



# Chartwell Technology

## CHARTWELL ANNOUNCES FINANCIAL RESULTS FOR THE THREE MONTHS ENDED APRIL 30, 2008

**Chartwell Technology Inc.**

**TSX: CWH**

**Calgary, Canada, June 11, 2008**, Chartwell Technology Inc. (“Chartwell” or the “Company”) (TSX: CWH), 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 six months ended April 30, 2008.

### **Highlights for second quarter 2008**

- Corporate revenue record for a quarter at \$7.0 million, a 26% increase from the second quarter in 2007 and an 21% increase from the previous quarter
- Net income of \$1.1 million compared to \$0.1 million in the second quarter of 2007 with basic and fully diluted earnings per share of \$0.05 as compared to \$0.01 in the second quarter of 2007
- Cash flow from operations, before working capital adjustments, of \$2.0 million as compared to \$0.8 million in the second in the prior year, a 143% increase
- EBITDA of \$2.2 million as compared to \$0.6 million in the second quarter of 2007, a 237% increase

### **Three months ended April 30, 2008**

Revenue for this year’s second quarter was \$7.0 million compared to \$5.6 million for the same period a year earlier. The year over year increase of 26% was from consistent growth from Casino license fees of 15% and an 88% increase in Poker license fee revenue. In addition to the increased license fees, the Company now includes revenue from Elite Club Management N.V. (ECM), the acquisition of which was completed early in the quarter. The total software development and support, sales and marketing and general and administrative expenses combined were comparable to the same period in 2007, despite the additional staff and overhead costs associated with ECM. A foreign exchange gain offset generally higher amortization and non-cash expenses. Net earnings for the second quarter were \$1.1 million or \$0.05 basic and fully diluted per share as compared to \$0.1 million or \$0.01 per share (basic and fully diluted) in the second quarter of 2007. Substantial increases in EBITDA and cash flow from operations demonstrates the strong earning power from established operations while the Company continues to invest in new products and services to meet demand in our established operations.

Software development and support expenses were \$2.8 million and \$5.1 million in the three and six months ending April 30, 2008 compared to \$2.4 million and \$4.8 million for the same period of fiscal 2007, for an increase of 20% and 6% respectively. In the three and six months ended April 30, 2007 the Company deferred \$0.2 million and \$0.4 million in software development, and none in 2008. On a gross cost basis, the period over period increase in expense is 11% in the three months ended April 30, 2008, and a decrease of 1% in the six months ended the same date. Much of the increase in the most recent quarter was the result of additional costs of staff and overhead following the acquisition of ECM.

For the three and six months ended April 30, 2008, sales and marketing expenses decreased by 16% and 18% to \$0.6 million and \$1.3 million from \$0.7 million and \$1.6 million in the same periods of 2007.

General and administrative expenses for the three and six months ended April 30, 2008 decreased by 24% and 23% to \$1.0 million and \$1.8 million from \$1.3 and \$2.3 million in the same periods of 2007. The decrease in general and administrative expenses period over period was due principally to reduced salary expense and consulting expense as well as reduced travel and recruiting expenses.

“The second quarter was an excellent one for Chartwell” said Alan Richter, CFO of Chartwell, “we’ve added licensees, deployed 13 new casino games and completed development on four more. We have made additional investments in the services we provide to our customers, and we are accomplishing all of this while controlling our expenses and thereby improving all of our key financial metrics.”

### **Balance sheet strength**

The Company continued to maintain a strong balance sheet through positive cash flow and maintaining positive working capital. At April 30, 2008 the Company had \$18.8 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 remote platforms. 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)

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*“could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. We believe that the expectations reflected in the forward-looking statements are reasonable based upon management’s current views but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. These statements speak only as of the date hereof. We do not intend, and do not assume any obligation, to update conclusions, forecasts or projections that may be contained in these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. No assurance can be given that actual results, performance or achievement expressed in, or implied by these forward-looking statements will occur, or if they do, that any benefits may be derived from them. Past results and information provided by third party sources considered to be accurate have been applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information.*

*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)*