



Chartwell Technology

CHARTWELL ANNOUNCES FINANCIAL RESULTS FOR THE THREE AND TWELVE MONTHS ENDED OCTOBER 31, 2008

Chartwell Technology Inc.

TSX: CWH

Calgary, Canada, January 29, 2009, 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 audited financial results for the year ended October 31, 2008.

Chartwell delivered record financial results as the Company celebrated its 10 year anniversary:

Record total revenue at \$24.0 million, up from \$21.2 million in fiscal year 2007, an increase of 13.2%.

Record cash flow from operations of \$9.0 million, up from \$5.1 million in fiscal year 2007, an increase of 77.3%.

EBITDA of \$6.0 million, almost twice the \$3.1 million in fiscal year 2007.

Net income of \$2.8 million for fiscal 2008, up from a net loss of \$84,000 in the prior year.

Diluted earnings per share of \$0.15 for fiscal 2008, compared to a loss per share of \$0.00 in the prior year.

Along with record financial results, the Company invested in its future by delivering more games and upgrades to its gaming system than at any other time in its history. These new features include:

Eight new Casino soft games and nine new Casino slot games were deployed in the year and a further eight new games were nearing completion toward the end of the year in the Company’s 7.0 software release.

Industry leading responsible gaming features.

Changes to the underlying architecture to improve scalability, speed and usability.

In preparing for continued growth, the Company achieved the additional objectives of:

Receiving both a Remote and Non-Remote Operating License from the UK Gambling Commission.

Becoming the first software supplier to launch a UK Gambling Commission regulated online Casino with Extrabet, a wholly owned subsidiary of IG Group Holdings plc.

Launching our development of a Bingo Community.

Three months ended October 31, 2008

Revenue for this year's fourth quarter was \$5.1 million compared to \$4.9 million for the same period a year earlier. Revenue growth in the quarter is mainly due to an increase in service revenue as software license revenue was comparable between periods.

Net income for the fourth quarter was \$232,000 as compared to a net loss of \$1.1 million, with earnings per share of \$0.01 as compared to a loss per share of \$0.07 in the comparable quarter of 2007. The net income increase was driven by EBITDA that was more than double that of the comparable period in 2007.

Software development and support expenses increased significantly to \$2.7 million in the fourth quarter of 2008 from \$2.2 million from the fourth quarter of 2007 as Management continues to focus on expanding the suite of games and the services that the Company makes available to its customers. The Company also recorded an Investment Tax Credit before related fees of \$833,000, accounted partially as a reduction in software development and support expense, as well as a reduction in deferred software development expense.

Sales and marketing expenses increased modestly to \$720,000 from \$663,000 while general and administrative expenses decreased to \$908,000 from \$1.1 million. General and administration expenses decreased as certain one-time expenses in the prior year did not recur. On a recurring basis, general and administrative expenses increased as the Company absorbed additional staff following the ECM acquisition as well as incurred generally higher professional fees.

Year ended October 31, 2008

Total revenue for the year ended October 31, 2008 increased 13% to \$24.0 million compared to \$21.2 in fiscal 2007. The increase in revenue is from organic growth from existing licensees, driven by the significant amount of new Casino content deployed in the year.

Net income was robust at \$2.8 million for fiscal 2008 as compared to a net loss of \$0.1 million in fiscal 2007. The Company experienced strong cash flow generation and EBITDA growth in the year while delivering significantly more content than in the prior year.

Software development and support expenses increased to \$10.9 million from \$9.5 million for the same period in fiscal 2007. The increase is due to increased employment levels to meet our aggressive development objectives as well as the increased staff to support our fully managed services capabilities. Late in the year the Company recognized \$833,000 in Federal and Provincial tax credits for Scientific Research and Experimental Development, of which \$646,000 reduced the cost of software development, and \$187,000 reduced the cost of deferred software development.

Sales and marketing expenses decreased to \$2.6 million in fiscal 2008 from \$3.0 million in fiscal 2007. General and administrative expenses also declined to \$3.6 million from \$4.2 million as the Company focuses on managing costs while meeting our clients' needs for more games and services.

"The Company executed its strategy very well in 2008," commented Alan Richter, CFO of Chartwell. "We have a very focused strategy of getting more content out to our customers as efficiently as possible. Being efficient has meant managing expenses carefully, investing in our

people, investing in improving our service delivery capability in Europe, broadening the services we offer, and taking advantage of tax incentives and planning opportunities as available to us.”

Balance sheet strength

The Company continued to maintain a strong balance sheet through both growing cash flow and improved working capital. At October 31, 2008 Chartwell had \$22.3 million of cash and short term investments and positive working capital of \$23.7 million with no debt.

About Chartwell

Chartwell specializes in the development of leading-edge gaming applications and entertainment content for the Internet 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

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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: financial market uncertainty, 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 conditions and growth rates, currency rate fluctuations, the impact of consolidations in the online gaming industry and other risks and assumptions 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