-182
Interest received during the year amounted to	3,022	3,294

CHANGES IN CONSOLIDATED EQUITY

Amount in thousand SEK	Share capital	Other contributed capital	Con-version reserve	Retained earnings including this year's	Total	Minorities	Total equity
OPENING EQUITY 1 JAN 2008	**79,107**	**235,370**	**4,353**	**304,228**	**623,058**	**408**	**623,466**
Total comprehensive income			29,177	267,277	296,454	1	296,455
Total change in assets charged directly to equity, excluding transactions with the company's owners			29,177	267,277	296,454	1	296,455
Share redemption	−39,554			−156,665	−196,219		−196,219
Bonus issue	39,554			−39,554	0		0
Transaction costs for redemption programme				−1,575	−1,575		−1,575
Tax effects of transaction costs for redemption programme				441	441		441
Premiums received for subscription options		1,544			1,544		1,544
Repurchase of own shares				−3,907	−3,907		−3,907
Repaid, non distributed dividends/other				3	3	−1	2
CLOSING EQUITY 31 DEC 2008	**79,107**	**236,914**	**33,530**	**370,248**	**719,799**	**408**	**720,207**
Total comprehensive income			-3,692	303,259	299,567		299,567
Total change in assets charged directly to equity, excluding transactions with the company's owners			-3,692	303,259	299,567		299,567
Share redemption	-39,554			-160,589	-200,143		-200,143
Bonus issue	39,554			-39,554	0		0
Transaction costs for redemption programme				-247	-247		-247
Tax effects of transaction costs for redemption programme				65	65		65
Share options, value of employee services				975	975		975
Acquisition of minority shares in subsidiary				408	408	-408	0
Repaid, non distributed dividends/other				17	17		17
CLOSING EQUITY 31 DEC 2009	**79,107**	**236,914**	**29,838**	**474,582**	**820,441**	**0**	**820 441**

PARENT COMPANY INCOME STATEMENT

Amounts in SEK thousand unless otherwise stated	note	2009	2008
Revenues	4	10,760	8,953
Other revenues	4	1	1,908
Total		**10,761**	**10,861**
OPERATING EXPENSES			
Other external expenses	5, 6	-15,634	-15,067
Personnel expenses	7	-14,072	-13,198
Depreciation	8	-808	-724
Other operating income	9	21,407	-
Other operating expenses	9	-12,905	-
Total		**-22,012**	**-28,989**
Operating income		**-11,251**	**-18,128**
FINANCIAL ITEMS	10		
Profit/loss from participations in group companies		298,177	404,725
Interest income and similar items		1,389	2,822
Interest expenses and similar items		0	-58
Total financial items		**299,566**	**407,489**
Income after financial items		**288,315**	**389,361**
Appropriations	20	-	-
Income before tax		**288,315**	**389,361**
Tax	11	710	3,984
INCOME FOR THE YEAR		**289,025**	**393,345**
Proposed/actual dividend per share (SEK)	13	9.00 [1]	5,10 [1]

1) Dividend for 2009 refers to proposed redemption programme and dividend for 2008 refers to executed redemption programme.

PARENT COMPANY BALANCE SHEET

Amounts in SEK thousand	note	2009	2008
ASSETS			
FIXED ASSETS			
Tangible fixed assets			
Inventory	15	2,870	3,161
Total tangible fixed assets		**2,870**	**3,161**
Financial fixed assets			
Participations in group companies	16	583,370	583,370
Deferred tax receivables	11	723	2,445
Total financial fixed assets		584,093	585,815
Total fixed assets		**586,963**	**588,976**
CURRENT ASSETS			
Current receivables			
Accounts receivable		–	–
Receivables from group companies		293,273	294,562
Tax receivable	11	748	4,980
Other receivables	17	1,830	2,011
Prepaid expenses and accrued income	18	980	1,646
Total current receivables		296,831	303,199
Cash and bank balances		393,866	147,902
Total current assets		**690,697**	**451,101**
TOTAL ASSETS		1,277,660	1,040,077
EQUITY AND LIABILITIES			
EQUITY	19		
Restricted equity			
Share capital		79,107	79,107
Statutory reserve fund		253,279	253,279
Total committed equity		**332,386**	**332,386**
Nonrestricted equity			
Premium reserve		4 683	4 683
Retained earnings		468 664	268 827
Annual income		289 025	393 345
Total disposable equity		762 372	666 855
Total equity		**1 094 758**	**999 241**
Untaxed reserves	20	413	413
CURRENT LIABILITIES			
Accounts payable		1,065	2,107
Liabilities to group companies		177,590	31,724
Other liabilities	21	647	766
Accruals and deferred income	22	3,187	5,826
Total current liabilities		**182,489**	**40,423**
TOTAL EQUITY AND LIABILITIES		1,277,660	1,040,077
Pledged assets	23	None	None
Contingencies	24	60	60

PARENT COMPANY CASH FLOW STATEMENT

Amounts in SEK thousand	2009	2008
OPERATING ACTIVITIES		
Income after financial items	288,315	389,361
Adjustment for items not included in cash flow:		
– Depreciation	808	724
– Write-downs of assets	–	4,329
– Other	3,071	−10,954
Tax paid	6,664	861
Cash flow from operations before changes in working capital	**298,858**	**384,321**
Changes in working capital		
Changes in current receivables	8,949	−135,358
Changes in current liabilities	142,066	12,622
Cash flow from operations	**449,873**	**261,585**
INVESTMENT ACTIVITIES		
Acquisition of tangible fixed assets	-516	−918
Acquisition of shares and shares of subsidiaries	0	−599
Amortisation of long-term receivables	–	295
Cash flow from investment activities	**-516**	**−1,222**
FINANCING ACTIVITIES		
Share redemption	-200,143	−196,219
Costs for redemption programme	-247	−1,575
Tax effects of costs for redemption programme	65	441
Premiums received for subscription options	–	1,544
Repurchase of own shares	–	−3,907
Repaid dividend	3	3
Cash flow from financing activities	**-200,322**	**−199,713**
CHANGES IN CASH AND CASH EQUIVALENTS	**249,035**	**60,650**
Cash and cash equivalents – opening balance	147,902	76,298
Exchange rate differences cash and cash equivalents	-3,071	10,954
CASH AND CASH EQUIVALENTS AT YEAR END	**393,866**	**147,902**
Additional information		
Unutilised credits amounted to	–	-
Interest paid for the period amounted to	0	−58
Interest received for the period amounted to	2,081	2,065

CHANGES TO PARENT COMPANY EQUITY

Amounts in SEK thousand	RESTRICTED EQUITY Share capital	 Statutory reserve fund	NONRESTRICTED EQUITY Premium reserve	 Retained earnings	 Annual income	Total equity
OPENING EQUITY 1 JAN 2008	**79,107**	**506,557**	**3,139**	**83,435**	**129,413**	**801,651**
Appropriation according to AGM				129,413	–129,413	–
– Share redemption	–39,554			–156,665		–196,219
– Bonus issue	39,554			–39,554		–
– Transfer of funds from reserve funds to unrestricted equity		–253,278		253,278		–
Transaction costs for redemption programme				–1,575		–1,575
Tax effects of transaction costs for redemption programme				441		441
Group contributions after tax				3,958		3,958
Annual income					393,345	393,345
Repurchase of own shares				–3,907		–3,907
Premiums received for subscription option			1,544			1,544
Repaid, non distributed dividend				3		3
CLOSING EQUITY 31 DEC 2008	**79,107**	**253,279**	**4,683**	**268,827**	**393,345**	**999,241**
Appropriations according to AGM				393,345	–393,345	–
— Share redemption	–39,554			–160,589		–200,143
— Bonus issue	39,554			–39,554		–
Transaction costs for redemption programme				–246		–246
Tax effects of transaction costs for redemption programme				65		65
Group contributions after tax				6,813		6,813
Annual income					289,025	289,025
Repaid, non distributed dividend				3		3
CLOSING EQUITY 31 DEC 2009	**79,107**	**253,279**	**4,683**	**468,664**	**289,025**	**1,094,758**

NOTES

NOTE 1 General information

Betsson AB (Parent company, corporate ID number 556090-4251) operates, through subsidiaries (collectively referred to as group), gaming operations over Internet. Operations are carried out by companies in Sweden, Malta, Gibraltar and England.

The parent company is a limited company registered and based in Stockholm. The address of its registered office is Regeringsgatan 28 , 111 53 Stockholm. The parent company is listed on the Nasdaq OMX Nordic Mid Cap List.

These consolidated accounts were approved by the Board for publication on April 15, 2010.

NOTE 2 Accounting and valuation principles

The most important accounting principles applied in these consolidated accounts are listed below. These principles have been applied consistently for all years presented, unless otherwise stated.

Basis of preparation

Consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpreted by the International Financial Reporting Interpretations Committee (IFRIC) as they have been adopted by the EU Commission. Consolidated accounts are prepared in accordance with the Swedish Annual Accounts Act, the recommendations of the Council for Financial Reporting RFR 1.2 Supplementary Accounting Regulations for Groups. They have been prepared using the acquisition value method except as concerns financial assets and liabilities (including derivative instruments) which have been valued at their real value via financial statements.

