



MindArk PE AB (publ) develops and operates Entropia Universe, a three-dimensional Internet-based virtual universe, globally available and free of charge for everyone with access to an Internet connection. The company is not part of any group and does not own interests in any other companies.

Interim statement for January – June 2007

- MindArk PE accounts for an operational profit of 12,395 kSEK (last year 11,791 kSEK) from Entropia Universe for the period of January – June 2007, the 12th consecutive quarter with an operational profit for MindArk PE and Entropia Universe
- Entropia Universe enters China to create the largest virtual world ever
- MindArk PE and Entropia Universe issue first ever virtual banking licenses
- Digital distribution of Entropia Universe to gaming centers launched
- Net sales and profit affected negatively by the falling exchange rate between USD and SEK
- Less profit growth due to increased investments in organization, marketing and research & development
- Operational profit margin is 34% (44% for 2006)
- Equity ratio is 85% (78%)
- Cash flow from current operations is 13,330 kSEK (8,445 kSEK in 2006)
- Liquid funds including short-term investments amounts to 46,248 kSEK
- For the rest of 2007 MindArk PE is expecting a continued growth in net sales and operational profit.
- Annual shareholders meeting held on June 1st



Twelve consecutive quarters with an operational profit

MindArk PE AB (publ) can proudly account for an operational profit for the 12th quarter in a row.

After a period of intense beta-testing Entropia Universe was launched to the public in early 2003. After a steady growth MindArk could finally report it's first quarterly profit for the 2nd quarter of 2004 and MindArk and Entropia Universe has been profitable ever since.

Net sales for the first 6 month of 2007 amounts to 36,168 kSEK compared to 26,966 kSEK for the same period 2006, a 34% increase.

MindArk PE accounts for an operational profit of 12,395 kSEK (11,791 kSEK last year)

Entropia Universe enters China to create largest virtual world ever

In May MindArk signed an agreement with the Chinese company Cyber Recreation Development Corp (CRD) in order to create a cash-based virtual economy for the Chinese market.

This landmark deal was negotiated for the best part of a year and will bring an outside virtual world into China for the very first time. This new product will permit up to 7 million concurrent users logged into the virtual universe with an overall aim to attract some 150 million users from all over the world.

MindArk is expecting over 1 billion USD annually in commerce from this partnership when launched.

The agreement came to fruition as an effect of MindArk joining the Swedish delegation surrounding the East-India ship Goteborg's arrival in Shanghai in August 2006.

First ever virtual banking licenses issued

In January MindArk put five virtual banking licenses up for sale through the auction system within Entropia Universe. Following month of active bidding these licenses was sold for a total of 404,000 USD when the auction closed.

The Entropia Universe virtual banks will work similarly to real world banks. Initially they will be provided with secure systems enabling them to lend virtual currency to participants and collect interest, moreover design and name their own virtual bank building(s).



Digital distribution of Entropia Universe to Internet gaming cafés launched

In May MindArk and Global Gaming Factory X AB announced the launch of Entropia Universe as the first virtual universe and software to use the Smartlaunch Direct digital distribution platform to reach millions of gamers at thousands of Internet cafes and gaming centers all over the world.

Gaming at Internet cafes and gaming centers is a rising social phenomena and this agreement enables MindArk and Entropia Universe to reach more of it's audience without suffering the lag of individual download time.

Falling exchange rate between USD and SEK

For the first 6 months of 2006 the average exchange rate between USD and SEK was 7,60 SEK for every USD. For 2007 the average exchange rate has fallen to 6,94 SEK for every USD.

The falling exchange rate has a negative effect on MindArks turnover and profit. Given the same currency exchange rate as in 2006 MindArks net sales would have been almost 10% higher for the first half of 2007 than accounted for.

Profit growth slows down due to increased investments

MindArks total operating expenses written of in the income statement amounts to 22,282 kSEK excluding amortization on intangible assets.

These amount includes heavy investments in corporate organization, marketing and research & development for Entropia Universe which MindArk continually write of in the income statement.

Moreover MindArk has invested in new hardware for the game-servers for Entropia Universe. These new co-located game-servers where taken into operation in February.

In total, operating expenses has increased with 63% compared to the first six month of 2006 and leads to a slower growth rate in operating profits. The operating profit margin has fallen from 44% in 2006 to 34% this year.

Contingent liabilities

MindArk defines operating income as the net amount of provided and withdrawn funds by participants in Entropia Universe.

