



# Chartwell Technology

## CHARTWELL ANNOUNCES FINANCIAL RESULTS FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2008

**Chartwell Technology Inc.**

**TSX: CWH**

**Calgary, Canada, September 10, 2008**, Chartwell Technology Inc. (“Chartwell” or the “Company”), a leading provider of gaming software systems and entertainment content to the online and remote gaming industry, announces unaudited financial results for the three and nine months ended July 31, 2008.

### **Highlights for the third quarter of 2008:**

- Continued strong organic Casino and Poker license fee growth, contributing to total revenue growth of 16.5% over the same period in 2007.
- EBITDA grew by 18.0% to \$1.3 million in the quarter, compared to \$1.1 million in the same period in 2007.
- Cash flow from operations before working capital adjustments and before a restricted cash adjustment similarly grew by 32.6% to \$1.3 million, from \$1.0 million in the same period in 2007.
- Basic earnings per share of \$0.04 for third quarter 2008, which compares to \$0.02 in the third quarter of 2007.
- In the quarter, the Company released and began deploying four new games, bringing the total for the year to 17 new Casino games deployed in fiscal 2008.
- The Company announced that it has obtained UK Remote and Non-Remote Operating Licenses, and will soon announce its first UK licensed operator.

### **Three months ended July 31, 2008**

Total revenue for this year’s third quarter was \$6.1 million compared to \$5.3 million for the same period a year earlier. License fee revenue increased 13.5% to \$5.7 million from \$5.0 million in the third quarter of 2007 with both Casino and Poker license fees contributing to the increase in revenue. The increase in license revenue was the result of organic growth from existing licensees as they benefited from the Euro 2008 football tournament as well as numerous additional games from Chartwell. Following the acquisition of Elite Club Management (ECM) in the second quarter of 2008, the Company significantly increased service revenue to \$0.3 million in the third quarter of 2008.

Net earnings for the third quarter was \$0.6 million or \$0.04 basic earnings per share (\$0.03 diluted) as compared to \$0.4 million or \$0.02 per share (basic and diluted) in the third quarter of 2007. Overall revenue growth exceeded the growth in total expenses that allowed for the growth in net earnings despite the fact that the Company is aggressively investing in new products and new services.

EBITDA for the quarter was \$1.3 million as compared to \$1.1 million in the same quarter in 2007.

Software development and support expense was \$3.1 million and \$8.2 million in the three and nine months ended July 31, 2008. This compared to \$2.4 million and \$7.3 million for the same periods of fiscal 2007. The Company's focus to expand its product base is reflected in the increased software development and support expense. The Company has higher support expense following the ECM acquisition and has also added staff in order to complete the development, integration and quality assurance work of the Bingo community product.

Sales and marketing expenses were \$0.6 million and \$1.9 million for the three months and nine months ended July 31, 2008, compared to \$0.7 million and \$2.4 million for the same periods in 2007 as the Company focused its sales and marketing efforts out of Malta, and reduced its operating costs in London, UK.

General and administrative expense was \$0.9 million and \$2.7 million in the three and nine months ended July 31, 2008 as compared to \$0.8 million and \$3.1 million in the same periods in 2007. The increase in general and administrative expense in this latest quarter is the result of additional administrative staff following the acquisition of ECM as well as increased professional services expense.

Alan Richter, CFO of Chartwell said, "Chartwell's cash flow from operations for the first three quarters of 2008 of \$8.3 million as compared to \$3.8 million for the same period in 2007 shows the real strength of our business. This cash flow will allow the Company to invest in broadening our product base, improving the services we offer, and to continue with our share repurchase program. In particular, we are very excited about the games that we have in the pipeline, and believe they will set the standard for online Casino slot games."

### **Balance sheet strength**

The Company continued to maintain a strong balance sheet through positive cash flow and working capital. At July 31, 2008 the Company had \$21.7 million of cash and short-term investments compared to \$15.1 million at October 31, 2007.

### **About Chartwell**

Chartwell specializes in the development of leading-edge gaming applications and entertainment content for the Internet and wireless platforms and other remote access devices. Chartwell's Java and Flash based software products and games are designed for deployment in gaming, entertainment, advertising and promotional applications. Chartwell does not participate in the online gaming business of its clients. Chartwell's team of highly trained professionals is committed to delivering the highest quality software and maintaining its leading edge through continuous development and unparalleled customer support.

Chartwell invites you to preview our company and gaming applications at [www.chartwelltechnology.com](http://www.chartwelltechnology.com)

Today the Company filed quarterly financial statements and Management's Discussion and Analysis on SEDAR at [www.sedar.com](http://www.sedar.com).

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*Our actual results could differ materially from those anticipated in these forward-looking statements as a result of factors that may include, but are not limited to: the impact of government regulation and laws affecting international operations, the impact of price competition, loss of business or credit risks associated with current and prospective major customers, general industry and market conditions and growth rates, currency rate fluctuations, the impact of consolidations in the online gaming industry and other risks detailed from time to time in Chartwell’s Annual Information Form and Management’s Discussion and Analysis, both of which may be found at [www.sedar.com](http://www.sedar.com)*