The parent company has prepared its Annual Report according to the Swedish Annual Report Act and RFR 2.2 Accounting for Legal Entities. RFR 2.2 means that the parent company, in its Annual Report for the legal entity, will apply all EU-approved IFRS statements as far as is possible within the framework of the Annual Report Act, taking into account the correlation between accounting and taxation. The difference in the Parent Company Income Statements compared to consolidated accounts are mainly in the reporting of earnings and the balance sheet which follow the format stipulated in the Swedish Annual Report Act.

Changes in accounting principles and information

The group has applied the following new and amended IFRS from 1 January 2009:

IAS 1 (revised) "Presentation of Financial Reports" (valid from 1 January 2009). This revised standard prohibits the presentation of the revenue and cost items (i.e. changes in equity other than those concerning transactions with shareholders) in the report on changes in equity and requires that "changes in equity other than those concerning transactions with shareholders" be reported separately from changes in equity concerning transactions with shareholders in a Comprehensive Income report. Consequently the group presents all shareholder-related changes in equity in the report Changes in Group Equity while all changes in equity other than those concerning transactions with shareholders are reported in the Consolidate Statement of Comprehensive Income. Comparative information has been recalculated so that it complies with the revised standard. Since this change in accounting principles affects presentation only, it has no impact on earnings per share.

IFRS 2 (amendment),"Share-based remuneration" (applies from January 1, 2009). These new standards deal with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other elements of share-based compensation form what is termed "non-vesting conditions" (conditions that are not defined as vesting conditions). These elements should be noted when the fair value is established as per allocation date set for transactions with employees and others who provide similar services. They, however, do not affect the number of options expected to be vested or the valuation on these days after allocation day. All cancellations, whether made by the company or other parties, should be treated in the same manner in the accounts. Group has applied IFRS 2 (amendment) from January 1, 2009, however this exerts no material impact on group financial reports.

IFRS 7 (Amendment) "Financial Instruments – Disclosures" – applies from 1 January 2009. This amendment calls for enhanced information on fair value and liquidity risk. In particular, the amendment requires disclosure of fair value per level in a valuation hierarchy. Since this change adds further information only, it has no impact on earnings per share.

IFRS 8, Operating Segments (applicable from January 1, 2009). IFRS 8 replaces IAS 14 and adapts segment reporting to the requirements of U.S. standard SFAS 131, "Disclosures about segments of an enterprise and related Information". The new standard requires that segment information is presented based on the perspective of company management, which means that it is presented in the manner used in the internal reporting. This standard has not led to any changes in reported segments.

Otherwise accounting policies are unchanged from the previous periods.

Standards, amendments and interpretations of existing standards where changes have not yet entered into force and have not been applied in advance by group

The following standards and interpretations to existing standards have been published and are mandatory for the consolidated accounts for financial years beginning 1 January 2010 or later:

IAS 27 (Amendment), "Group Accounting and Separate Financial Report" (applies from 1 July 2009). The revised standard requires that the effects of all transactions with shareholders without controlling interests are reported in equity if they do not entail any change in the controlling influence and these transactions do not give rise to goodwill or profits and losses. The standard also specifies that when a parent company loses control, any remaining shares are to be revalued at fair value and any gain or loss reported in the financial statements. Group will apply IAS 27 (Amendment) in the future for transactions with shareholders without controlling interest from den 1 January 2010.

IFRS 3 (Revised), "Operational Acquisition" (applies from 1 July 2009). The revised standard continues to require that acquisition accounting is applied to acquisition of operations but with some significant changes. For example, all payments for the purchase of an operation are reported at fair value on acquisition day, while the subsequent contingent payments are classified as liabilities that are subsequently revalued through financial statements. Non-controlling interests in the acquired business may, on a case-by-case basis, be valued either at fair value or at the proportional share of the acquired net operating assets held by the non-controlling interests. All transaction costs relating to acquisition become expenses. Group will apply IFRS 3 (revised) in the future for all acquisitions of operations from 1 January 2010.

Group has chosen not to apply any new standards, amendments to standards or statements in advance, except for IFRIC 13 Customer Loyalty Programme which has affected group reporting as early as the 2007 fiscal year.

Value bases and classifications applied

The parent company's functional currency is Swedish kronor (SEK), which is also the reporting currency for parent company and for group. All amounts are, unless otherwise indicated, rounded up/down to the nearest thousand.

Assets and liabilities are reported on the basis of acquisition value except for certain financial instruments which are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments classified as financial assets valued at fair value through the financial statements or as financial assets available for sale.

Assets classified as current assets are expected to be sold or intended for sale or consumption during the company's normal operating cycle, if they are held primarily for trading purposes, if they are expected to be realised within twelve months of closing date or if in the form of cash and cash equivalents. All other assets are classified as fixed assets.

Liabilities are classified as current liabilities if they are expected to be settled during the company's normal operating cycle, if they are held primarily for

trading purposes, if they expected to be settled within twelve months of closing day or if the company does not have an unconditional right to defer settlement of the liability for at least twelve months after closing day. All other liabilities are classified as long-term liabilities.

Assessments and estimates in financial reports

In order to establish financial reports in accordance with IFRS it is necessary that management make assessments and estimates as well as making assumptions that affect the application of accounting principles and the reported amounts of assets, liabilities, revenues and costs. The actual outcome could differ from these estimates and assessments.

The areas involving a high degree of assessment, that are complex or such areas where assumptions and estimates are of great importance are primarily the assumptions on which write-down tests for goodwill and other intangible assets with indefinite economic lifetimes are based.

Bases for consolidation

Consolidated Income Statements encompass the parent company and companies in which the parent company, directly or indirectly, holds more than half the votes or otherwise has a controlling interest.

Consolidated accounts have been prepared in accordance with the acquisition accounting method. This method means that the parent company indirectly acquires all subsidiary company assets and assumes its liabilities. The difference between share purchase price and the fair value at acquisition date of the acquired identifiable net assets represents the cost of goodwill, which is recognised as an asset in the balance sheet. If the difference is negative it is reported as revenue in the financial statements.

Revenues from subsidiary companies and expenses as well as assets and liabilities are included in the consolidated accounts from the date on which control is assumed (acquisition date) and until the date of termination. Intragroup receivables and liabilities, and the transactions between group companies and their associated profits, are eliminated in full.

Reporting by segment

Operational segments are reported in a manner consistent with the internal reporting provided for the highest levels of operative decision-making in the company. This level is the function responsible for allocating resources and assessing operating segment earnings. In the group this function has been identified as the exucutive management team that makes the strategic decisions.

Discontinued operations

A discontinued operation is part of the group that has either been discontinued, divested or classified as held for sale. A discontinued operation consists of an independent business or a subsidiary company that had been acquired with the exclusive purpose of resale.

Foreign currency

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currencies are valued at the closing day rate of exchange. Exchange differences arising on translation are recorded in the financial statement.

Translation of foreign operations

Operations whose functional currency is other than Swedish kronor (SEK) are translated into SEK using the current method. Consequently all assets, provisions and other liabilities are translated at the closing day rate of exchange and financial statement items are translated at the average rate of exchange. Exchange differences arising from translation, translation differences, are entered directly against equity.

On the disposal of a foreign operation, the operations-related cumulative translation differences, after deduction for any hedging activities, are realised in the Consolidated Income Statement.

Revenues

Revenues from group gaming operations are reported as revenues. In addition, marginal revenues generated by services sold are also included. Gaming transactions where the company's revenue consists of commission, rakeback, fixed percentage or similar are accounted for in accordance with IAS 18 Revenues, gaming revenues reported net after deduction of players' winnings, variable remuneration and loyalty programmes. This applies to Poker, Casino, Exchange, Scratch Cards, Bingo and Games.

Revenues concerning gaming transactions in which the company takes open positions against the player are reported net after deduction of players' winnings, variable remuneration, loyalty programmes and licensing fees and gaming taxes Which are calculated according tothe outcome of the game. Outstanding amounts are derivatives and are reported at fair value according to IAS 39 Financial Instruments. The revenue reported in this manner relate to Sportsbook and Trader (financially betting).

The part of revenue dedicated to customer bonus points in Betsson loyalty programmes is entered as revenue only when the customers actually use the points.

Revenue from services sold are reported exclusive VAT and discounts and after eliminating sales within the group. Services sold include consultancy, rental and licence revenues. Most relate to group internal sales from parent company to subsidiary companies. External revenues from services sold are of marginal value only.

Other revenues

Other revenues include income from activities outside normal operations such as bad debts recovered, exchange rate gains from operations for the parent company as well as profits on sales of assets.

Operating expenses for gaming operations

Operating costs for gaming operations concerns expenditure on gaming taxes, licensing fees to games providers, costs for payment services through bank and credit cards for deposits of bets and payment of winnings and costs for fraud. Regarding the games reported as financial instruments, the cost of gaming taxes and license fees are calculated based on the outcome of the game and are deducted from the revenuereported from the game.

Gross profit

Several gaming companies describe their gross profit as revenue from gaming operations (games surpluses or equivalent) and thus report licence fees to game suppliers and costs for payment services as a reduction of revenues. Betsson recognises these costs as operating expenses for gaming operations (except for Sportsbook and financial betting which are identified as financial instruments and reported net), but has also introduced the incom level Gross profit in order to simplify comparison with other gaming companies.

Betsson has, however, chosen to recognise revenues as the result of transactions with end customers, namely the players. At this level, success in the games themselves can be measured.

Gross profit also include the results oftransactions with third parties, that is, games providers and payment providers, which means that the success of Betsson's negotiations with suppliers can also be measured.