Therefore participants in Entropia Universe at any given moment holds significant amounts of unconsumed PEDs. These customer holdings are treated by MindArk as a contingent liability. On June 30 2007 the summary of these PED



holdings amounted to approximately 31 million SEK compared to 21 million SEK on December 31st 2006 and 17 million SEK on June 30 2006.

Annual shareholders meeting 2007

The annual shareholders meeting for 2007 was held on June 1st at MindArks premises. Amongst other decisions, the final accounts for 2006 were adopted and some minor adjustments were made to the articles of incorporation.

Accounting principles

The account has been prepared in accordance with the Swedish Annual Accounts Act. The accounting principles used agree with the Annual Accounts Act as well as recommendations and comments from the Accounting Standard Committee.

The principles are unchanged from last year.

Receivables are entered at the amount in which they are expected to be received.

Other assets and liabilities have been valued at acquisition value unless otherwise stated.

Accrual allocation of income and expenses have been done according to the professional ethics for accountants.

Göteborg in August 2007

Jan Welter Timkrans
CEO

Lennart Molander
Chairman



Income statement	April - June 2007	April - June 2006
Net sales	19 235 915 kr	13 913 782 kr
Operating expenses	-11 914 071 kr	-7 678 865 kr
Amortization	-746 406 kr	-744 390 kr
Operating profit	6 575 438 kr	5 490 527 kr
Financial items	<u>170 159 kr</u>	<u>721 916 kr</u>
Profit before income-tax	6 745 597 kr	6 212 443 kr
Income tax on profit	<u>-1 888 767 kr</u>	<u>-1 739 484 kr</u>
<i>NET PROFIT</i>	<u><u>4 856 830 kr</u></u>	<u><u>4 472 959 kr</u></u>

Income statement	January - June 2007	January - June 2006
Net sales	36 167 534 kr	26 966 123 kr
Operating expenses	-22 281 909 kr	-13 703 408 kr
Amortization	-1 490 796 kr	-1 471 913 kr
Items affecting comparability	<u>0 kr</u>	<u>0 kr</u>
Operating profit	12 394 829 kr	11 790 802 kr
Financial items	<u>290 816 kr</u>	<u>691 419 kr</u>
Profit before transfers to untaxed reserves	12 685 645 kr	12 482 221 kr
Transfers from untaxed reserves	<u>-</u>	<u>-</u>
Profit before tax	12 685 645 kr	12 482 221 kr
Tax on profit for the year	<u>-3 551 981 kr</u>	<u>-3 495 022 kr</u>
<i>NET PROFIT</i>	<u><u>9 133 664 kr</u></u>	<u><u>8 987 199 kr</u></u>

Income statement	Calendar year 2006
Net sales	59 037 743 kr
Operating expenses	-33 526 413 kr
Amortization	-2 960 693 kr
Items affecting comparability	<u>-9 000 000 kr</u>
Operating profit	13 550 637 kr
Financial items	<u>1 044 859 kr</u>
Profit before transfers to untaxed reserves	14 595 496 kr
Transfers from untaxed reserves	<u>-1 880 000 kr</u>
Profit before tax	12 715 496 kr
Tax on profit for the year	<u>-1 999 697 kr</u>
<i>NET PROFIT</i>	<u><u>10 715 799 kr</u></u>
<i>ADJUSTED NET PROFIT</i>	<u><u>12 069 398 kr</u></u>



Balance sheet	<u>June 30 2007</u>	<u>June 30 2006</u>
ASSETS		
Intangible assets	7 095 699 kr	10 073 259 kr
Tangible assets	1 995 409 kr	1 947 534 kr
Receivables	1 778 536 kr	1 515 294 kr
Prepaid expenses	4 163 619 kr	3 409 768 kr
Cash and bank balances	<u>46 248 409 kr</u>	<u>33 706 424 kr</u>
	<u>61 281 672 kr</u>	<u>50 652 279 kr</u>
EQUITY AND LIABILITIES		
Equity	48 071 014 kr	37 208 749 kr
Untaxed reserves	5 200 000 kr	3 320 000 kr
Short-term liabilities	<u>8 010 658 kr</u>	<u>10 123 528 kr</u>
	<u>61 281 672 kr</u>	<u>50 652 277 kr</u>

Balance sheet		<u>December 31 2006</u>
ASSETS		
Intangible assets		8 584 479 kr
Tangible assets		1 936 734 kr
Receivables		2 383 528 kr
Prepaid expenses		5 389 199 kr
Cash and bank balances		<u>32 979 367 kr</u>
		<u>51 273 307 kr</u>
EQUITY AND LIABILITIES		
Equity		38 937 348 kr
Untaxed reserves		5 200 000 kr
Short-term liabilities		<u>7 135 959 kr</u>
		<u>51 273 307 kr</u>



