

24hPoker and Daydream to merge

Gaming companies 24hPoker AB and Daydream Software AB plan to merge through Daydream making a public share offer to shareholders in 24hPoker concerning all the shares outstanding in the company. The merger will create a strong international player with a leading position in both established markets and new growth markets, with an offering that will include products for online gaming for money as well as contests of skill, distributed via a number of digital channels.

- For each Series A share in 24hPoker, 91 newly issued Series A shares in Daydream will be offered, and for each Series B share in 24hPoker, 91 newly issued Series B shares in Daydream will be offered.
- The total value of the offer amounts to approximately SEK 1,898 M, based on the last price paid for Daydream's Series B shares on the Stockholm Stock Exchange on March 3, 2006, which was the last day of trading before it was announced that the parties had initiated discussions concerning a possible merger.
- After the merger, the shareholders in 24hPoker will own approximately 90 percent of the merged company, and the shareholders in Daydream about 10 percent, computed after full dilution of the implemented non-cash issue and the impending preferential share issue in Daydream.
- 24hPoker's Board of Directors has decided to recommend that shareholders accept the offer.
- Representatives of approximately 53.7 percent of the number of votes and approximately 40.1 percent of the number of shares in 24hPoker have irrevocably committed themselves to accepting and supporting the offer.
- Shareholders in Daydream representing approximately 22.4 percent of the number of votes and approximately 22.1 percent of the number of shares committed themselves, at an Extraordinary General Meeting, to vote for the requisite resolution to implement the offer.
- The new company will be named 24hPoker AB. The Chairman of the Board of Directors will be a Board member from 24hPoker, and the President will be Per Hildebrand.
- The merger is expected to be implemented during the first half of 2006.

Comments from the Presidents of 24hPoker and Daydream

Mads V Jørgensen, President of Daydream: "Our strategy has been to develop operations in online gaming for money, and we took an initial step with the acquisition of Dreamland Poker. Through the deal with 24hPoker, this strategy will now be fulfilled in the best conceivable way. Our customers will now gain access to a broad product portfolio more quickly than if we had chosen to develop similar operations independently. The new company will be a strong international player in the gaming arena, with one of the broadest offerings in the market."

Per Hildebrand, President of 24hPoker: "24hPoker has developed extremely favorably, especially during the past year. Accordingly, we are now taking the next step to advance our market positions. The new company will have excellent potential for assuming a leading role in the commercialization of gaming for money via mobile phones, while simultaneously enhancing our growth prospects in Russia, as well as reaching new customers through Daydream's distribution and sales channels. These factors, combined with the fact that our enterprise is now to be listed on the stock exchange, have convinced us that the deal feels right for us."

Appendix: Further information about the merger

Daydream Software AB (publ) ("Daydream") and 24hPoker AB (publ) ("24hPoker") plan to merge through a public share offer to be made by Daydream to the shareholders in 24hPoker concerning all the shares outstanding in 24hPoker. The merger will create a strong international player with a leading position in both established markets and new growth markets, with an offering that will include products for online gaming for money as well as gaming and entertainment via mobile phones.

Background and reasons for the merger

Daydream is a leading Scandinavian producer and publisher of entertainment and games for mobile phones and other digital channels. For Daydream, the merger is a natural element in the company's strategy of developing operations in online gaming for money. The acquisition of Dreamland Poker in January 2006 was an initial step in line with this strategy.

24hPoker develops software systems for online gaming for money, and operates poker, sports betting and casino games aimed at the consumer market under the 24hPoker.com brand. The company also offers complete gaming platforms for online poker, casino games and sports betting under the 24hNetwork brand. The gaming platforms are designed in accordance with partners' wishes. 24hPoker is responsible for the software, operation, payment flows and support, while the partner handles its own marketing to recruit customers for the gaming services.

24hPoker also owns B2B Poker, which is one of the foremost poker networks on the Internet. 24hPoker was founded in 2000 and has approximately 900 shareholders.

The merger will create market synergies, given that each of the companies has strong positions in mutually complementary markets. 24hPoker's size and established service offering make it one of the leading players in online gaming for money. Through a number of significant agreements, Daydream has a prominent position in gaming and entertainment for mobile phones. The merger creates the potential for an enterprise with a broad and attractive gaming offering, to which access will be provided via the Internet and mobile phones.

The merger will enable the new company to take the next step in developing operations, offering current and potential customers a complete system solution consisting of gaming products for playing games for money, payment and support systems and games of skill, distributed via a number of digital channels.

The merger also creates a strong platform to enable the new company to assume a leading role in the commercialization of gambling via mobile phones – a market that is expected to achieve a commercial breakthrough during 2006 or 2007. The merger will also give 24hPoker access to Daydream's customers, market channels and distribution networks for mobile gaming products.

Since both companies are established in Russia, the merger creates a strong offering in the Russian market, with excellent potential for further expansion in the region. Online poker is still a relatively new phenomenon in Russia, but is expected to experience strong market growth during the next few years, according to a number of well-informed market analysts.