Gross profit from group gaming operations consists of the net received gaming bets and paid out winnings minus gaming taxes, licensing fees to games suppliers, net revenues and costs of payment services through banks and credit cards for deposits of bets and payment of winnings and costs for frauds (unapproved payment transactions).

Capitalised development costs

Capitalised development costs concern the period's direct expenditures on salaries, other payroll-related costs and services purchased as well as indirect costs attributed to development projects, recorded as assets in the balance sheet.

Marketing expenses

These include external costs of production and distribution of marketing of Betsson and Betsson games in various media and the costs associated with cooperating partners and affiliates. Payments to partners and affiliates are volume-related and connected to the end customers' gaming at Betsson.

Leasing

Leasing is classified as either financial or operating leases in consolidated accounts. Leases of fixed assets where the group undertakes essentially the same risks and benefits as direct ownership are classified as financial leasing. The leased asset is reported as a fixed asset and corresponding leasing liability is reported in interest-bearing liabilities. Leasing of assets under which the lessor essentially remains the owner of the asset is classified as operating leases and leasing fees are written off on a straight-line basis over the term of the lease.

All of Betsson's current leasing contracts are classified as operational. The extent of leasing payments is shown in Note 5.

Equity-related benefits

The group has a number of share-based remuneration plans in which regulation is made using shares and where the company receives services from employees as financial compensation for the group's own capital instruments (options).

The fair value of the service that enable employees to be allocated stock options is written off. The total amount to be written off is based on the fair value of options granted, excluding any impact from non-market related service and earning conditions for earning the options (for example, profitability targets for sales increases or that the employee remains at the company for a specified time period). Not market-related conditions for earning options are taken into consideration in the adoption of the number of options expected to be earned. The total amount to be written off during the period is reported, which is the period during which all the specified earning conditions are to be met. Each closing day the company reviews all their estimates of how many shares are expected to be earned based on the non market-related earning conditions. Any deviations from initial assessments noted in the review are reported in the financial statements and corresponding adjustments are made to equity.

Payments received, after deduction of any directly attributable transaction costs, are credited to share capital (par value) and other capital contributed when the options are exercised.

Pension expenses
Group payments concerning contribution pension plans are charged to income during the period in which the employee renders the services to which the contribution relates. Parts of commitments for retirement pensions and family pensions for salaried employees in the parent company in Sweden are secured through insurance cover with Alecta. According to a statement by the Council for Financial Reporting, UFR 3, this is a defined benefit plan that covers several employers. For 2009 and 2008 the company has not had access to information that enables it to report this plan as a defined benefit plan. The ITP pension plan that is secured through insurance in Alecta is consequently reported as a defined contribution plan. The year's pension contributions that are covered by Alecta amounted to SEK 213 (166) thousand. Alecta's surplus can be distributed to policyholders and/or the people insured. At the end of 2009, the Alecta surplus in the form of collective consolidation level was 141 (112) per cent. The collective consolidation level consists of the value of Alecta assets in per cent of insurance undertakings calculated according to Alecta technical insurance assumptions, which do not comply with IAS 19.

Other operating income
In order to reduce risk exposure to currency exchange rate fluctuations, Betsson has entered into forward exchange contracts in order to secure parts of future cash flows. These derivatives are carried at fair value and valuation changes reported via the financial statements as with other operating revenues. Hedge accounting is not applied.

Other operating expenses
Costs for secondary activities within ordinary operations concerning receivables and payables are reported as other operating expenses. They include mainly exchange rate losses of operations and losses from sales or depreciation of fixed assets or operations.

Taxes
Taxes in financial statements consist of current taxes and deferred taxes. Current taxes consist of tax to be paid or received during the year in question. This also includes adjustment of current tax attributable to prior periods. Taxes are reported in the financial statements, except when the tax relates to items reported directly in equity. Deferred tax is calculated using the balance sheet method based on temporary differences between reported and tax values of assets and liabilities by applying the tax rates and tax rules that have been enacted or substantially enacted on closing day. Temporary differences are not taken into consideration for group goodwill, nor are the differences attributable to shares of subsidiaries and associated companies not expected to be taxed in the foreseeable future.

Deferred tax claims for deductible temporary differences and tax loss carry forwards are reported to the extent that it is probable that these will be utilised and result in lower tax payments in the future.

Financial assets and liabilities
Financial assets subject to IAS 39 Financial Instruments, reporting and valuation are to be classified in any of the following classes:

- Financial assets and liabilities reported at fair value through financial statement
- Investments held to maturity
- Loans and accounts receivable
- Financial assets available for sale.

Financial instruments are initially recorded at acquisition value the equivalent of the instrument's fair value plus transaction costs except as regards the financial instruments measured at fair value in the financial statement, where transaction costs are written off immediately. Subsequent reporting depends on how they have been classified according to the definitions provided below.

Financial assets and liabilities reported at fair value via financial statements
Financial assets and liabilities in the form of derivatives are recorded at fair value in the financial statements where hedge accounting is not applied. The earnings effects for the games that are classified as derivatives are reported in financial statement revenues, while the other derivatives' earnings effect are reported as other operating revenues and other operating expenses.

Investments held to maturity
Consist of financial assets that have payment flows that are fixed or that may be specified in advance and with a fixed maturity that the company has expressly stated that it intends to hold to maturity. Assets in this category are valued at amortised cost. Amortised cost is determined based on the effective annual rate of interest calculated on acquisition date. This means that surplus and deficit values, as well direct transaction costs, are allocated over the investment's lifetime.

Loan receivables and accounts receivable
Loans and receivables are financial assets that are not derivatives with fixed payments or payments that can be set and which are not quoted on an active market. Loans are valued at amortised cost, which is determined based on the effective annual rate of interest calculated on acquisition date. Accounts receivable are recorded at the amounts that are expected to be received after deductions for bad debts that have been estimated without discount. Writing down of accounts receivable is reported in operating expenses.

Financial assets available for sale
The category financial assets available for sale includes financial assets that are not classified in any other category or financial assets that the company initially chose to classify in this category. Assets in this category are valued at fair value with value change against equity. At the point in time when the investments are removed from the balance sheet, previously reported accumulated profits or losses in equity are transferred to the financial statements.

Other Financial liabilities
Financial liabilities not held for trading are measured at amortised cost, which is determined from the effective annual rate of interest when the liability was entered. Consequently surplus and deficit values, as well direct issue costs, are allocated over the term of the liability.

Intangible noncurrent assets
Goodwill and intangible noncurrent assets with indefinite useful lives
Goodwill and the Betsson brand are expected to possess an indefinitely useful lifetime and are not subject to annual depreciation. These assets are assessed annually to identify any possible depreciation necessary and are reported at acquisition cost less accumulated write-down and accumulated losses.

Development costs and other intangible noncurrent assets
Intangible noncurrent assets also include development costs and acquired assets in the form of other brands/domains and customer databases etc. Expenses for development are activated as assets in the balance sheet to the extent they are expected to provide future financial benefits. Only expenses incurred in connection with the development phase of online gaming products, gaming systems, gaming platforms and the integration of these and payment solutions are activated. Assets are entered from the point in time the decision to proceed with respective project is made and the preconditions are in place to do so. The reported value includes costs for materials, services purchased, direct spending on salaries and indirect expenses attributable to the asset in a reasonable and consistent manner. Development costs are included at acquisition value less accumulated depreciation and write-down losses.

Other intangible assets are reported in the balance sheet at acquisition value less accumulated depreciation and impairment losses. Valuation of intellectual property assets' ability to generate revenue should be made continuously in order to identify any write-down needs.

Tangible fixed assets
Tangible fixed assets are reported at acquisition value less accumulated depreciation and any write-down losses. Repairs and maintenance are charged to income as they occur.

Depreciation and impairments
Depreciation is based on the original acquisition value reduced by a residual value taking into account write-downs already implemented. Depreciation is applied in a linear fashion over the asset's estimated useful lifetime.
The following useful lifetimes are utilised:

Trademark, brand, domain name	indefinite or maximum of 5 years
The Betsson brand	indefinite, not amortised
Customer database Betsson	2 years
Leaseholds	3–5 years
Capitalised development costs for games, gaming systems and gaming platforms are determined based on the nature of the asset and are	
– investments made up to and including 2008	maximum 5 years
– investments made from 2009	maximum 3 years
Office inventory	5 years
Servers and similar	5 years
Computers	5 years
Computers within technology and development	written off directly
Vehicles	3–5 years

The assessment of an asset's residual value and useful life is reviewed annually. If there are any indications that the tangible or intangible noncurrent assets of the group has too high a book value, an analysis in which the recoverable amount of individual or naturally coherent types of assets is determined as either the net sales value or the value in use, whichever is the highest.

Value in use is measured as the expected future discounted cash flow. A write-down loss consists of the difference between book value and the recoverable amount. A write down is cancelled when depreciation is no longer justified. A cancellation is made up to a maximum value not exceeding the book value that would have been reported, with reduction for depreciation, if no write-down losses had been made.

In conjunction with the closing of the accounts for 2008, management reevaluated the financial lifetime of activated development costs of games, gaming systems, gaming platforms and payment solutions. In view of current and expected market and competition situations it was deemed difficult to justify a depreciation period of five years. Consequently, for investment made from 2009 onwards the depreciation period has been reduced to a maximum of three years. The new evaluation has not led to impairment needs for existing platforms etc. in addition to amortisation according to plan.