Cash flow statement	April - June 2007	April - June 2006
Current operations		
Profit before tax	6 745 597 kr	6 212 443 kr
Amortization	746 406 kr	744 390 kr
Paid tax	-525 000 kr	-1 739 484 kr
Changes in current receivables	1 151 657 kr	-1 956 060 kr
Changes in current liabilities	<u>-864 552 kr</u>	<u>452 575 kr</u>
Cash flow from current operations	7 254 108 kr	3 713 864 kr
Investments		
Investments in tangible assets	-60 691 kr	-1 947 534 kr
Financing	<u>0 kr</u>	<u>0 kr</u>
CASH FLOW FOR THE PERIOD	<u>7 193 417 kr</u>	<u>1 766 330 kr</u>
Opening cash and bank balances	39 054 992 kr	31 940 092 kr
Closing cash and bank balances	<u>46 248 409 kr</u>	<u>33 706 422 kr</u>
CASH FLOW FOR THE PERIOD	<u>7 193 417 kr</u>	<u>1 766 330 kr</u>

Cash flow statement	January - June 2007	January - June 2006	Calendar year 2006
Current operations			
Profit before tax	12 685 645 kr	12 482 221 kr	14 595 496 kr
Amortization	1 490 796 kr	1 471 913 kr	2 960 693 kr
Paid tax	-1 556 313 kr	-3 495 022 kr	-1 999 697 kr
Changes in current receivables	1 830 573 kr	-2 192 971 kr	-5 035 259 kr
Changes in current liabilities	<u>-1 120 968 kr</u>	<u>179 019 kr</u>	<u>-2 813 929 kr</u>
Cash flow from current operations	13 329 733 kr	8 445 160 kr	7 707 304 kr
Investments			
Investments in Entropia Universe	0 kr	-1 011 983 kr	-1 011 982 kr
Investments in tangible assets	-60 691 kr	-1 947 534 kr	-1 936 734 kr
Financing			
New share issue	<u>0 kr</u>	<u>24 511 645 kr</u>	<u>24 511 645 kr</u>
CASH FLOW FOR THE PERIOD	<u>13 269 042 kr</u>	<u>29 997 288 kr</u>	<u>29 270 233 kr</u>
Opening cash and bank balances	32 979 367 kr	3 709 134 kr	3 709 134 kr
Closing cash and bank balances	<u>46 248 409 kr</u>	<u>33 706 422 kr</u>	<u>32 979 367 kr</u>
CASH FLOW FOR THE PERIOD	<u>13 269 042 kr</u>	<u>29 997 288 kr</u>	<u>29 270 233 kr</u>



Key ratios - Entropia Universe

	April - June 2007	April - June 2006	January - June 2007	January - June 2006	Calendar year 2006
Created customer accounts	35 778	48 192	66 485	84 021	145 698
Change in percentage compared with the same period previous year	-26%	91%	-21%	46%	9%
Deposited funds in kPED	40 012	24 710	75 131	46 444	107 162
Withdrawn funds in kPED	9 453	3 721	17 655	7 462	20 113
Net deposits in kPED	30 559	20 989	57 476	38 982	87 049
Change in percentage	46%	140%	47%	113%	107%

Key ratios - MindArk PE AB

	April - June 2007	April - June 2006	January - June 2007	January - June 2006	Calendar year 2006
<small>(Amounts in kSEK if not otherwise stated)</small>					
Net sales	19 235	13 914	36 168	26 966	59 038
Operating profit before items affecting comparability	6 575	5 490	12 395	11 791	22 551
Financial items	170	722	291	691	1 045
Net profit (adjusted net profit for calendar year)	4 673	4 473	9 134	8 988	12 069
Number of shares issued	11 463 500	11 463 500	11 463 500	11 463 500	11 463 500
Operational profit margin in %	34%	39%	34%	44%	38%
Net profit per share	0,41 kr	0,39 kr	0,80 kr	0,78 kr	1,05 kr
Liquid funds including investments			46 248	33 706	32 979
Adjusted equity			51 815	39 599	42 681
Adjusted equity per share			4,52 kr	3,45 kr	3,72 kr
Total assets			61 282	50 652	51 273
Equity ratio			85%	78%	83%
Number of employees			45	28	32