Annual Report 2014

mybet SE
THE GAMING COMPANY

CONTENTS

INVESTMENT HIGLIGHTS

1. MANAGEMENT EXPERTISE – GET INVOLVED WITH US

SVEN IVO BRINCK, CEO

- ☑ Focus on the Product, Marketing, Technology and Investor Relations areas
- ☑ Over 15 years' experience in the internet industry, mainly in gaming and gambling
- ☑ Wealth of experience in building up and developing products and ventures

MARKUS PEULER, CFO

- ☑ Focus on the Finance, Controlling, Human Resources and Legal areas
- ☑ Background in auditing, over 12 years' leadership experience
- ☑ Over 10 years' experience in the digital sector, especially well acquainted with "mobile" business models

2. DIVERSIFIED BUSINESS MODEL – MYBET IS ABOUT MORE THAN JUST SPORTS BETTING

SPORTS BETTING - OUR CORE BUSINESS

- ☑ From football and cycle racing to boxing and volleyball – range of bets on over 30 sports
- ☑ Over 20 million bets each month – including the option of watching the event unfold live
- ☑ Growth 2014: +20.9 percent

CASINO & POKER

- ☑ Over EUR 6,000,000 in guaranteed tournament prize pools per month
- ☑ On average over 3,000 players online at any one time
- ☑ Always 200 to 400 active tournaments, always over 4,000 tournaments in the system
- ☑ wide range of electronic table games such as roulette, blackjack and various card games as well as online fruit machines, and now also an online live casino
- ☑ Join the poker table using an app or directly over our website

HORSE BETTING

- ☑ over 29,000 registered customers
- ☑ Online horse betting on the internet platform www.pferdewetten.de and over the counter
- ☑ Betting on horse races in 34 countries
- ☑ Growth 2014: +25.4 percent

OTHER OPERATING – C4U-MALTA LTD.

- ☑ e-money licence as independent financial institution
- ☑ Payment processing and related services

3. GROWTH OPPORTUNITIES – THE CHANGING STATE OF THE MARKETS

- ☑ High-growth online gambling market – around EUR 29.1 billion in 2014
- ☑ Sports betting in Germany more popular than ever – strong market growth in 2014
- ☑ By 2017: sports betting +6.0 % p.a.
- ☑ "Mobile" megatrend as market driver

4. OUR STRATEGY – A STRONG BASIS FOR GROWTH

OVERRIDING OBJECTIVE IS TO REALIGN MYBET SUCCESSFULLY

- ☑ Guiding principle **"product and customer first"** – quality leader for innovative gaming products
- ☑ Offline and online sales closely meshed

SHORT AND MEDIUM TERM

- ☑ Emphasis clearly on German core market
- ☑ In shop domain, strong and uniform brand image
- ☑ In online sphere, improved performance in sports betting area
- ☑ Ongoing improvements to design and brand image

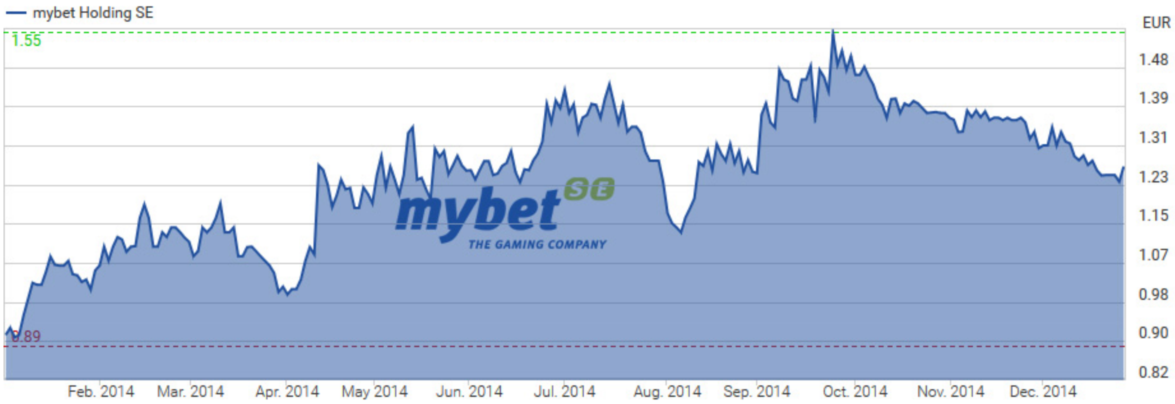
MEDIUM TO LONG TERM

- ☑ Focus on professionalising the organisation and sales channels and on optimising the products
- ☑ Further growth through expanding into other countries
- ☑ mybet as industry leader for the "mobile" trend

THE SHARE

AT A GLANCE

SHARE PRICE PERFORMANCE (JANUARY 1, 2014 – DECEMBER 31, 2014)