Accounts payable

Accounts payable are obligations to pay for goods or services acquired in the normal course of operations from suppliers. Accounts payable are classified as short term liabilities if they fall due within one year or earlier (or during the normal operational cycles whichever is longer). If these conditions are not met, they are classified as long-term liabilities.

Trade payables are initially reported at fair value and subsequently at amortised cost using the effective annual rate of interest method.

Cash and cash equivalents

Cash and cash equivalents consist of cash and immediately available balances at banks and similar institutions plus short-term liquid investments which mature less than three months from acquisition date and are only subject to an insignificant risk of value fluctuation.

Accounting policies for parent company

The parent company applies the same principles as group, except that the parent company accounts are prepared in accordance with RFR 2.2 Accounting for legal entities.

The difference between group and parent company accounting principles are justified by the constraints imposed by the Swedish Annual Report Act (ÅRL) on the application of IFRS in the parent company and the taxation regulations that permit different accounting for legal entities and for group.

Group contributions and shareholder contributions

Group contributions and shareholders' contributions are reported in accordance with the statement from the Council for Financially Reporting (UFR 2). Shareholders' contributions are entered directly against equity by the recipient and are activated in shares and units of the donor to the extent that no write-downs are necessary. Group contributions are reported according to their financial significance. This means, for example, that the group contribution given or received in order to minimise the total group tax is reported directly against retained profits after deducting its actual tax effect.

Group companies

Shares in group companies are reported in the parent company at acquisition value, less any write-downs.

Breakdown of restricted and nonrestricted equity

In the parent company balance sheet, equity is divided into restricted and unrestricted equity in accordance with the Annual Accounts Act.

Untaxed reserves and balance sheet appropriations

The parent company reports, due to the relationship between accounting and taxation, its deferred tax liabilities on reserves as a part of untaxed reserves.

Definitions

Revenue. Revenues from gaming business after payment/payout of players' winnings, the loyalty program and bonuses as well as other operating revenue. Gaming taxes and license charges for game suppliers are also deducted from revenues for games recognised as financial instruments.

Gross Profit (gaming surplus). Revenue as above minus gaming taxes, license fees for games suppliers, payments to suppliers and frauds (unapproved payments).

Average total capital. The balance sheet total at the beginning of the financial year plus the balance sheet total at the end of the financial year divided by two.

Average capital employed. The balance sheet total less non-interest bearing liabilities including deferred tax liabilities at the end and the beginning of the financial year divided by two.

Average equity. Equity at the beginning and end of the financial year added and divided by two.

Return on total capital. Income after financial items with the addition of financial expenses relative to average total capital.

Return on capital employed. Income after financial items with the addition of financial expenses relative to average capital employed.

Return on equity. Income after tax relative to average equity.

Profit margin. Income after financial items relative to revenue for the period.

Operating margin. Operating income relative to revenue for the period.

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

Cash liquidity. Current assets relative to current liabilities including proposed but not adopted dividends.

Interest coverage ratio (multiple). Income after financial items plus interest expenses relative to interest expenses.

Number of employees. Number of employees on last month's payroll.

Average number of employees. Number of employees converted to full-time equivalent (year's work).

Number of outstanding shares. Number of outstanding shares (excluding repurchased shares) at end of period.

Average number of outstanding shares. Weighted average number of shares outstanding during period.

Earnings per share. Income after tax relative to the average number of outstanding shares during the period.

Earnings per share after dilution. Income after tax adjusted for interest expenses after tax attributable to outstanding convertible bonds divided by the weighted average number of outstanding shares during the year adjusted for additional shares upon conversion and options with dilution effects.

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

Dividend per share. Actual/proposed dividend. Also includes share redemption programmes.

Number of (registered) shareholders. Number of shareholders registered in trust or in the register of shareholders kept by Euroclear Sweden AB (former VPC AB) (the Swedish Securities Register Center) according to the shareholder/share register.

NOTE 3 Reporting per segment

Segment information

Operating segments are determined based on the information considered by the group executive management and used to make strategic decisions.

Group Management assesses operations in the first instance from a geographical perspective and secondly from a product perspective. Geographical assessments are carried out based on earnings from gaming operations in the Nordic countries, EU except the Nordic countries, in the rest of Europe and the rest of the world. Product-wise earnings from Casino, Sportsbook, Poker and Other Products are assessed.

All operating segments for which information is provided generate their revenue from gaming operations, except the segment "Other non allocated" which includes marginal, non-game related revenues.

Group management assesses operating segment earnings based on the measurement gross profit (gaming surplus). Gross profit from group gaming operations consist of the net receipts of bets and payouts minus gaming taxes, license fees for games suppliers, net of revenues and costs for payment services through bank and credit cards for deposits of bets and payments of winnings plus costs for frauds (unapproved payment transactions). Management believes that gaming surplus is adequate for the measurement of operations and in order to make strategic decisions as gaming surplus both measures the success of the transactions with customers and the success of transactions with third parties, i.e. the success of Betsson's negotiations with games and payment services suppliers.

In addition to cases where the revenue and expenses are specifically attributable to the operating segments described above, there are common costs related to all operating segments, which are found in the joint operation platform. These joint costs are reported under the segment "Other non allocated" with revenues and expenses which do not arise from gaming operations.

Information on assets, liabilities and investments is based on where the company is located where the assets are held. Product-wise no distribution of assets etc. is made as all products are operated on a joint platform.

2009	Nordic countries	EU, non-Nordic countries	Rest of Europe	Rest of the world	Other, non allocated	Group
Revenues	700,074	170,799	423,879	4,949	13	1,299,714
Gross Profit (gaming surplus)	604,998	139,751	295,898	4,375	13	1,045,035
Gross margin (per cent)	86.4%	81.8%	69.8%	88.4%	–	80.4%
Operating income	604,998	139,751	295,898	4,375	-728,122	316,900
Profit before tax						318,925
Profit after tax						303,259
Assets	242,704	1,147,718	335	1,435	0	1,392,192
Liabilities	18,400	550,554	469	2,328	0	571,751
Investments	963	57,567	0	0	0	58,530
Depreciation	2,181	34,415	0	42	0	36,638
Write-downs fixed assets	0	754	0	0	0	754

2008	Nordic countries	EU, non- Nordic countries	Rest of Europe	Rest of the world	Other, non allocated	Group
Revenues	593,259	120,996	320,801	2,700	0	1,037,756
Gross profit (gaming surplus)	478,255	97,153	250,354	2,306	0	828,068
Gross margin (per cent)	80.6%	80.3%	78.0%	85.4%	–	79.8%
Operating income	478,255	97,153	250,354	2,306	–551,464	276,604
Profit before tax						280,673
Profit after tax						267,278
Assets	197,458	950,364	0	629	0	1,148,451
Liabilities	20,739	406,160	0	1,345	0	428,244
Investments	4,716	62,956	0	129	0	67,801
Depreciation	2,042	18,563	0	23	0	20,628
Write-downs fixed assets	702	703	0	0	0	1,405

GROSS PROFIT PER PRODUCT	Casino	Sportsbook	Poker	Other products	Other, non allocated	Group
2009	670,423	206,591	131,876	36,132	13	1,045,035
2008	481,268	159,012	158,486	29,302	–	828,068

NOTE 4 Revenues

	Group		Parent company	
	2009	2008	2009	2008
Revenues				
Gaming business	1,069,145	862,746	–	–
Gaming business, derivatives	230,556	175,010	–	–
Consultancy, management	–	–	2,736	2,816
Rental and office services	–	–	8,024	6,137
Total	**1,299,701**	**1,037,756**	**10,760**	**8,953**
Other revenues				
Bad debts recovered	1	–	1	–
Exchange rate differences operations	–	–	–	1,808
Other	12	–	–	100
Total	**13**	**-**	**1**	**1,908**

NOTE 5 Leasing

Leasing costs for vehicles, rental costs for premises and other equipment that is rented and encompassed by the concept operational leasing amounted to:

	Group		Parent company	
	2009	2008	2009	2008
Expensed leasing and rental charges	7,492	5,266	3,887	3,322

Future minimum charges concerning non terminable operational leasing and rental agreements are estimated to result in the following:

	Group		Parent company	
	2009	2008	2009	2008
Within one year	7,477	5,299	6,040	3,211
Within two to five years	21,512	2,202	21,160	222
After five years	–	–	–	–
Total	**28,989**	**7,501**	**27,200**	**3,433**

NOTE 6 Auditors' fees

The following remuneration has been paid to auditors and auditing companies for auditing and other scrutiny according to relevant legislation and for the provision of advice and other assistance as a result of observations made during the audit (audit assignments). Remuneration has also been provided for other independent advice (other assignments), which primarily relate to ongoing tax consultations and advice on accounting issues.

