

November 7, 2000



Interim Report 1 January - 30 September 2000 Boss Media AB (publ)

- *Net sales for the period increased by 96 percent to SEK 128.8 (65.8) million. Net sales for the third quarter amounted to SEK 48.7 (22.8) million.*
- *The profit after financial items amounted to SEK 53.9 (16.9) million and the profit margin for the period was 41.8 (25.7) percent. The profit for the third quarter amounted to SEK 21.8 (7.7) million and the profit margin for the same period was 44.7 (33.7) percent.*
- *A total of 20 (5) licenses were sold during the period.*
- *During the third quarter Boss Media signed a license agreement with a landbased casino corporation.*
- *Boss Media has signed a letter of intent to create a joint venture company with the two Malaysian companies Dijaya Corporation Berhad and PalmGold Corporation Sdn Bhd.*

*The Group **Boss Media AB (publ)** is one of the leading providers of turnkey solutions for casino operations on the Internet. Potential licensees are offered a customized client-server system, an integrated payment system and the maintenance and administration services necessary for the daily operation of an Internet casino. In addition, the wholly owned subsidiary Boss Casinos Ltd owns the license for the Internet casino Gold Club Casino, which makes it possible to evaluate the gaming experience, user friendliness and technology in a real environment and reallife conditions.*

Unless otherwise stated, the following information is for the group as a whole.

Sales and market conditions

The demand for the company's products continues to be strong, especially from major land-based gaming operations. A total of 20 (5) license agreements were signed during the period. At the time of this report the company had sold a total of 34 licensed casinos, of which 22 have been delivered.

During the third quarter Boss Media signed its first agreement with a land-based casino corporation. Boss Media also announced that the company had signed a letter-of-intent to create a joint venture company with the two Malaysian companies Dijaya Corporation Berhad and PalmGold Corporation Sdn Bhd. Through the creation of the joint venture company, the companies aim to aggressively develop and promote online casino operations in the Asian market by pooling their respective resources.

During the third quarter, additional efforts have been made in casino.com, which long term goal is to develop a world-class portal within the gaming industry. There are currently ten employees dedicated to this project, and this number will gradually increase. This venture is not expected to generate any significant revenues this year.

Net sales and result

The Group's net sales for the period amounted to SEK 128.8 (65.8) million, up 96 percent on the same period last year.

The total number of sold licensed casinos at the end of the period were 34 (10). Six licenses were taken up as an income according to the principles of gradual profit recognition. Income from seven licenses sold at the end of the period were not recorded since work on these contracts had not commenced prior to the closing day.

The income from the sale of licenses amounted to SEK 34.1 (12.7) million and the number of profit-generating licenses amounted to 13.8 (5.3). The royalty income amounted to SEK 41.8 (18.7) million. The income from Gold Club Casino amounted to SEK 37.8 (26.3) million.

The distribution and change in net sales per division is shown below.

SEK million	2000		1999	
	Jan-Sep		Jan-Sep	
Division		%		%
Software	75.9	58.9	31.4	47.7
Service & support	14.7	11.4	8.0	12.1
Gold Club Casino	37.8	29.3	26.3	40.0
Other	0.4	0.3	0.1	0.2
Total	128.8	100.0	65.8	100.0

SEK million	Q3	2000				1999				1998	
		Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Division											
Software											
-License sales	9.7	16.1	8.3	3.1	4.6	5.7	2.4	3.3	5.5	3.6	0
-Royalty	18.1	12.0	11.7	8.9	7.6	6.7	4.4	2.6	0.7	0.2	0
Service & support	6.2	4.7	3.8	3.3	2.3	2.4	3.3	2.0	0.8	0.3	0
Gold Club Casino	14.3	10.2	13.3	11.3	8.3	9.2	8.8	7.2	6.9	9.8	10.8
Other	0.4	0	0	0	0	0	0.1	0	0.1	0.2	0
Total	48.7	43.0	37.1	26.6	22.8	24.0	19.0	15.1	14.0	14.1	10.8
Profit-generating lic.	4.2	6.1	3.5	1.2	1.9	2.4	1.0	1.7	2.3	1.0	0