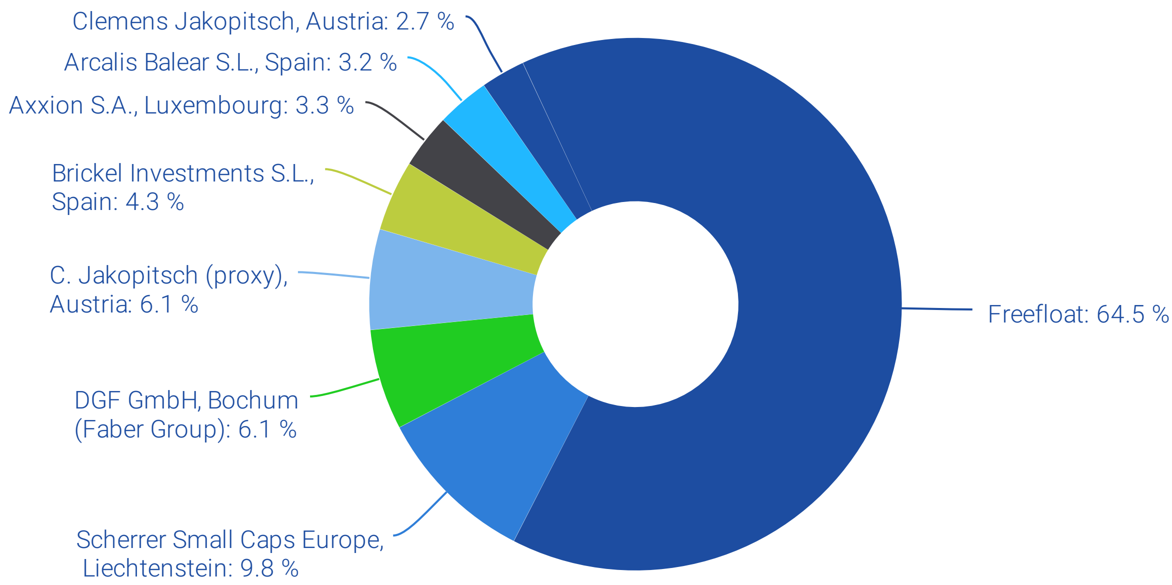
The shares of mybet Holding SE developed positively from the start of 2014. mybet shares started trading in 2014 at at EUR 0.92. The trading price touched its low point of EUR 0.91 for the period under review on January 6, 2014. Apart from a short period of consolidation in March 2014, plus brief losses at the start of August, mybet shares showed a steady upward trend up until the end of September 2014. The shares reached their reporting-period high of EUR 1.55 on September 24, 2014. mybet shares subsequently showed a downward trend. The closing price on December 30, 2014 was EUR 1.27. This represents an increase of around 38 percent over 2014, bringing market capitalisation at the end of the 2014 period under review to approximately EUR 32.4 million. The leading index for small-cap shares in Germany, the SDAX, rose by 5.1 percent in the 2014 reporting period. On the other hand the leading global index for companies in the games and gambling industry, the S-Network Global Gaming Index (ticker: WAGR), shed 19.9 percent over the period under review.

BASIC INFORMATION AND KEY FIGURES FOR THE SHARES

Stock exchange code / Bloomberg code	XMY / XMY:GY
Securities identification number / ISIN	A0JRU6 / DE000A0JRU67
IPO	September 28, 1999
Market segment	Prime Standard
Indices	CDAX, Prime All Share, Classic All Share
Opening price / closing price for period*	EUR 0.92 / EUR 1.27
High / low for period*	EUR 1.55 / EUR 0.91
Number of shares at December 31, 2014	25,584,924
Free float at date of publication	64.5 percent
Market capitalisation at December 31, 2014	EUR 32.4 million
Designated Sponsor	ODDO Seydler Bank AG, Frankfurt a.M.

*in each case closing prices in the XETRA trading system of Deutsche Börse AG

SHAREHOLDER STRUCTURE



INVESTOR RELATIONS

mybet Holding SE attaches high importance to active dialogue with investors, analysts and financial journalists, and again maintained a steady exchange of information with its shareholders and stakeholders in the 2014 financial year. The regular, timely publication of information relevant to the company underscores the objective of providing comprehensive briefings on our corporate development. With its listing in the Prime Standard of the Frankfurt Stock Exchange, mybet satisfies the highest level of transparency requirements.

As well as fulfilling its statutory obligations, mybet Holding SE's activities in 2014 included the following:

- Participation in four capital market conferences
- Regular offer of telephone conferences with webcast coinciding with the publication of the financial reports and audio replay as online offering on the company website
- Publication of nine corporate news bulletins
- Analyst estimates of mybet Holding SE were published regularly by montega AG and ODDO Seydler Bank AG in the 2014 financial year.

ANNUAL GENERAL MEETING

The Annual General Meeting 2014 of mybet Holding SE took place on June 5, 2014 at the Hamburg Chamber of Crafts. A total of around 100 shareholders attended, taking in the report of the Management Board on business development in 2013 and the outlook for the 2014 financial year. Markus Knoss, Patrick Möller and Clemens Jakopitsch were newly elected to the Supervisory Board by the Annual General Meeting.