	Group		Parent company	
	2009	**2008**	**2009**	**2008**
Auditing assignments				
PricewaterhouseCoopers	1,682	1,966	325	330
Other audit companies	139	186	–	–
Other assignments				
PricewaterhouseCoopers	1,108	345	503	345
Other audit companies	9	–	9	–
Total	**2,938**	**2,497**	**837**	**675**

NOTE 7 Employees, salaries and fees

Average number of employees	2009		2008	
	Total	Of whom women	Total	Of whom women
Parent company				
Sweden	7	43 %	5	40 %
Total parent company	**7**	**43 %**	**5**	**40 %**
Subsidiaries				
Sweden	63	13 %	38	11 %
Norway	3	33 %	2	50 %
Finland	1	0 %	1	0 %
Denmark	–	–	1	0 %
England	–	–	–	–
Malta	149	40 %	106	36 %
Malaysia	2	50 %	1	100 %
Total subsidiaries	**218**	**32 %**	**149**	**29 %**
TOTAL GROUP	**226**	**32 %**	**154**	**30 %**

Proportion of women in executive management

	Group		Parent company	
	2009	**2008**	**2009**	**2008**
Board of Directors	17%	20 %	17%	17 %
Other upper management positions	17%	17 %	0%	0 %

Salaries, other remuneration and social insurance contributions

	2009				2008			
	Salaries and remuneration	Of which CEO, Board & upper management	Social insurance expenses	Of which expenses for pensions	Salaries and remuneration	Of which CEO, Board & upper management	Social insurance expenses	Of which expenses for pensions
Parent company								
Sweden	10,499	7,843	4,514	1,492	13,828	8,254	4,161	1,005
Subsidiary companies								
Sweden	35,297	1,165	14,257	3,568	29,531	1,281	9,821	2,157
Finland	1,108		120		795		120	
Norway	2,054		396	88	1,676		238	
Denmark	–				570			
England	230		27		191		20	
Malaysia	1,101		200	200	345		9	8
Gibraltar	111		16	16	–			
Malta	66,419	7,392	2,527		40,299	8,608	3,252	
Total group	**116,819**	**16,400**	**22,057**	**5,364**	**87,235**	**18,143**	**17,621**	**3,170**

NOTE 7 Employees, salaries and fees (continuing)

Remuneration and other management benefits

	2009				2008			
	Basic salary/ fees	Variable remuneration	Pension expenses	Equity related benefits	Basic salary/ fees	Variable remuneration	Pension expenses	Equity related benfits
John Wattin, Chairman	748				417			
Per Hamberg	229				179			
Emil Sunvisson	–				62			
Patrick Svensk	229				179			
Kicki Wallje-Lund	229				179			
Rolf Blom	–				62			
Carl Lewenhaupt	229				117			
Lars Linder-Aronson	229				117			
Total Board fees including Chairman's fees	**1,893**	**0**	**0**	**0**	**1,312**	**0**	**0**	**0**
Board fees foreign subsidiaries	1,196			84	837			
Pontus Lindwall, CEO	4,400	0	533	316	2,799	2,568	494	
Other senior management (5 people/positions)	7,534	316	552	661	6,354	4,273	552	
Total	**15,023**	**316**	**983**	**1,061**	**11,302**	**6,841**	**1,046**	**0**

Notes on table above:
Basic salary/fees concerns salary and other benefits including company car and fuel benefit. Variable compensation costs are related to bonuses which are based on quarterly targets achieved and are paid out during the year they are earned and the following year. Group has only defined contribution pension plans. Pension costs concern the costs that have affected the year's earnings.

The Chairman and the board members have not received any remuneration other than Board fees. Other senior executives: CEO Betsson Malta – Thomas Kalita – resigned 31 May 2009. During the period May-October Magnus Grinneback was acting CEO while recruitment of new CEO was underway. As per 1 November 2009 Magnus Silfverberg took up the position of CEO Betsson Malta. The salaries and allowances of all these three people are included in the table above for the time they served as CEO Betsson Malta and were included in group management team. Current management team is presented page 13. Basic salary as above, includes renumerations for consultancy services within the group.

Equity related benefits
In 2008 the company's extraordinary AGM took a decision on an incentive programme for employees through the issuance of financial instruments in the form of stock options to employees. The programme is described in Note 27. Subscription options were allocated on 15 December 2008 while the stock options were not allocated until January 2009.

CEO Betsson AB was allocated 100,000 subscription options. The then other five senior executives were allocated a total of 50,000 subscription options, and 148,700 stock options. Company cost for these is reported in the table above as share-based remuneration. Other key employees of the group subscribed to 110,000 subscription options and 203,836 stock options.

Decision-making and preparation process
The Chairman and members of the board are paid fees according to the decision of the Annual General Meeting. There is no remuneration for committee work.

The 2009 Annual General Meetings Guidelines for Remuneration for Senior Executives
Senior executives are defined as CEO and CFO of parent company CEO of Betsson Malta and other members of the executive management team. Remuneration is to be market level and competitive in order to attract and retain competent management employees. Remuneration will consist of fixed salary, when necessary variable compensation (bonuses), pensions and other benefits such as, in some cases, a company car.

Variable compensation that may be offered to senior executives is to be determined based on achievement of previously established group and individual targets concerning operating income and company's financial development as well as the observation of the executives' personal development.

The normal retirement age should be 65. Pension terms are to be market rate and based on defined contribution pension plans.

Periods of notice should normally be six to twelve months if the termination occurs on the initiative of company and six months of the termination takes place on the initiative of the executive. Upon termination from the company's side, the employee will be awarded severance pay in amounts of up to twelve months' salary. The Board may diverge from these guidelines in individual cases in special circumstances.

Bonuses
For CEO/Group President the bonus for 2009 was SEK 0 (2,568) thousand. Bonus amounted to 0 (92) per cent of basic salary.

For other senior executives bonuses for 2009 amounted to SEK 316 (4,273) thousand. The bonus amount for other senior executives represented an average of 4 (67) per cent of basic salary.

Pensions
The retirement age for CEO is 65. For other senior executives retirement age varies between 60 and 65. The pension agreement specifies that the pension premiums are based on pensionable salary, which means basic salary, variable salary and benefits.

Severance pay
Upon termination from the employer's side, the CEO is entitled to a period of notice corresponding to six months and severance pay the equivalent of twelve months' salary. Deduction from severance payments are not made if salary is received from other employment. The notice period is six months if the individual resigns. Severance pay is not payable when an employee resigns.

For other executives mutual period of notice is six months. When termination is carried out by the company, the employee is entitled to severance pay the equivalent of up to twelve months' salary. Severance pay is not payable when an employee resigns.

Sick leave rates in Sweden

	Group	
PROPORTION OF NORMAL WORKING HOURS	**2009**	**2008**
Total absence due to illness	1.2%	1.3%
Share of sick leave that concerns absence of more than 60 consecutive days; long-term sick leave	0.0%	0.0%
Sick leave rate for men	1.2%	1.4%
Sick leave rate for women	1.6%	0.7%
Employees, 29 or younger	1.6%	1.0%
Employees, 30–49 years old	1.2%	1.6%
Employees, 50 or older	0.0%	0.0%

NOTE 8 Depreciation

Depreciation is allocated to relevant activity as below:

	Group		Parent company	
	2009	**2008**	**2009**	**2008**
Gaming products, systems and platforms	30,004	15,071	–	–
Rental contracts	543	407	–	–
Inventory and gaming equipment	6,091	5,150	808	724
Total	**36,638**	**20,628**	**808**	**724**

NOTE 9 Other operating income and other operating expenses

	Group		Parent company	
	2009	**2008**	**2009**	**2008**
Earnings from currency forward agreements	21,407	–	21,407	–
Total other operating income	**21,407**	**-**	**21,407**	**-**
Write-down of fixed assets	754	1,405	–	–
Write-down of receivables	–	2,817	–	–
Exchange rate differences	24,165	11,381	12,905	–
Total other operating expenses	**24,919**	**15,603**	**12,905**	**-**

NOTE 10 Net Financial Income, financial items

GROUP	**2009**	**2008**
Interest income	2,166	4,161
Net exchange rate changes	–	91
Financial income	**2,166**	**4,252**
Interest expenses	141	183
Financial expenses	**141**	**183**
TOTAL NET FINANCIAL INCOME	2,025	4,069

PARENT COMPANY	**2009**	**2008**
Dividends from subsidiaries	298,177	409,054
Write-down of shares in subsidiaries	–	−4,329
Total income from participation in group companies	**298,177**	**404,725**
Interest revenues, external	1,389	2,732
Exchange rate differences	–	91
Total interest income and similar items	**1,389**	**2,823**
Interest costs, external	0	−59
Total interest expenses and similar items	**0**	**−59**
TOTAL FINANCIAL ITEMS	299,566	407,489

NOTE 11 Tax

Tax expenses in income statements

	Group		Parent company	
	2009	2008	2009	2008
Distribution between current and deferred tax				
Current tax	-16,695	-15,154	-2,444	-
Deferred tax	1,029	1,759	3,154	3,984
Total	**-15,666**	**-13,395**	**710**	**3,984**

Tax expenses are distributed as follows:

	Group		Parent company	
	2009	2008	2009	2008
Current tax				
Sweden	-2,431	-1,539	-2,444	-
Outside Sweden	-14,264	-13,615	-	-
Total current tax	**-16,695**	**-15,154**	**-2,444**	**-**
Deferred tax				
Sweden	3,154	3,984	3,154	3,984
Outside Sweden	-2,125	-2,225	-	-
Total deferred tax	**1,029**	**1,759**	**3,154**	**3,984**
Difference between true tax cost and tax costs based on current tax rates				
Reported income before tax	318,925	280,673	288,315	389,361
Tax according to valid tax rate (26.3% and 28%)	-83,877	-78,588	-75,827	-109,021
Difference in tax in foreign operations	69,137	65,556	-	-
Tax effect CFC taxation	-804	-	-804	-
Tax effect of items that are not deductible	-133	-135	-64	-1,297
Tax effect of Items not liable to tax	11	30	77,405	114,560
Effect of changes to tax rate on deferred tax claims	-	-258	-	-258
Reported tax expense	**-15,666**	**-13,395**	**710**	**3,984**
Specification of deferred tax				
Changes to tax rate on deferred tax claims	-	-258	-	-258
Changed tax on temporary differences	3,154	4,242	3,154	4,242
Tax on appropriations	-2,125	-2,225	-	-
Reported deferred tax expense	**1,029**	**1,759**	**3,154**	**3,984**