SEK million	9910 - 0009	9907 - 0006	9904 - 0003	9901 - 9912	9810 - 9909	9807 - 9906	9804 - 9903	9801 - 9812
Division								
Software								
-License sales	37.2	32.1	21.7	15.8	16.0	16.9	14.8	12.4
-Royalty	50.8	40.2	34.9	27.6	21.3	14.4	7.9	3.5
Service & support	18.0	14.1	11.8	11.3	10.0	8.5	6.4	3.1
Gold Club Casino	49.1	43.1	42.1	37.7	33.5	32.1	32.7	34.7
Other	0.4	0	0	0.1	0.1	0.2	0.4	0.3
Total	155.5	129.5	110.5	92.5	80.9	72.1	62.2	54.0

The Group recorded a profit after financial items of SEK 53.9 (16.9) million which was an increase by SEK 37.0 million compared to the same period last year. The profit margin for the period was 41.8 (25.7) percent.

The distribution and change in the result after financial items per division is shown below.

SEK million	2000 Jan-Sep	1999 Jan-Sep
Division		
Software	44.2	13.3
Service & support	- 1.7	- 5.7
Gold Club Casino	10.4	8.7
Other	1.0	0.6
Total	53.9	16.9

SEK million	2000				1999				1998		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Division											
Software	16.4	16.1	11.7	5.8	6.3	5.4	1.6	- 0.4	- 3.1	- 0.3	- 2.1
Service & support	0	- 0.8	- 0.9	- 1.2	- 1.8	- 2.4	- 1.5	- 2.6	- 2.3	- 2.4	- 2.2
Gold Club Casino	4.8	1.6	4.0	4.7	3.1	3.4	2.2	1.4	1.1	1.4	1.5
Other	0.6	0.2	0.2	0.3	0.1	0.2	0.3	0.3	0.1	0.4	0.2
Total	21.8	17.1	15.0	9.6	7.7	6.6	2.6	- 1.3	- 4.2	- 0.9	- 2.6

SEK million	9910 - 0009	9907 - 0006	9904 - 0003	9901 - 9912	9810 - 9909	9807 - 9906	9804 - 9903	9801 - 9812
Division								
Software	50.1	39.9	29.2	19.1	12.9	3.5	- 2.2	- 5.9
Service & support	- 2.9	- 4.7	- 6.3	- 6.9	- 8.3	- 8.8	- 8.8	- 9.5
Gold Club Casino	15.0	13.4	15.2	13.4	10.1	8.1	6.1	5.4
Other	1.3	0.8	0.8	0.9	0.9	0.9	1.1	1.0
Total	63.5	49.4	38.9	26.5	15.6	3.7	- 3.8	- 9.0

Product and systems development

During the third quarter, the development department received additional resources and will continue to receive added resources during the coming quarter.

Investments

Investments in equipment during the period amounted to SEK 13.1 (3.6) million, and consisted mainly of computer servers for the operation of Internet casino systems that were added during the period and workplace-related computer equipment.

Financial position

On the closing day, liquid assets amounted to SEK 134.4 (80.5) million. The exercising of 120,000 warrants during the period raised SEK 5.2 million to the company. On the closing day, total equity amounted to SEK 133.2 (86.9) million, making the equity ratio 62.1 (76.7) percent.

Share data

Earnings per share after tax for the period were SEK 0.67 (0.30). Earnings per share after assessed tax for the same period were SEK 0.67 (0.22). Equity per share at the end of the period was SEK 2.29 (1.56).

On the closing day, there were 2,817,800 outstanding warrants. 317,800 warrants expire on June 30, 2001, and have an exercise price of SEK 8.60 per issued share and give the holder the right to subscribe for five new shares. 2,500,000 warrants expire on December 30, 2002, and have an exercise price of SEK 160 per issued share and give the holder the right to subscribe for one new share. The total number of outstanding warrants entitle to subscribe for a total of 4,089,000 shares.