The application of legislation regarding Internet-based operations in general and Internet-based gaming operations in particular is currently being tested and studied in a number of jurisdictions, with the result that the legal risks associated with online gaming operations have yet to be fully clarified. Daydream's Board of Directors has identified certain regulatory and tax risks associated with 24hPoker's operations. While such risks are difficult to assess, they should be viewed as part of the general risks associated with online operations. Despite these risks, and in consideration of the other information given above, the Board's collective judgment is that the merger represents an attractive opportunity for Daydream's shareholders. Accordingly, the Board wishes to give shareholders the opportunity to make a decision on the merger at an extraordinary general meeting.

The offer

Daydream's Series B share is listed on the Stockholm Stock Exchange's O List, while 24hPoker's Series A and Series B shares are the subject of unofficial trading via Inofficiella Aktier AB's "inoff list" (www.inoff.nu) and the Alternative Market (www.alternativa.se). Daydream's Board of Directors has decided to make a public offer to shareholders in 24hPoker to acquire all the shares outstanding in 24hPoker. Daydream currently owns no shares in 24hPoker. Under the terms of the offer:

- for each Series A share in 24hPoker, 91 newly issued Series A shares in Daydream are offered, and
- for each Series B share in 24hPoker, 91 newly issued Series B shares in Daydream are offered.

No brokerage commission is payable in conjunction with the offer.

In the event of full acceptance of the offer, a total of 473,200,000 shares will be issued to shareholders in 24hPoker, comprising 18,200,000 Series A shares and 455,000,000 Series B shares.

After implementation of the merger, the shareholders in 24hPoker will own approximately 90 percent of the number of shares in the merged company, and the shareholders in Daydream about 10 percent, computed after full dilution of the implemented non-cash issue and the impending preferential share issue in Daydream.

Support for the merger

24hPoker's Board of Directors has decided to recommend that shareholders accept the offer.

Representatives of approximately 53.7 percent of the number of votes and approximately 40.1 percent of the number of shares in 24hPoker have irrevocably committed themselves to accepting and supporting the offer. Consequently, 29.2 percent of the stated number of votes and 16.5 percent of the stated share capital will be owned directly, while 24.4 percent of the number of votes and 23.5 percent of the share capital will be held through an endowment insurance solution whereby the insurance terms give the policyholder the right to instruct the insurer to submit the shares for offers such as the present offer. The undertaking remains in effect until the offer is declared unconditional, but no longer than up to June 30, 2006.

Shareholders in Daydream with combined holdings corresponding to approximately 22.1 percent of the number of shares and approximately 22.4 percent of the number of votes committed themselves, at an Extraordinary General Meeting of Daydream, to vote for the requisite resolution to implement the offer.

The principal shareholders and the Boards of Directors of Daydream and 24hPoker have undertaken not to seek alternative transactions that could jeopardize the merger.

Bid value

The total value of the offer amounts to approximately SEK 1,898 M, based on the last price paid for Daydream's Series B shares on the Stockholm Stock Exchange on March 3, 2006, which was the last day of trading before it was announced that the parties had initiated discussions concerning a possible merger.

The offer corresponds to approximately SEK 365 per share in 24hPoker.

Since 24hPoker's shares are only traded unofficially and full price statistics are not available, it is not meaningful to calculate what premium the offer involves.

Effects of the merger on Daydream

The merger will give Daydream access to a technical platform for online gaming for money, enabling customers of the publishing operations to be offered a broader product portfolio, strengthened with gaming products for playing for money, more quickly than if Daydream had chosen to develop the platform independently.

The new company also enhances the potential for realizing Daydream's strategy of creating an attractive gambling offering for mobile phones. This will become possible through the combination of 24hPoker's technical platform with Daydream's position in gaming and entertainment for mobile phones. A number of well-informed market analysts predict that the market for online gaming via mobiles will achieve a commercial breakthrough during 2006 or 2007.

The merger will also enable Daydream to utilize the advantages of being a larger company with an expanded ownership base, which is important for financial stability and the development of operations.

Minor synergies in terms of administration and personnel costs also arise.

Financial effects of the merger

A detailed pro forma income statement and balance sheet will be included in the prospectus for the offer. The prospectus is expected to be published on May 3, 2006.

Sales, earnings, cash flow and number of employees in each company

24hPoker's interim report for the period from May 2005 to January 2006 reported net sales of SEK 194.5 (55.4) and profit after tax of SEK 20.1 M (7.9). Cash flow from operations for the period amounted to SEK 53.3 M (12.2). The number of employees at January 31, 2006 was 67 (32). For full-year 2004/2005, the company reported net sales of SEK 96.8 M and profit after tax of SEK 14.1 M.

Further information about the company's operations and financial position, including the recently published interim report, is available at www.24hpoker.se.

Daydream's net sales during the period January-December 2005 amounted to SEK 17.9 M (8.0) and the loss after tax to SEK 11.5 M (loss: 19.8). Cash flow from operations for full-year 2005 was a negative amount of SEK 6.8 M (negative: 20.0). The number of employees at the beginning of 2006 was 16 (18).