Taxes in Balance Sheets

	Group		Parent company	
	2009	2008	2009	2008
Long-term receivables				
Deferred tax on temporary differences	1,536	2,445	723	2,445
Current receivables				
Tax receivables	186,175	167,176	748	4,980
Long-term liabilities				
Deferred tax on untaxed reserves	214	227	-	-
Deferred tax on temporary differences	4,294	4,083	-	-
Total	**4,508**	**4,310**	**-**	**-**
Current liabilities				
Tax liabilities	212,145	186,455	-	-

NOTE 12 Earnings per share

GROUP	2009	2008
Income after tax attributable to parent company shareholders	303,259	267,277
Average number of shares		
Average total number of shares	39,553,720	39,553,720
Reduced by average number of repurchased own shares	-310,000	-296,885
Average number of outstanding shares before dilution	**39,243,720**	**39,256,835**
Employee stock options	25,544	-
Average number of outstanding shares after dilution	**39,269,264**	**39,256,835**
Earnings per share		
– before dilution (SEK)	7.73	6.81
– after dilution (SEK)	7.72	6.81

Please refer to Note 2, Definitions, for calculation method.
Average share price 2009 (2008): SEK 95.09 (66.08).

NOTE 13 Dividend per share

For 2008 and 2009, Betsson has chosen to execute an automatic share redemption programme instead of a traditional share dividend. Transfer to shareholders who were paid in this way in 2009 and 2008 amounted to SEK 200 143 thousand (5.10 per share) and SEK 196 219 thousand (SEK 5.00 a share).

At the Annual General Meeting on May 6, 2010, a share redemption programme will be proposed for 2009 at SEK 9.00 kronor a share - a total of SEK 353 193 thousand. The proposed transfer to shareholders has not been reported as a liability in these financial reports.

NOTE 14 Intangible noncurrent assets

GROUP	Gaming products, systems & platforms	Brand "Betsson"	Brand Other	Customer databases	Lease/rental contracts acquired	Goodwill	Total
Accumulated acquisition value							
Opening balance 1 Jan 2008	58,112	77,261	0	9,089	0	320,682	465,144
Assets developed in-house	50,133	–	–	–	–	–	50,133
Investments	–	–	–	–	1,900	–	1,900
Assets disposed of	–1,310	–	–	–	–	–	–1,310
Currency exchange rate changes	7,603	–	–	–	–	–	7,603
Balance carried over 31 Dec 2008	**114,538**	**77,261**	**0**	**9,089**	**1,900**	**320,682**	**523,470**
Assets developed in-house	51,972	–	–	–	–	–	51,972
Investments	–	–	5,176	–	–	–	5,176
Assets disposed of	–1,269	–	–	–	–	–	–1,269
Currency exchange rate changes	–5,769	–	–	–	–	–	–5,769
Closing balance 31 Dec 2009	**159,472**	**77,261**	**5,176**	**9,089**	**1,900**	**320,682**	**573,580**
Accumulated depreciation and write-downs							
Opening balance 1 Jan 2008	17,606	0	0	9,089	0	36,273	62,968
The year's depreciation	15,071	–	–	–	407	–	15,478
Assets disposed of	–607	–	–	–	–	–	–607
Currency exchange rate changes	3,955	–	–	–	–	–	3,955
Closing balance 31 Dec 2008	**36,025**	**0**	**0**	**9,089**	**407**	**36,273**	**81,794**
The year's depreciation	30,004	–	–	–	543	–	30,547
Assets disposed of	–515	–	–	–	–	–	–515
Currency exchange rate changes	–2,430	–	–	–	–	–	–2,430
Closing balance 31 Dec 2009	**63,084**	**0**	**0**	**9,089**	**950**	**36,273**	**109,396**
Book value							
As per 1 Jan 2008	40,506	77,261	–	0	–	284,409	402,176
As per 31 Dec 2008	78,513	77,261	–	0	1,493	284,409	441,676
As per 31 Dec 2009	96,388	77,261	5,176	0	950	284,409	464,184

Write-down testing of goodwill and brands with indefinite useful life
Group goodwill and the Betsson brand derives from the acquisition of Betsson at the beginning of 2005. Both of these assets, which together have a reported value of SEK 361, 7 million, are owned by the cash-generating unit at point of acquisition Betsson Online. After the company had distributed the Cherry companies and Net Entertainment to shareholders in 2006 and in 2007, there remains only one cash-generating unit in the group.

When these assets are not depreciated, a write-down test was carried out in February 2007 (in connection with the annual accounts for 2006) by calculating the recoverable value based on its value in use. This test showed that the recoverable amount significantly exceeded the carrying value.

Since the last calculation of the recoverable amount, no events have occurred which could have a negative impact on the estimated recoverable amount. The assets and liabilities constituting the unit have not changed in any significant manner. It is therefore unlikely that a new estimate of recoverable amount would be less than the carrying value.

The recoverable amount as calculated in February 2007 was based on cash flow projections based on earnings from operations up to and including 2006 and a five-year forecast was based on a business plan for the same period and a budget for 2007. Cash flow for the years following 2011 was extrapolated to an annual growth rate of around 3 per cent, representing an assumed average future pace of inflation. The growth rate in the first five years is expected to be higher than the industry as operations are relative operations with opportunities for continued strong growth. The projected cash flow was discounted by 16 per cent before tax. The most important assumptions in the five-year forecast and the methods used to estimate values are as follows:

IMPORTANT VARIABLES	Methods for estimating values
Sales	A forecast based on current marketing plans is updated annually based on actual results. The forecast is based on past experience and external information sources.
Operating margin	The operating margin is largely dependent on the marketing investments implemented. Amount determined in annual budgets for the unit. The forecast is based on past experience and external information sources.

The actual outcomes of 2009, 2008 and 2007 operations in Betsson Online are much higher than the assumptions that the 2006 estimate of recoverable amount is based on. Budgets for 2010 and assumptions about other important variables in the calculation also affect the value in a positive direction.

Consequently no need for impairment write-downs of goodwill and brands with indefinite useful life is anticipated.

NOTE 15 Tangible fixed assets

Inventory, servers, hardware etc.

	Group	Parent company
Accumulated acquisition vale		
Opening balance 1 Jan 2008	15,527	3,047
Investments	10,620	918
Divestments and disposals	−1,450	–
Currency exchange rate changes	2,357	–
Closing balance 31 Dec 2008	**27,054**	**3,965**
Investments	2,941	517
Currency exchange rate changes	1,307	–
Closing balance 31 Dec 2009	**31,032**	**4,482**
Accumulated depreciation and write-downs		
Opening balance 1 Jan 2008	3,233	80
Divestments and disposals	−747	–
The year's depreciation	5,149	724
Currency exchange rate changes	856	–
Closing balance 31 Dec 2008	**8,491**	**804**
The year's depreciation	6,091	808
Currency exchange rate changes	-473	–
Closing balance 31 Dec 2009	**14,109**	**1,612**
Book value		
As per 1 Jan 2008	12,294	2,967
As per 31 Dec 2008	18,563	3,161
As per 31 Dec 2009	17,193	2,870

NOTE 16 Participations in group companies

					Parent company	
Company	**Corporate ID number**	**Registered in**	**Participation (%)**	**Participation (units)**	**2009**	**2008**
Betsson Technologies AB	556651-8261	Stockholm	100	1,000	107	107
Betsson PR & Media AB	556118-8870	Stockholm	100	18,000	5,577	5,577
Shopsson AB	556750-4930	Stockholm	100	1,000	100	100
Betsson Malta Holding Ltd		Malta	100	10,000	569,777	569,777
– Betsson Malta Ltd		Malta	100	–	–	–
– Clearpay Ltd		Malta	100	–	–	–
– Betsson Services Ltd		Malta	100	–	–	–
Betsson Ltd		England	100	100	2	2
The Open Exchange Ltd		England	100	100	1	1
Betsson PR & Media Ltd		England	100	1	0	0
BIA Communications SDN BHD		Malaysia	100	250,000	499	499
BSG Limited		Gibraltar	100	2,000	0	–
Intact Technology Stockholm AB	556561-4814	Stockholm	100 (90,1)	1,000 (901)	901	901
Cherry International AB	556561-8575	Solna	100	8 000	890	890
Cherryföretagen Casinoutrustningar AB	556205-2307	Solna	100	6 000	812	812
First Casino AB	556443-0527	Uppsala	100	1 000	1,000	1,000
Cherry Maritime Service Väst AB	556206-3403	Falkenberg	100	10,000	2,642	2,642
Cherry Leisure AB	556169-9843	Solna	100	2,500	290	290
AB Restaurang Rouletter	556133-3153	Solna	100	1,000	131	131
Svenska Casino AB	556560-6869	Solna	100	1,000	100	100
Casinoinvest i Sverige AB	556444-6119	Solna	100	5,000	541	541
Total					**583,370**	**583,370**

NOTE 16 Participations in group companies (continuing)