On the closing day, there were 53,990,000 shares registered in the parent company. After full dilution, corresponding to the expected exercising of 2,817,800 outstanding warrants, the number of shares amounted to 58,079,000.

The parent company's share is quoted on Stockholm Stock Exchange's O-list (Attract 40) since June 24, 1999.

Shareholders

On the closing day the number of shareholders were 12,674. The foreign ownership share was about 23 percent. The ten largest shareholders, according to the shareholders' register and list of nominees, are presented in the table below.

Shareholder	Number of shares	Percentage of capital/votes
Medströms Invest AB, Sweden	11,058,800	20.5%
Joel Wikell, Sweden	9,392,850	17.4%
Robert Fleming & Co Ltd, Great Britain	3,010,747	5.6%
UBS Switzerland Stockholm Bankfilial, Sweden	1,979,172	3.7%
Chase Manhattan Bank, Great Britain	801,896	1.5%
Merrill Lynch International, Great Britain	636,367	1.2%
Handelsbankens Småbolagsfond, Sweden	619,400	1.1%
Royal Skandia, Isle of Man	504,000	0.9%
Liechtensteinische Landesbank, Liechtenstein	500,000	0.9%
Björn Nordstrand, Sweden	500,000	0.9%
Other shareholders	24,986,768	46.3%
Total	53,990,000	100.0%

Personal

During the period the number of employees increased by 34. On the closing day there were 90 (54) employees of which 33 (27) were employed in the foreign subsidiaries.

Parent company

The parent company's net sales (including intra-group transactions) were SEK 78.6 (35.2) million. The profit after financial items was SEK 37.5 (9.6) million. Investments in equipment during the period amounted to SEK 6.6 (0.8) million. On the closing day the parent company's liquid assets were SEK 97.5 (71.0) million, and the total equity amounted to SEK 115.1 (85.0) million, making the equity ratio 76.0 (87.9) percent.

CONSOLIDATED INCOME STATEMENT SUMMARY

SEK million	2000 Jan-Sep	1999 Jan-Sep	Oct 1999 - Sep 2000	1999 Jan-Dec
Net sales	128.8	65.8	155.5	92.5
Other operating income	1.7	0.4	2.5	1.2
External services	- 13.8	- 9.2	- 17.2	- 12.6
Other external costs	- 38.1	- 23.8	- 46.0	- 31.7
Personal costs	- 23.1	- 14.2	- 29.3	- 20.4
Depreciations according to plan	- 5.1	- 1.7	- 6.0	- 2.6
Operating profit	50.4	17.3	59.5	26.4
Financial items	3.5	- 0.4	4.0	0.1
Profit after financial items	53.9	16.9	63.5	26.5
Tax on profit for the period	- 15.1	0	- 15.3	- 0.2
Net profit for the period	38.8	16.9	48.2	26.3

CONSOLIDATED BALANCE SHEET SUMMARY

SEK million	30 September 2000	30 September 1999	31 December 1999
Assets			
Intangible fixed assets	0.1	0.2	0.2
Tangible fixed assets	21.3	6.8	12.3
Financial fixed assets	0.6	2.3	0.6
Total fixed assets	22.0	9.3	13.1
Accounts receivable	9.6	3.4	5.6
Other receivables	23.6	9.9	15.9
Prepaid expenses and accrued income	25.0	10.3	10.3
Cash and bank balances	134.4	80.5	84.4
Total current assets	192.6	104.1	116.2
Total assets	214.6	113.4	129.3
Equity and liabilities			
Restricted equity	96.0	86.4	85.5
Non-restricted equity	37.2	0.5	10.9
Total equity	133.2	86.9	96.4
Total interest-bearing liabilities	0	0	0
Accounts payable	13.5	7.6	7.8
Other liabilities	59.8	14.6	20.6
Accrued expenses and prepaid income	8.1	4.3	4.5
Total non interest-bearing liabilities	81.4	26.5	32.9
Total equity and liabilities	214.6	113.4	129.3