Overall, 44.6 percent of the voting share capital was represented (previous year: 33.3 percent). Detailed voting results can be accessed at any time on the company website: www.mybet-se.com under Investor Relations/Annual General Meeting.

FINANCIAL CALENDAR

Date	
April 9, 2015	2014 Annual Report
May 13, 2015	Publication of the 2015 Three-Month Report
June 5, 2015	Annual General Meeting 2015
August 13, 2015	Publication of the 2015 Six-Month Report
November 12, 2015	Publication of the 2015 Nine-Month Report
November 23-25, 2015	German Equity Forum 2015

MANAGEMENT BOARD INTERVIEW

Management Board of the mybet Holding SE: Sven Ivo Brinck and Markus Peuler

Preliminary remark: The following text is a transcript of the interview with the Management Board. The video version of the interview can be found on the homepage of our 2014 Online Annual Report. This can be accessed on the following link: http://annualreport2014.mybet-se.com.

INTRODUCTION:

Brinck: "Welcome, dear Shareholders! A new year, a new team, a new format. And welcome to the first video address by mybet Management Board."

WHAT MADE 2014 A SUCCESSFUL YEAR?

Brinck: "We increased our revenue by 5.1 percent to EUR 70.4 million. We turned around our result from EUR -11.2 million to just into positive territory. And we achieved all that while capitalising fully on the FIFA World Cup in summer 2014, with our systems remained perfectly stable throughout. We launched a large number of new products and features. The loyalty card. The betting terminal. New mobile applications. And quite a few other things, too. What's more, we got to grip with costs. Looking at the overall context, we are relatively satisfied with the results. But we have to be clear about one thing: the turnaround at mybet is still continuing. 2015 will be a year of further challenges. We are on the case."

MR PEULER, WHY DID YOU DECIDE TO JOIN MYBET AS CHIEF FINANCIAL OFFICER?

Peuler: "I'm personally a real sports enthusiast and I like working as part of a team. mybet ticks both those boxes: a sports-related product, and a highly motivated, expert team. Sport is all about movement. And we still have plenty of movement to do here at mybet."

WHAT NEW DEVELOPMENTS ARE THERE IN THE AREA OF MARKET REGULATION?

Brinck: “Regulation is bringing us both pleasure and pain. On the one hand we were provisionally told by the Hesse Ministry of the Interior in September 2014 that we are lined up to receive a sports betting licence. We’re naturally very pleased about that. We see this as a reward for our work and past efforts, and believe we will of course be one of the final recipients of the licences.

But unfortunately the licences haven’t yet been granted because the companies that were overlooked have appealed against the decision, and the proceedings are still pending. To our knowledge, the proceedings are still going to take quite some time. We aren’t happy about that, because we assume it would help not just us, but the market as a whole, to see the regulatory position sorted out."

WHAT ARE YOU PLANNING FOR 2015?

Brinck: “The focus for 2015 is on the product and the brand. That’s why we have a new internal slogan: “Product and Customer First”. That means three things in specific: a clear brand promise, a perfect product, and excellent customer service. You the customer are at the heart of what we do. Not just in the shop and on the fixed web, but also on your mobile phone.”

HOW WILL THAT AFFECT THE FINANCIALS?

Peuler: “In a basic scenario, we are expecting revenue of between EUR 70 and 75 million for the 2015 financial year. We are reckoning with a balanced EBIT. Bear in mind here that the new VAT rules throughout Europe will burden us with extra costs of around EUR 2 million. Without those additional costs, we would be in a position to achieve a comfortably positive EBIT.

In an alternative scenario, we are examining additional investment in our technology and product."

WHAT ARE YOUR EXPECTATIONS FOR THE FUTURE?

Brinck: “We will definitely see a boom in sports betting in Europe. It will be transformed from a demonised product into an out-and-out entertainment product. Precisely how it should be. Governed by rules, but also open to use without prejudice. We will also witness a continuing boom, whether in physical shops or online. The level of online use is increasing. Both on computers at home, and on mobile phones when people are out and about. And hopefully we will also see mybet cement its position as an important business in Germany, a company that is successful at what it does, and with a brilliant model that we can export throughout Europe. That’s what we are about. We’re counting on you. Thank you!”

SEGMENTS

SPORTS BETTING

Sports Betting is our core business. mybet operates as a bookmaker in this area, and sets odds on all kinds of sporting events from football and cycle racing to boxing and volleyball. We now offer a total of 30 sports throughout Europe on the mybet.com portal. Over 20 million bets are placed every month – including the option of following the event unfold live.

Brand
mybet

Revenue 2014
EUR 40.3 million

EBIT 2014
EUR -0.7 million

CASINO & POKER

In the Casino area, we offer our customers a wide range of electronic table games such as roulette, blackjack and various card games as well as online fruit machines, and there is now also an online live casino. In the Poker area, our customers can take a seat at the poker table via app or directly over our website. Over EUR 6,000,000 in Guaranteed tournament prize pools every month. An average of more than 3,000 players online to play against at any time of time (currently in excess of 4,000 right now!) 200-400 active tournaments at any time. More than 4,000 tournaments scheduled in the system at any time.