Changes in participations in group companies

	2009	2008
Opening acquisition value	583,370	587,100
Investment share capital in start-ups	0	599
Write down of shares in dormant subsidiaries	–	−4,329
Purchase of minority shares in subsidiaries	0	–
Closing book value	**583,370**	**583,370**

NOTE 17 Long-term receivables and other receivables

Other long-term receivables that are fixed assets

	Group		Parent company	
	2009	2008	2009	2008
At year end				
Long-term part loan	–	–	–	–
Total	**–**	**–**	**–**	**–**
Changes				
Opening book value	–	295	–	295
Repayments	–	−295	–	−295
Closing book value	**–**	**0**	**–**	**0**

Other receivables that are current assets

	Group		Parent company	
	2009	2008	2009	2008
At year end				
Tax accounts	45	118	45	–
Receivables from payment system suppliers	157,703	116,047	–	–
Deposits at payment system suppliers and other deposits	7,643	8,521	1,358	1,358
Value Added Tax	12,583	4,197	418	484
Other	643	382	9	169
Total	**178,617**	**129,265**	**1,830**	**2,011**

Receivables fror payment service providers refer tor receivables relating to banks and other credit institutions that are credit providers (issuers of credit cards or similar) for Betsson customers. The risk of loss in these is that individual players cannot cover their purchases. Betsson has not allocated reserves for possible losses in receivables outstanding. Betsson's assessment, based on historical losses, is that credit losses in receivables outstanding are marginal compared to group earnings. During the year, written off losses related to credit card sales amounted to SEK 12 (4) million, corresponding to 0.9 (0.4) per cent of total group revenue.

Receivables for payment service providers are regulated within 7–30 days.

NOTE 18 Prepaid expenses and accrued income

	Group		Parent company	
	2009	2008	2009	2008
Rental expenses	1,565	1,530	736	736
Production costs	289	1,289	–	–
Marketing partners	9,329	7,784	–	–
Tournament costs	99	1,738	–	–
License costs	–	2,068	–	–
Consultants	3,293	–	–	–
Interest	80	937	46	–
Other prepaid expenses	713	757	198	910
Total	**15,368**	**16,103**	**980**	**1,646**

NOTE 19 Equity

Composition of share capital

	2009		2008	
PARENT COMPANY	Number of shares	Share capital	Number of shares	Share capital
Shares, series A (10 votes)	5,420,000	10,840	5,420,000	10,840
Shares, series B (1 vote)	34,133,720	68,267	34,133,720	68,267
Total shares	**39,553,720**	**79,107**	**39,553,720**	**79,107**

Parent company has, during the course of 2007–2008, repurchased its own B shares. At year-end, its holdings amounted to 310,000 B shares.

Shares' ratio value is SEK 2. Both A and B shares have the same right to the company's assets and earnings. The division of equity into group and parent company appears in Note 2. Reserves are stated in summary concerning changes to group equity.

NOTE 20 Untaxed reserves, appropriations

PARENT COMPANY	2009	2008
Balance sheet		
Accumulated excess depreciation	413	413
Total untaxed reserves	**413**	**413**
Deferred tax in untaxed reserves are included to the sum of	109	109
Income statements		
Difference between book depreciations and depreciation according to plan	–	–
Total balance sheet allocations	**0**	**0**

NOTE 21 Other liabilities

OTHER CURRENT LIABILITIES	Group		Parent company	
	2009	2008	2009	2008
Employees' tax	1,698	1,365	377	446
Social insurance charges	1,425	1,209	270	320
Marketing partners	79,906	60,026	–	–
Gaming tax	350	325	–	–
Licences	19,587	7,151	–	–
VAT	279	–	–	–
Players' accounts	120,663	88,167	–	–
Other	–	8	–	–
Total	**223,908**	**158,251**	**647**	**766**

NOTE 22 Accrued expensed and deferred income

	Group		Parent company	
	2009	2008	2009	2008
Holiday pay debt	6,204	3,665	780	437
Social insurance charges	2,759	1,560	583	365
Salaries	2,671	8,151	–	3,421
Reserves jackpot	82,916	33,515	–	–
Marketing costs	1,985	6,649	–	–
Consultancy costs	6,553	3,065	1,694	1,603
Emission rights	130	–	130	–
Other	8,215	8,681	–	–
Total	**111,433**	**65,286**	**3,187**	**5,826**

NOTE 23 Pledged assets concerning own liabilities

	Group		Parent company	
	2009	2008	2009	2008
Bank balance	17 764	15 336	–	–
Total	**17 764**	**15 336**	**–**	**–**
Chattel mortgages in own keeping	35 600	35 600	35 600	35 600

This amount concerns blocked bank funds at banks etc. used as security for customer deposits.

NOTE 24 Contingencies

	Group		Parent company	
	2009	2008	2009	2008
Guarantee commitment for subsidiary	–	–	60	60
Total	**–**	**–**	**60**	**60**

NOTE 25 Related party relationships

The parent company has a close relationship with its subsidiary companies, see Note 16.

Services sold between parent company and subsidiary company mainly concern accounting, information technology and management services and rental and office expenses.

The Betsson group hires three apartments from Solporten Fastighets AB, in which CEO Pontus Lindwall and Board member Per Hamberg are share-holders/ Board members. In 2009 purchases amounted to SEK 142 (118) thousand.

Betsson Malta buys legal services from WH Law, where Board member in Betsson Malta, Dr. Olga Finkel, is a Managing Partner. Purchases in 2009 amounted to SEK 1,463 (901) thousand.

Transactions with related parties are priced at markets conditions. Services free of charge have not been supplied.

Board member Per Hamberg has a large ownership influence in Betsson AB. For information on the Board's holdings in the company please refer to pages 11–12. For remuneration of Board members and top executives, please refer to Note 7.

Transactions with related parties

PARENT COMPANY	2009	2008
Purchase of services from related parties		
Purchases from subsidiaries	480	690
Purchases from other related parties	1,605	1,019
Sale of services to related parties		
Sales to subsidiaries	10,760	8,953
Financial dealings with related parties		
Dividend from subsidiaries	298,177	404,725
Liabilities to related parties		
Liabilities to subsidiaries	177,590	31,724
Receivables from related parties		
Receivables from subsidiaries	293,373	294,562

NOTE 26 Financial instruments

	Items recognised at real value via income statement – derivatives	Loan receivables & accounts receivables	Other financial liabilities	Total recognised value	Fair value	Non financial assets & liabilities	Total Balance Sheet
Group 2009							
Other long-term receivables							
Accounts receivable							
Other receivables		166,034		166,034	166,034	12,583	178,617
Cash and bank balances		529,119		529,119	529,119		529,119
Total financial assets	**–**	**695,153**	**–**	**695,153**	**695,153**	**12,583**	**707,736**
Accounts payable			19,757	19,757	19,757		19,757
Other liabilities	2,589		120,683	123,252	123,252	100,656	223,908
Total financial liabilities	**2,589**	**–**	**140,420**	**143,009**	**143,009**	**100,656**	**243,665**
Group 2008							
Other long-term receivables							
Accounts receivable							
Other receivables		125,068		125 068	125,068	4,197	129,265
Cash and bank		373,223		373 223	373,223		373,223
Total financial assets	**–**	**498,291**	**–**	**498 291**	**498,291**	**4,197**	**502,488**
Accounts payable			13,942	13,942	13,942		13,942
Other liabilities	1,510		86,657	88,167	88,167	70,084	158,251
Total financial liabilities	**1,510**	**–**	**100,599**	**102,109**	**102,109**	**70,084**	**172,193**
Parent company 2009							
Other long-term receivables							
Accounts receivable							
Receivables from group companies		293,273		293,273	293,273		293,273
Other receivables		1,412		1,412	1,412	418	1,830
Cash and bank		393,866		393,866	393,866		393,866
Total financial assets	**–**	**688,551**	**–**	**688,551**	**688,551**	**418**	**688,969**
Accounts payable			1,065	1,065	1,065		1,065
Liabilities to group companies			177,590	177,590	177,590		177,590
Other liabilities						647	647
Total financial liabilities	**–**	**–**	**178,655**	**178,655**	**178,655**	**647**	**179,302**
Parent company 2008							
Other long-term receivables							
Accounts receivable							
Receivables from group companies		294,562		294,562	294,562		294,562
Other receivables		1,527		1,527	1,527	484	2,011
Cash and bank balances		147,902		147,902	147,902		147,902
Total financial assets	**–**	**443,991**	**–**	**443,991**	**443,991**	**484**	**444,475**
Accounts payable			2,107	2,107	2,107		2,107
Liabilities to group companies			31,724	31,724	31,724		31,724
Other liabilities						766	766
Total financial liabilities	**–**	**–**	**33,831**	**33,831**	**33,831**	**766**	**34,597**

Fair value

In order to determine the fair value of financial assets and liabilities, market value has been used to value the assets and liabilities where possible. Interest-bearing financial assets and liabilities that are not derivatives are calculated based on future cash flows of capital amounts and interest according to the effective annual interest rate method. For short-term financial assets and liabilities with variable interest rates, fair value is considered to be the same as carrying value. The fair value of short-term, interest-bearing receivables and liabilities is considered, because of the shortness of the term, be equal to carrying value.

In respect of the games where Betsson assumes open positions against the players, these are treated as derivatives and are reported at fair value. Fair value is calculated as a weighted probability calculation for various possible outcomes.