CONSOLIDATED CASH FLOW STATEMENT

SEK million	2000 Jan-Sep	1999 Jan-Sep	1999 Jan-Dec
Operating activities			
Profit after financial items	53.9	16.9	26.5
Reversal of items not affecting cash flow	0.3	0.5	0.6
Paid tax	- 6.8	0	0
Cash flow from operating activities before change in working capital	47.4	17.4	27.1
Change in working capital	13.7	0.2	- 2.2
Cash flow from operating activities	61.1	17.6	24.9
Cash flow from investment activities	- 12.6	- 3.7	- 7.7
Cash flow from financing activities	- 2.8	60.7	60.9
Cash flow for the period	45.7	74.6	78.1
Liquid funds, opening balance	84.4	5.7	5.7
Translation difference in liquid funds	4.3	0.2	0.6
Liquid funds, closing balance	134.4	80.5	84.4

KEY RATIOS

	2000 Jan-Sep	1999 Jan-Sep	Oct 1999 - Sep 2000	1999 Jan-Dec
Operating margin,%	39.1	26.4	38.2	28.5
Profit margin,%	41.8	25.7	40.8	28.6
Return on shareholders' equity,%	-	-	43.6	51.1
Return on capital employed,%	-	-	57.2	48.7
Equity ratio,%	62.1	76.7	-	74.5
Development costs,% ¹⁾	9.0	11.3	9.0	10.7
Marketing costs,% ¹⁾	7.6	6.8	7.6	7.0
Number of licenses sold	20	5	24	9
Number of employees, end of period	90	54	-	56
Earnings per share, full tax, SEK ²⁾	0.67	0.30	0.83	0.47
Earnings per share, 28% tax, SEK ²⁾	0.67	0.22	0.79	0.34
Equity per share, SEK ²⁾	2.29	1.56	-	1.73
Number of shares, end of period	53,990,000	53,150,000	-	53,390,000
Number of shares after full dilution, end of period	58,079,000	55,579,000	-	55,579,000

1) As a percentage of net sales.

2) Adjusted for split and after full dilution of outstanding warrants.

Definitions key ratios

Operating margin	Operating profit/loss as a percentage of net sales
Profit margin	Profit/loss after financial items as a percentage of net sales
Return on shareholders' equity	Net profit/loss as a percentage of average shareholders' equity
Return on capital employed	Profit/loss after financial items plus financial expenses as a percentage of average balance sheet total less non interest-bearing liabilities
Equity ratio	Shareholders' equity as a percentage of balance sheet total
Earnings per share, full tax	Profit/loss after financial items less full tax divided by outstanding shares after full dilution at the end of period
Earnings per share, 28% tax	Profit/loss after financial items less 28% tax divided by outstanding shares after full dilution at the end of period