Brand
mybet

Revenue 2014
EUR 21.9 million

EBIT 2014
EUR 1.2 million

HORSE BETTING

The Horse Betting segment comprises the activities of pferdewetten.de AG and its subsidiaries. They offer online horse betting to over 29,000 registered customers on the internet platform www.pferdewetten.de, flanked by over-the-counter betting centres. The range comprises betting on horse races in 34 countries, most of which are broadcast live on the internet.

Brand
pferdewetten.de

Revenue 2014
EUR 7.0 million

EBIT 2014
EUR 1.3 million

OTHER OPERATING

Through C4U-Malta Ltd., mybet offers payment processing and related services to third party companies on the basis of an e-money licence, in the capacity of an independent financial institution.

Brand
C4U

Revenue 2014
EUR 1.1 million

EBIT 2014
EUR 0.6 million

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

The past year was another eventful one. The profitable repositioning of the company is under way and has already made quite some progress. Under new management we were able to achieve a positive result in the 2014 financial year and achieve our forecast. By focusing on its core skills, mybet is once again a reliable partner for our customers, shareholders and business partners.

Dr. Volker Heeg, Chairman of the Supervisory Board

PERSONNEL NOTES ON SUPERVISORY BOARD / MANAGEMENT BOARD

With effect from the Annual General Meeting on June 5, 2014 a number of seats on the Supervisory Board found new incumbents. After many years of service, Mr Frank Motte did not stand for re-election. As two members had previously resigned from the Supervisory Board earlier in the year, there were three vacant seats to be filled. Alongside the two management nominees Mr Markus Knoss and Mr Patrick Möller, Mr Clemens Jakopitsch was elected back onto the Supervisory Board as a shareholder nominee. Through their personality and specialist expertise, the new members are helping make this board even better placed to fulfil its supervisory and consultative role.

At Management Board level, following the appointment of Mr Sven Ivo Brinck at the end of 2013 we were also able to appoint a new Chief Financial Officer in Mr Markus Peuler at the end of 2014. Mr Peuler brings with him many years of experience in the finance divisions of companies which, like us, pursue a digital business model. We are delighted to have found an experienced Chief Financial Officer in Mr Peuler, after an intensive search. This now completes the company's Management Board.

TOPICS OF THE SUPERVISORY BOARD PLENARY MEETINGS

In the year under review the Supervisory Board took great care in performing the tasks incumbent upon it in accordance with the law, the articles of incorporation and the rules of internal procedure. We regularly advised the Management Board on the running of the company and monitored its activities. The Supervisory Board was always involved early on in decisions on matters of fundamental significance for the company.
The Management Board kept us informed regularly and in detail about corporate planning, the progress of business, strategic development and the current situation of the group. The bodies attached considerable importance to reliable liquidity reporting. On the basis of the Management Board's reports we discussed at length the business development as well as important decisions and events.

Comments on the main areas of work in 2014:

This financial year, the Supervisory Board considered the corporate strategy at length. The strategic repositioning of the company was discussed constructively with the Management Board throughout the entire year. As part of the decision to focus mybet on its home market, the sale of our Spanish investment was passed by a large majority. The further terms of the exit from Italian business, which had already been decided upon in the previous financial year, were also discussed further and approved. In our core area of business, the news of the planned granting of a licence to a group company of mybet following the licensing procedure under the State Treaty on Gaming, along with the consequences of the regulation, gave us much to consider. Our board also turned its attention to the strategic positioning of our other group companies and affiliated companies.

Finance topics were a further major area of our work: the capital increase from approved capital performed in the autumn was discussed and prepared in great detail by the board. In the course of the capital increase, a mandate was given to the BankM representative office of biw Bank für Investments und Wertpapiere AG (BankM), to which our Supervisory Board colleague Mr Knoss belongs. A sub-mandate was issued by BankM to Mr Jakopitsch. Both contracts were discussed with full transparency and handled in accordance with the statutory and judicial requirements.

Management Board matters also featured large in discussions. The Management Board member Mr Stefan Hänel, dismissed in 2013, has now taken legal action against our company for compensation for wages not paid. The handling of proceedings is being closely coordinated between the Supervisory Board and the law firm engaged.

We attach considerable importance to transparency and compliance. As a consequence, the Supervisory Board considered the contents of and amendments to the German Corporate Governance Code (DCGK). A Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act was submitted jointly with the Management Board and individual departures from the recommendations of the Code were explained. The declaration is made permanently available to the shareholders on the company's website.

SUPERVISORY BOARD MEETINGS

There were five meetings of the Supervisory Board in the 2014 financial year. There were also working meetings, regular telephone conferences as well as resolutions passed by written circulation procedure. The Supervisory Board Chairman and members held regular discussions with the Management Board on strategic topics.