Daydream will publish its interim report for the period January-March 2006 on April 28.

Corporate management and Board of Directors

Corporate management in the new company

President	Per Hildebrand (President, 24hPoker)
CFO	Thord Norberg (CFO, 24hPoker)
Vice President	Birgitte Hribar (Vice President, Daydream)
Financial Controller	Mats Aaman (Controller, Daydream)

For a brief period, Daydream's President, Mads V Jörgensen, and CFO, Cecilia Eker, will assist the new management with the integration of the companies and financial reporting. Jörgensen and Eker have chosen to leave the company thereafter.

Board of Directors of the new company

The Board of Directors of the new company will comprise one member from Daydream and five members from 24hPoker, taking into consideration the Stockholm Stock

Exchange's requirements for the composition of Boards of Directors. The Chairman of the Board of Directors will be a Board member from 24hPoker.

Conditions for the offer

Implementation of the offer is subject to the following conditions:

- a) That acceptance of the offer is sufficiently large to ensure that Daydream becomes the holder of more than 90 percent of the total number of shares in 24hPoker after full dilution
- b) That Daydream's Extraordinary General Meeting passes the necessary resolution to enable the issuance of new shares as payment to 24hPoker's shareholders under the terms of the offer
- c) That the recommendation from 24hPoker's Board of Directors to accept the offer has not been rescinded or changed negatively
- d) That no one else announces an offer to acquire shares in 24hPoker on terms that are more favorable for 24hPoker's shareholders than the terms stated in the offer
- e) That all the necessary permits, approvals, decisions and other measures from authorities and the like, including the competition authorities, have been received on terms acceptable to Daydream
- f) That Daydream, over and above what has been announced by 24hPoker or otherwise communicated in writing to Daydream prior to the date of announcement of the offer, does not discover that information published by 24hPoker is materially incorrect or misleading, or discover that information of material significance has not been disclosed by 24hPoker
- g) That neither the offer nor the acquisition of 24hPoker is wholly or partly rendered impossible or materially hindered by legislation or other regulations, rulings by courts of law, official decisions or similar circumstances that exist or could reasonably be expected to arise, that are outside Daydream's control and which Daydream could not reasonably have foreseen at the time of publication of the offer
- h) That no circumstances that Daydream was unaware of at the time of announcement of the offer have occurred which could have a significant negative impact on 24hPoker's sales, earnings, liquidity, operations or shareholders' equity during the current or next fiscal year
- i) That 24hPoker does not take any actions that would typically tend to impair the conditions for implementing the offer.

Daydream reserves the right to withdraw the offer if it becomes clear that any of the above conditions is not fulfilled or cannot be fulfilled. With regard to conditions c) and e) through i), however, such withdrawal shall only occur if the incomplete fulfillment is of material significance for Daydream's acquisition of shares in 24hPoker. Daydream reserves the right to wholly or partly depart from one or more of the above conditions.

Preliminary timetable

The offer prospectus is expected to be distributed to the shareholders in 24hPoker on May 3, 2006. The prospectus will contain a more detailed description of the new company's operations, opportunities and risks. The acceptance period for the offer is expected to be from May 4, 2006 to May 24, 2006, inclusive.

Publication of the result of the offer is expected to be presented on May 31, 2006. Provided Daydream follows through on the offer not later than May 31, 2006, it is estimated that accounting for payments to those shareholders who have accepted the offer could begin around June 5, 2006.

Summary

May 3, 2006	Publication of Offer prospectus
May 4-24, 2006	Acceptance period for offer
May 22, 2006	Extraordinary General Meeting of Daydream
May 31, 2006	Publication of result of offer
June 5, 2006	Accounting for payments

Daydream reserves the right to extend the acceptance period and/or to postpone the date of accounting for payments.

If the offer is accepted to a sufficient extent that Daydream becomes the owner of more than 90 percent of the total number of shares in 24hPoker, Daydream intends, in accordance with the Companies Act, to demand compulsory redemption of those shares in 24hPoker that are not acquired through the offer.

Daydream's Board of Directors assumes that Daydream's Series B share will be placed on the Stockholm Stock Exchange's Observation List as a result of the merger, and that the Stockholm Stock Exchange will carry out a listing examination before the new company can be relisted on the O List.

Applicable laws and disputes

Swedish law shall apply to the offer. Any disputes concerning the offer shall be resolved by a Swedish court of law, except for those cases in which the Stockholm City Court is the court of first instance. Daydream intends to follow the Industry and Commerce Stock Exchange Committee's rules concerning public offers for share acquisitions and customary stock market practice.

Advisors

Swedbank is the financial advisor to Daydream with regard to the merger. Hagströmer & Qviberg is the financial advisor to 24hPoker with regard to the merger.

Stockholm, March 28, 2006

Daydream Software AB (publ)

24hPoker AB

Board of Directors

Board of Directors