QUARTERLY FIGURES

Consolidated Income Statement Summary

SEK million	2000				1999				1998		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	48.7	43.0	37.1	26.6	22.8	24.0	19.0	15.1	14.0	14.1	10.8
Other operating income	1.2	0.3	0.2	0.6	-0.3	0.1	0.7	0.5	0	0	0.1
External services	-5.8	-4.5	-3.5	-3.4	-2.9	-3.2	-3.0	-2.7	-2.0	-1.9	-2.3
Other external costs	-13.3	-13.1	-11.7	-7.9	-6.9	-9.0	-7.9	-7.8	-10.6	-6.7	-7.6
Personal costs	-8.8	-7.8	-6.5	-6.2	-4.7	-4.6	-4.9	-4.6	-3.6	-4.0	-2.8
Depreciations according to plan	-1.9	-1.7	-1.5	-0.9	-0.6	-0.6	-0.5	-0.5	-0.4	-0.3	-0.2
Items affecting comparability	0	0	0	0	0	0	0	-0.7	-1.2	-2.0	-0.4
Operating profit/loss	20.1	16.2	14.1	8.8	7.4	6.7	3.4	-0.7	-3.8	-0.8	-2.4
Financial items	1.7	0.9	0.9	0.8	0.3	-0.1	-0.8	-0.6	-0.4	-0.1	-0.2
Profit/loss after financial items	21.8	17.1	15.0	9.6	7.7	6.6	2.6	-1.3	-4.2	-0.9	-2.6
Tax on profit for the period	-6.2	-5.4	-3.5	-0.2	0	0	0	-0.1	0	0	0
Net profit/loss for the period	15.6	11.7	11.5	9.4	7.7	6.6	2.6	-1.4	-4.2	-0.9	-2.6

Consolidated Balance Sheet Summary

SEK million	2000				1999				1998		
	09/30	06/30	03/31	12/31	09/30	06/30	03/31	12/31	09/30	06/30	03/31
Assets											
Fixed assets	22.0	18.0	17.3	13.0	9.3	7.9	7.5	7.2	5.4	4.6	3.9
Other current assets	58.2	41.0	46.6	31.9	23.6	22.4	20.8	15.7	18.4	16.3	7.5
Cash and bank balances	134.4	113.8	88.6	84.4	80.5	77.3	8.5	5.7	5.0	2.7	2.1
Total assets	214.6	172.8	152.5	129.3	113.4	107.6	36.8	28.6	28.8	23.6	13.5
Equity and liabilities											
Equity	133.2	116.7	110.8	96.4	86.9	73.6	3.5	0.8	-5.8	-2.3	-1.5
Interest-bearing liabilities	0	0	0	0	0	3.9	8.2	8.5	16.9	11.6	6.8
Non interest-bearing liabilities	81.4	56.1	41.7	32.9	26.5	30.1	25.1	19.3	17.7	14.3	8.2
Total equity and liabilities	214.6	172.8	152.5	129.3	113.4	107.6	36.8	28.6	28.8	23.6	13.5

Key ratios

	2000				1999				1998		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales growth,%	13	16	39	17	-5	26	26	8	-1	30	-
Sales growth roll. 12 month,%	20	17	20	14	12	16	15	-	-	-	-
Operating margin,%	41.2	37.8	37.9	32.8	32.5	28.1	17.8	Neg	Neg	Neg	Neg
Profit margin,%	44.7	39.9	40.3	35.9	33.7	27.5	13.9	Neg	Neg	Neg	Neg
Equity ratio,%	62.1	67.5	72.7	74.5	76.7	68.4	9.4	2.9	Neg	Neg	Neg
Earnings per share, 28% tax, SEK	0.27	0.21	0.19	0.12	0.10	0.09	0.04	Neg	Neg	Neg	Neg
Equity per share, SEK	2.29	2.01	1.99	1.73	1.56	1.32	0.07	0.02	Neg	Neg	Neg
Number of licenses sold	5	11	4	4	1	3	1	1	2	2	0
Number of employees	90	75	64	56	54	51	50	48	47	42	31

Forthcoming report

Final Report on 2000 Operations will be published on February 13, 2001.

Växjö, November 7, 2000

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AUDIT REPORT

We have audited the interim report and the accounting records of Boss Media AB for the period 2000-01-01 - 2000-09-30. These accounts of the company are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the interim report 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 interim report 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, as well as evaluating the overall presentation of information in the interim report. We believe that our audit provides a reasonable basis for our opinion set out below.

The interim report have been prepared in accordance with the Swedish Securities Exchange and Annual Accounts Acts.

Kristianstad, November 6, 2000

Jan-Inge Andersson
Authorized public accountant
PricewaterhouseCoopers

Lars Helgesen
Authorized public accountant
PricewaterhouseCoopers