Specific topics covered:

An initial working meeting between the Supervisory Board and the new Management Board member Mr Brinck took place on January 30, 2014. Based on the initial analysis the Management Board and Supervisory Board held an extensive discussion covering a cross-section of all topics encountered in the company. In particular the status of and possible improvements to the product and sales areas were discussed as operational priorities. The subsidiaries and investments of mybet were systematically analysed. The emphasis was in addition placed on measures to reduce costs and stabilise liquidity.

At the meeting on March 21, 2014 the independent auditor reported on the key findings of its audit. The main areas of the audit, including international activities, were discussed at length. The causes of the delayed process were also dealt with. The discussion paid ample attention to further measures to stabilise the liquidity situation. Topics reported on by the Management Board also included measures to increase planning certainty and stabilise the performance.

Directly after the Annual General Meeting of Shareholders, the Supervisory Board was newly constituted in a meeting on June 5, 2014. After an opportunity for the members to get to know each other, the committees were newly formed and filled.

The Management Board next held a workshop for the new Supervisory Board members on July 10, 2014. Our business model in the Sports Betting area was presented and explained in detail.

At the meeting on July 11, 2014 the Management Board again reported at length on the current business progress, especially the ongoing licensing process for sports betting. The future organisational structure and strategic direction were discussed extensively. The measures to improve liquidity included how to deal with the anticipated ruling on the WestLotto proceedings and the prospect of compensation due. In view of the imponderables surrounding this matter, further measures were discussed. These included disclosing and discussing the mandating of BankM, to which our Supervisory Board colleague Mr Knoss belongs, and the sub-mandating of Mr Jakopitsch, for a possible capital measure.

At the meeting on September 25, 2014 the fundamental strategic course came under the spotlight. As well as the further stabilisation and improvement of the platform for our internet offering, particular attention was devoted to accelerating the expansion of the mobile offering. Media partnerships were discussed. The state of affairs and outlook in the licensing process for sports betting were discussed. With regard to the capital measure, the previous considerations were firmed up, in particular the terms of the mandate to BankM and the sub-mandate to Mr Jakopitsch.

At the year's final meeting on December 10, 2014 our new Chief Financial Officer, Mr Peuler, was able to present his first report from the Finance division. In the report of the Management Board, Mr Brinck evaluated the restructuring measures implemented in the course of 2014. The current business development and future positioning of the company and product range were discussed extensively. Marketing and sales measures as well as the future direction of subsidiaries were discussed. In addition, initial progress on the annual accounts and the planing status were reported on.

THE WORK OF THE COMMITTEES

Up until its restoration to the number of members specified in the articles of incorporation by the Annual General Meeting on June 5, 2014, the full Supervisory Board had handled the duties of the committees. The committees were newly constituted after the Annual General Meeting.

The members of the Audit Commitee are Mr Markus Knoss (Chairman), Mr Konstantin Urban and Mr Patrick Möller. In the opinion of the Supervisory Board Mr Knoss is suitably qualified on the strength of his knowledge and experience as an independent financial expert, and satisfies the statutory requirements as well as the requirements of the German Corporate Governance Code. In preparation for the auditing of the annual accounts the Audit Committee conducted the discussions with our auditors and issued the audit assignment.

The members of the Personnel Committee are Dr Volker Heeg (Chairman), Mr Marcus Geiß and Mr Clemens Jakopitsch. The Personnel Committee led the selection process for the position of Chief Financial Officer, conducted the contractual negotiations and prepared the appointment of Mr Peuler.

The Nominating Committee comprises Mr Clemens Jakopitsch (Chairman), Mr Marcus Geiß and Mr Patrick Möller. This committee laid down specialist criteria for the committee members to be newly elected by the 2015 Annual General Meeting.

ESTABLISHMENT OF THE ANNUAL FINANCIAL STATEMENTS

These annual financial statements in accordance with the German Commercial Code and the IFRS Consolidated Financial Statements, as well as the Combined Management Report for the 2014 financial year, have been examined by the auditors appointed by the Annual General Meeting, KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, who have given their unqualified opinion.

The financial statements, the Combined Management Report and the audit reports of the auditors were made available to the members of the Supervisory Board on April 3, 2015 for their own further examination. The auditors had explained the principal findings of their examinations at the Audit Committee meeting on March 25, 2015 and the Supervisory Board meeting on March 26, 2015 and answered further questions of the Supervisory Board.

The auditors have assured themselves of the functioning of the risk management system. According to their examination, it satisfies the requirements of Section 91 (2) of the German Stock Corporation Act. There were no circumstances giving rise to concerns of bias on the part of the auditors. In addition to services in connection with the auditing of the financial statements, the auditors provided consultancy services amounting to EUR 7 thousand in the period under review.

The audit report led to no objections; an unqualified audit opinion was issued.