NOTE 27 Share-based remuneration

Betsson's incentive programme for senior executives and other key personnel was adopted at the extraordinary AGM held on 21 November 2008. One programme was aimed at employees in Sweden and involved the issuance of a maximum of 400 000 subscription options. The staff were offered 299 000 options at a market rate established as per the last day for subscription at SEK 5.94 per warrant. When the offer expired on December 15th, 87 per cent or the equivalent of 260 000 options had been subscribed. In 2008, this resulted in an addition to equity of SEK 1.5 million. Each warrant entitles the holder to, during the period from the day after publication of the company's quarterly report for the third quarter of 2010 and no later than 1 December 2010 up to and including 31 December 2010, subscribe for a new B share in Betsson AB at a rate of SEK 75 per share.

The second programme was aimed at employees in countries other than Sweden. In order to participate in this programme it was required that participants invested in Betsson shares. These shares could either have been held previously or acquired on the market in connection to the notification of participation in the programme. Then the participants received a free allocation of stock options. Provided that the participant was still employed by the group upon exercise of options, and that the holders had maintained their initial investment in Betsson shares, each stock option entitled the employee to acquire a Betsson B share at a price which was fixed at SEK 88.20 per share. The employees were offered 444 800 stock options and at the expiry of the offer on 15 January 2009, 79 per cent corresponding to 352 536 options had been subscribed.

The fair value of the options and assumptions that formed the basis of the calculations are as follows;

	Subscription options	Stock options
Day of issue	15 Dec 2008	14 Jan 2009
Average share price on day of issue (SEK)	64.75	73.50
Last subscription date	31 Dec 2008	31 Dec 2010
Anticipated duration (months)	24.5	23.5
Vesting date	1 Dec 2010	1 Dec 2010
Vesting period (months)	23.5	22.5
Strike price (SEK)	75.00	88.20
Risk free interest	1.91%	1.91%
Anticipated volatility	35.57%	35.57%
Number of options issued	260,000	352,536
Value according to Black & Scholes	5.94	6.61
Expected number of utilised options according to assessment on 31 Dec 2009	260,000	288,540

If subscription options are fully subscribed, the parent company's equity will be increased by a maximum of SEK 19.5 million of which the number of shares will be increased by 260,000 B shares with an total par value amounting to SEK 0.5 million.

If the stock options are fully subscribed, the parent company's equity will be increased by a maximum of SEK 25.4 million of which the number of shares will increase by 288,540 B shares with an total par value amounting to SEK 0.6 million.

NOTE 28 Financial risks

Group financial operations are conducted according to a financial policy adopted by the Board which is characterised by a desire to minimise group risk levels.

Financial operations and financial risk management are coordinated through the parent company Betsson AB, which is also responsible for investment of surplus liquidity. Financing for the subsidiary companies is primarily implemented via the parent company. The wholly-owned operating subsidiaries are solely responsible for the management of their own financial risks within the framework established by their boards after coordination with the parent company.

Betsson's financial liabilities fall due within one year, which means that there is no discounting effect for them.

Currency risks

Group earnings are exposed to exchange rate changes when sales are partly in currencies other than those of costs (transaction exposure). Betsson has, from 2009 used financial hedging instruments with the aim of offsetting this exposure.

Earnings are also affected by exchange rate changes when foreign subsidiaries' earnings are converted into SEK (translation exposure). In addition, group equity is affected by foreign exchange changes when assets and liabilities in foreign subsidiary companies are translated to SEK (translation exposure).

Given the complexity of the Betsson transaction flow, no sensitivity analysis is given of, for example, the relationship SEK/EUR as this does not provide a true picture.

Refinancing risk, liquidity risk and capital management

Group operations are financed through company resources. The foreign subsidiary companies will be financed mainly through equity and, if necessary, internal loan from parent company.

Betsson's goal has traditionally been to have a low level of debt with an equity ratio of at least 40 per cent. Group tangible fixed assets consist primarily of IT hard-ware and inventory. It is assessed that future investments in tangible fixed assets will be primarily financed by internally-generated funds or rental solutions. It is also assessed that the necessity of external financing may occur in connection with the expansion of Betsson operations and for possible larger company acquisi-tions.

The primary aim is acquisition through a cash payment and/or the issuance of treasury shares.

Interest rate risk

Group revenue and cash flow from operations is essentially independent of the changes to market interest rates. Group surplus funds are placed in banks with short binding period and group currently has no external loans. In the current situation, there is no substantive risk as concerns changes to external interest rates.

Counterpart risk and credit risk

Group financial transactions give rise to credit risks as concerns financial counterparts. Betsson has no significant concentration of credit risk.

Gaming operations conducted on the Internet represent a credit risk for operators. The credit risk in e-commerce does not differ from the credit risk for other transactions using credit cards. To protect itself, Betsson has implemented internal systems which significantly hamper fraud. Betsson estimates that it has cur-rently taken sufficient steps to reasonably protect itself against fraud and credit risks.

NOTE 29 Events after closing date

In January, Betsson re-opened its shop at Götgatan 37 in Stockholm.

In January Betsson launched Business Solutions, a unit that will focus on collaboration with other companies. This unit is presented in detail at www.betssonbusiness.com.

In the first quarter a new version of the www.cherrycasino.com site was also launched.

Otherwise no other important events have occurred after closing day.

PROPOSED ALLOCATION OF PROFITS

The parent company provides the following profits to place at the disposal of the Annual General Meeting:

Amount in SEK	
Net income for 2009	289,024,562
Retained earnings and non-restricted reserves	473,347,240
	762,371,802

The Board and CEO propose that the entire amount, SEK 762,371,802 be carried forward.

Transfers to share owners
The Board proposes to the Annual General Meeting that the amount of SEK 353,193 thousand be transferred to shareholders. No transfer will be made for the 310,000 shares repurchased by the company. Reversal is proposed via a share split 2 for 1 with mandatory redemption of the second share at a price of SEK 9.00 per share. After the implementation of the proposed appropriation of profits and redemption programme earnings brought forward and unrestricted reserves and total equity of the parent company Betsson AB will amount to SEK 410,179 thousand and SEK 741,565 thousand respectively.

The Annual Report and Group Accounting for Betsson AB (publ) for 2009 has been approved for publication in accordance with Board decision on 15 April 2010. It is proposed that the Annual Report and Group Accounting be adopted by the Annual General Meeting on 6 May 2010.

The undersigned declare that the group and Annual Report has been prepared in accordance with International Financial Reporting Standards, as adopted by the EU, respectively generally accepted accounting principles, and give a true picture of the group and company's position and earnings and the Group Directors' Report and Parent Company Directors' Report provide an accurate overview of the development of the group and the company's operations, financial position and earnings, as well as describing significant risks and uncertainty faced by companies included in the group.

Stockholm, 15 April 2010

John Wattin Chairman	Per Hamberg Board member	Lars Linder-Aronson Board member
Patrick Svensk Board member	Kicki Wallje-Lund Board member	Carl Lewenhaupt Board member
Pontus Lindwall CEO		

Our Auditors' Report has been submitted on 19 April 2010
PricewaterhouseCoopers AB

Michael Bengtsson
Chief Auditor

AUDIT REPORT

To the Betsson AB (publ) Annual General Meeting
Corporate ID number 556090-4251

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Betsson AB (publ) for the year 2009. The company's annual accounts and the consolidated accounts are included in the printed version on pages 4–7 and pages 18–41. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm 19 April 2010
PricewaterhouseCoopers AB

Michael Bengtsson
Chief Auditor

ANNUAL GENERAL MEETING AND OTHER INFORMATION

ANNUAL GENERAL MEETING

Betsson AB (publ) Annual General Meeting will be held on Thursday, 6 May 2010 at 2 p.m. in the auditorium of the Delphi Law Office at Regeringsgatan 30-32 in Stockholm.

Shareholders wishing to attend the AGM must be
- registered in the Euroclear Sweden AB (formerly VPC) share book by Thursday, 29 April 2010.
- notify their intention to participate in the AGM by Tuesday, 4 May 2010 by noon at the latest.

Notification of attendance at the Annual General Meeting must be made in writing to the company at address Regeringsgatan 28, 111 53 Stockholm, phone +46 8506 403 00, fax +46 8735 57 44 or via e-mail: info@betssonab.com.

Notification should include name, personal registration/organisation ID number, address, telephone number, shareholding and the number of representatives (maximum two). If participation is by proxy, the proxy instrument must be submitted with notification of participation in the Annual General Meeting.

Shareholders whose shares are managed through nominee shareholders must, in order to be entitled to participate in the Annual General Meeting, temporarily register their shares in their own names at Euroclear Sweden. Shareholders who wish to re-register must notify their nominee well in advance of Thursday 29 April 2010.

NEW DATE SET FOR AGM TO 3 JUNE 2010. MORE INFORMATION AVAILABLE AT WWW.BETSSONAB.COM

OTHER INFORMATION

Betsson intends to publish financial information relating 2010 as follows;

Quarterly Report Q1, Interim Report January–March 2010	27 April 2010
Quarterly Report Q2, Interim Report January–June 2010	23 July 2010
Quarterly Report Q3, Interim Report January–September 2010	26 October 2010
Quarterly Report Q4 Full Year Report January–December 2010	11 February 2011

If you would like to subscribe to Betsson reports and press releases please visit www.betssonab.com.

Betsson AB (publ)
Regeringsgatan 28
SE-111 53 Stockholm
Sweden
Tel: +46 (0) 8 506 403 00
info@betssonab.com
www.betssonab.com