



Shareholder Information

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Update 3rd quarter 2006 and current status

Introduction

Playsafe Holding AS (Ticker: PLAY) has finalized the consolidation of 6 online gaming properties from 3 different companies. The company also recently acquired all operating assets of the Action Poker Network from Las Vegas from Home Entertainment Plc.

The Action Poker Network is a well-established and popular poker network with some 60 licensees and 850,000 customers. PSH will during Q4 consolidate the Action Poker Network and our existing structure, creating a full-fledged "one-stop-shop" for poker and casino games.

Management believes that the cross marketing potential between our existing customer base and the newly acquired customer base of APN is substantial. .

Summary of results

PSH

The following table relates to the activities of PSH during Q3, with 6 casino entities in operation:

Consolidated income statement						
Playsafe Holding Group	Unaudited figures					
	Q3-06	Q2-06**	Q1-06*	Q3-05*	Q2-05*	Q1-05*
Gross Sales	4 686 822					
COGS	(3 325 236)					
Net Sales (Adj. Net win)***	1 361 587	1 457 305	729 992	716 897	910 971	807 122
Operating expenses	(303 688)	(391 500)	n/a	n/a	n/a	n/a
EBITDA	1 057 899	1 065 805	n/a	n/a	n/a	n/a
Depreciation/Amortization	-	-	n/a	n/a	n/a	n/a
Net financials	(3 882)	112 500	n/a	n/a	n/a	n/a
Pre tax profit	1 054 017	1 178 305	n/a	n/a	n/a	n/a

* The Q1-05 through to Q2-06 figures are presented for comparison ONLY. The figures relates to a period during which the properties were not in the possession or under the control of PSH or any of its current management. The figures for Q1/Q2 2006 will not be part of the annual consolidated P&L statement for PSH.

** The estimated operating expenses for the consolidated group was applied to the Q2-06 sales figures to give an illustration of the profitability of the assets as if they had been consolidated in Q2.

*** The Sales (Adjusted Net Win) figure is the total deposit less withdrawals from customers, less COGS (e.g. processing fees, bad deposits, royalties, affiliate payments, etc.). Adjusted Net Win is directly comparable to Gross Income Operations, ref our previously publicized material incl. subscription material.

The holdings of net cash and cash equivalents AFTER the acquisition of the APN is approx. mNOK 60.

Action Poker Network

Based on historic performance, not accounting for future expected growth, suggests a EBITDA contribution from APN of approx USD 1 - 1,2m on average. APN gross rake (proprietary brands) for the months of Jul-Sept was USD 1,6m. Assuming the current run-rate of USD 0,2m per month, yields a net EBITDA contribution of USD 1,0 million per quarter for the same period.

PROFORMA INCOME STATEMENT

Playsafe Holding Group incl. APN

	Q3-06
Gross Sales (casino)	4 686 822
Gross rake (APN)	1 597 432
COGS	(3 325 236)
Net Sales (Adj. Net win)***	2 959 018
Operating expenses	(903 688)
EBITDA	2 055 330
Depreciation/Amortization	-
Net financials	(3 882)
Pre tax profit	2 051 448

Management believes the proforma income statement above gives a good indication of the projected earnings potential of the PSH group going forward, excluding any future effects of marketing, cross-marketing, increased product portfolio or player retention programs.

Business strategy and further developments

Playsafe Holding is focusing its strategy on three elements; growth through player cross-over, growth through increase in product portfolio, and growth through strategic acquisitions.

With respect to the first two elements the management believes that the current client base is well suited to achieve the objectives. We currently have a large client base of well-seasoned casino players that may or may not be poker players, and similarly an equally large client base of poker players that has not yet been introduced to our casino products. The management believes this offers an excellent opportunity for further growth, as well as obviously attracting new players.

When it comes to the acquisition part of our strategy, we are constantly monitoring developments in the international gaming market for the purpose of identifying and evaluating potential for opportunities.

Action Poker Network

The Action Poker Network consists of three proprietary brands and a number of individually branded licensees. The proprietary brands contribute with the majority of the net revenue in APN while the network contributes with important liquidity of poker players. PSH will in the months to come focus its efforts in the continued development of the three proprietary brands while looking to outsource the operation of the network.

In addition to brands and licensees, PSH has acquired all operating assets required to run the APN, customer service and support staff and the proprietary poker software on which the network is running.

Continuous technical development on APN

PSH has acquired necessary technical staff from LVFH to continue support and operate the APN network and its licensees. In order to grow and improve the network it is required by PSH to invest in expanding the development capabilities significantly. This will require an investment of approximately 1.5 – 2 mUSD. The management of PSH considers this investment to be paramount in order to grow the APN sites and the network quickly enough to be able to tap in to the opportunity currently present in the market place after consolidation of several poker sites and networks. It is PSHs belief that even moderate success in this regard will open up interesting opportunities for the company and its shareholders.

Marketing

Most recently, PSH hired the ex-affiliate manager of PartyGaming; an individual to which we have great expectations. PSH is currently initiating several large marketing campaigns to increase poker traffic and revenue.

It is expected that the APN network in itself will contribute to our EBITDA in the region of USD 1 –1,2 million per quarter, excluding future generic growth from marketing.

Key performance indicators

Due to considerations with respect to our competition in the market, we will no longer publicly announce quarterly growth in our player base. This is in line with practices of our most notable competitors. It is also in line with a complete shift of management focus, away from pure growth in number of registered customers, and onto a more relevant focus of player lifetime value and player net spend.

In connection with our year-end report the company will announce comparative and consistent figures for key performance indicators that are significantly more informative than simply looking at the number of players.

Future outlook

The management believes the state of the company at present is according to expectations. The company still has more than ½ of the raised equity on the bank for investing in future acquisitions and marketing.

The current loss of US revenue will be replaced by increased focus and attention in other markets, most notably Canada, Europe and South America, through strategic acquisitions and increased marketing spend.

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