On the basis of the concluding findings of its own examination the Supervisory Board has raised no objections to the annual financial statements, the Consolidated Financial Statements and the Combined Management Report and, following its own examination, has by resolution passed by written circular procedure on April 9 concurred with the findings of the auditors from the audit of the annual financial statements and Consolidated Financial Statements of mybet Holding SE as well as of the Combined Management Report. The Supervisory Board has approved the annual financial statements of mybet Holding SE prepared by the Management Board and the Consolidated Financial Statements, which are thus established pursuant to Section 172 of the German Stock Corporation Act.

The Supervisory Board thanks the Management Board and all employees of the mybet Group for their commitment, as well as you, our shareholders, for your confidence in the company. Under new management, the company is well placed for the future.

Hamburg, April 2015

On behalf of the Supervisory Board

Dr Volker Heeg (Chairman)

COMBINED MANAGEMENT REPORT OF MYBET HOLDING SE AT DECEMBER 31, 2014

1 BASIC PROFILE OF THE GROUP AND MYBET HOLDING SE

1.1 BUSINESS MODEL

The mybet Group (mybet for short) – consisting of the parent company mybet Holding SE and the companies included in consolidation – has been active in the gaming industry for more than 15 years. With over 1.3 million registered customers, the mybet Group is among the leading providers of and agents for licensed gaming in Europe. The company focuses on sports betting as its core product and on complementary products such as casino and poker. mybet fundamentally views business activities within a legally regulated market and the legal certainty that this provides as the basis for sustained corporate success.

mybet is currently active in a large number of countries in Europe, Africa and other, smaller markets where the regulatory environment makes it possible to offer gaming products. The focus of the company is the core market Germany as well as the countries Ghana and Greece. mybet has withdrawn from the Italian and Spanish markets with the disposal of MYBET ITALIA S.R.L., DIGIDIS S.L. and DIGIDIS S.A. mybet Holding SE disposed of the shares in the Spanish companies DIGIDIS S.L. and DIGIDIS S.A. in August 2014; in September 2014 mybet disposed of its interest in MYBET ITALIA S.R.L by way of a management buy-out.

Taking into consideration the national laws of the various countries, gaming is offered on the basis of the company's own licences and permits as well as through venture partners. mybet pursues a dual distribution system: as one of the best known sports betting brands in Europe, mybet.com together with mybet.de, pferdewetten.de and mobile applications constitutes the online product range of the group. At the same time, mybet has an established franchise system of almost 400 betting shops.

1.2 GOALS AND STRATEGY

The overriding objective of the Management Board is to realign mybet successfully. This goal remains unchanged following its unveiling in the past year.

Focusing on existing business is of pivotal importance for the short and medium term. Available resources are to be managed with an eye to efficiency of use. From a strategic perspective, mybet will accordingly concentrate on greater penetration of the successful established markets. Germany is the focus of mybet's activities, as its core market. The aim is to access additional markets as part of the medium to long-term corporate strategy.

In line with the new guiding principle of "product and customer first," the Management Board is pursuing the goal of developing the mybet Group into a quality leader in the field of innovative gaming products. The policy of closely meshing offline and online sales is to be maintained.

Through "product first", mybet is pursuing the goal of presenting all products in the best possible way to arouse emotions in existing and potential customers. Using mybet products is to be transformed into an experience – with mybet, betting and other products should be fun.

"Customer first" means that the interests and opinion of the customer are at the heart of mybet's business activities. The critical benchmark in assessing the quality of the products offered is the customer's verdict. In keeping with this approach, mybet would additionally like to impress customers with excellent service, respond appropriately to customer feedback and establish the company as quality leader in the industry.

In detail, mybet is pursuing the following approach in the short, medium and long term:

For more quality, performance and innovation in the German market

In the short to medium term, mybet will place the emphasis of its corporate development clearly on the German core market. In the shop domain, the company is aiming to create a strong, uniform brand image. With perfectly trained staff, franchisees and significantly improved systems – from the terminal to the till.

In the online sphere, performance in the sports betting area is to be boosted. In specific, the number of available events and possible forms of gaming is to be increased, live betting products are to be advertised more conspicuously and attractively, and customer loyalty is to be promoted. The “mobile” sales channel will increasingly move centre stage within the range of activities. The Management Board already expects that a significant portion of revenue from online sports betting will be generated via this channel in the short term. All activities will be flanked by ongoing improvements to the design and brand image.

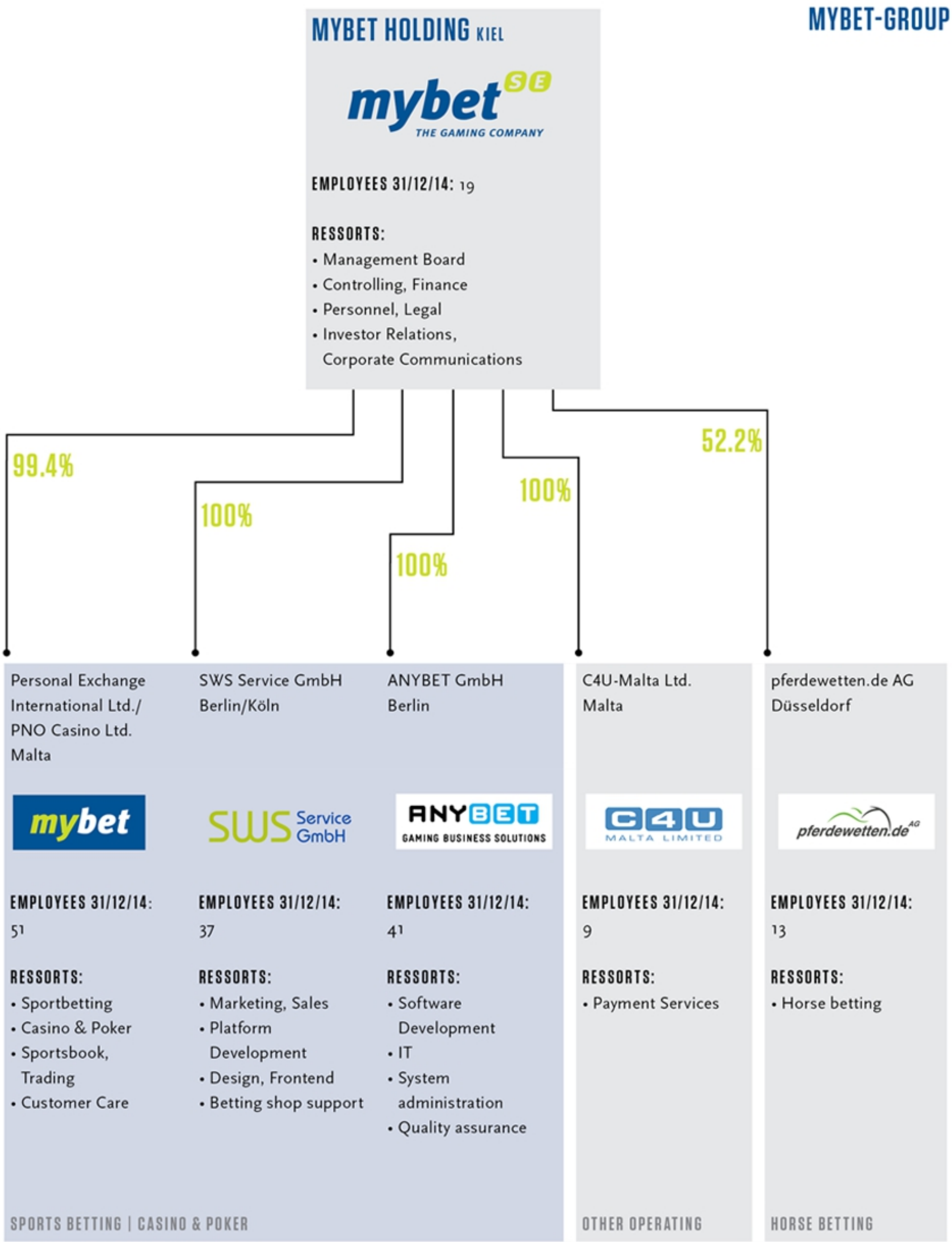
Internationalising the successful model

In the medium to long term, corporate development will focus on professionalising the organisation and sales channels even more, and on optimising the products. With a strong market position in Germany as the starting point, the Management Board plans continued growth through expanding into other countries. In addition, we attach particular importance to the online area. The Management Board would like to establish mybet as the industry leader for “mobile” trends.

mybet Holding SE, as the group parent, pursues the goal of continuing to provide dependable services through the group network as the individual group companies grow.

1.3 GROUP STRUCTURE AND EMPLOYEES

At December 31, 2014 the Consolidated Financial Statements of mybet Holding SE include 21 companies which are thus fully consolidated. Six of these companies have their registered office in Germany, and 15 abroad.



Over the 2014 financial year an average total of 168 employees (previous year: 182) worked for the company in Germany and internationally, including 110 at the German company head offices in Berlin, Düsseldorf, Hamburg and Köln.

1.4 SYSTEM OF CONTROL AND PERFORMANCE INDICATORS

The key financial performance indicators used for internal control are revenue and EBIT (earnings before interest and taxes).

The Management Board of mybet Holding SE implements various control systems and methods for the group. Tools permit up-to-date evaluations of revenue as the most important key figure for the group's individual platforms and companies, enabling the Management Board to form an impression of the financial performance indicators both on a regular and an ad hoc basis. The monthly reports, which contain both performance figures such as turnover, active customers and margin, as well as indicators of the financial performance, financial position and net worth, are regularly analysed in depth by the Management Board.

The system of control has not changed significantly since the previous year; the information and knowledge available have been tightly implemented in operations and evaluated, and the personnel input has been stepped up by the creation of new areas of responsibility.

Revenue

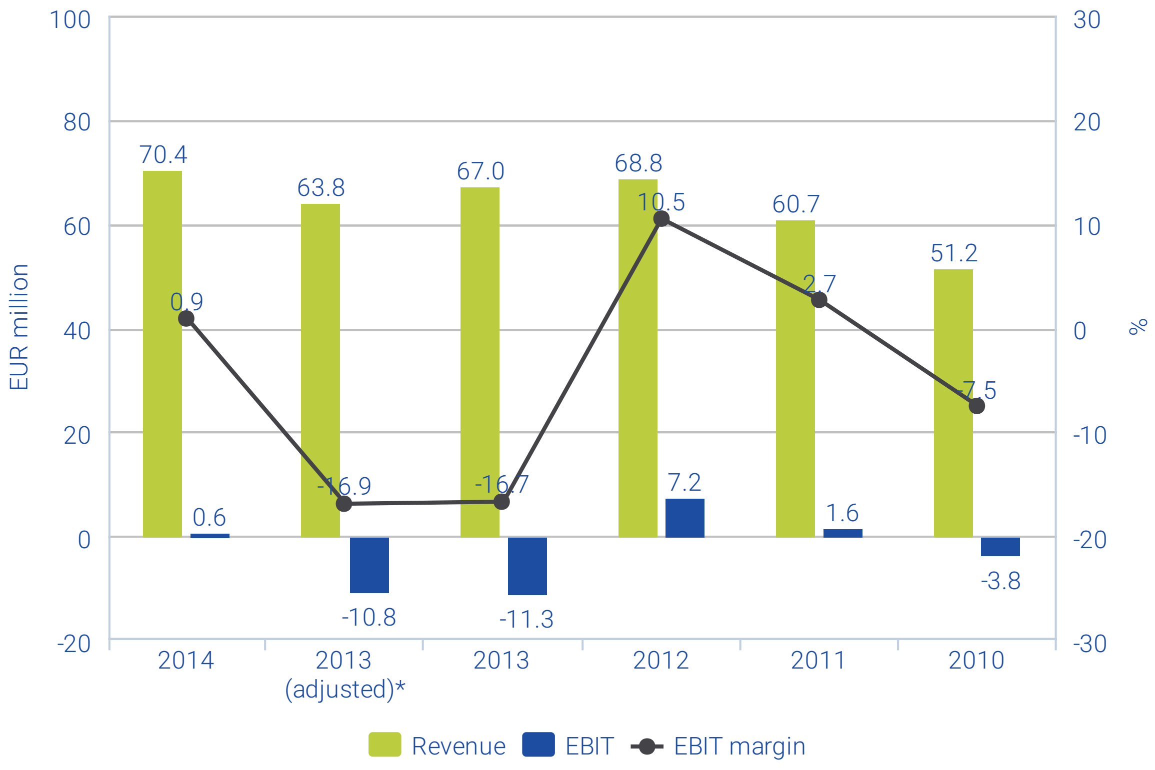
The revenue performance is one measure of the success of the entrepreneurial activities and of corporate growth. Consolidated revenue comprises the hold for bets placed (betting stakes less payouts of winnings) and casino games, agency commission for racecourses, payments from poker networks (rake) as well as service revenue and handling fees. In the long term, the Management Board is aiming for average revenue growth in the low double-digit percentage range.

EBIT

The operating result before interest and taxes (EBIT) is the second main performance indicator of mybet Holding SE. EBIT serves as benchmark of the operational profitability of the company.

In the 2014 financial year the control parameters and performance indicators for the defined target values showed a positive development. Revenue, for example, rose 5.1 percent compared with the prior-year period (10.4 percent on an adjusted basis excluding the revenue of the deconsolidated and sold-off Spanish company DIGIDIS S.L.). The exact development of the performance indicators revenue and EBIT are commented on under "Analysis of net worth, financial position and financial performance". The following chart provides an overview of their development:

CONTROL PARAMETER DEVELOPMENT



*For better comparability, after elimination of DIGIDIS S.L., which was deconsolidated with effect from November 30, 2013

1.5. RESEARCH AND DEVELOPMENT

The business environment of mybet is subject to constant change. Alongside the regulatory framework of the individual markets, the needs of the various target groups are continually developing. mybet is therefore continuously working to further develop the existing gaming platforms and software modules to reflect these trends and at the same time to anticipate the future requirements of the markets. This forms the central basis for being able to offer additional products and access new markets.

In the period under review, mybet focused increasingly on the further development of mobile applications. It placed the emphasis of this work on improving user friendliness and broadening the range of functions available on the mobile mybet website. The new mobile website was successfully relaunched at the start of the current Bundesliga season, largely with the same look and feel but offering increased functionality and significantly better technical performance. The website’s new engine, which runs in the background as its application program interface (API), can now also be used to integrate additional mobile applications such as websites and apps. mybet’s goal is to develop further mobile applications as its business gains momentum. It is currently building up an internal team of experts within the company to maintain the pace of development that is needed for a successful market launch. In addition, third-party services were used for the development of the mobile applications. mybet is very satisfied with the success of the mobile applications to date.

A major factor behind customer satisfaction and the long-term loyalty of both online and offline customers is system stability. The quality drive begun in the 2014 financial year and the associated development activities have significantly helped to optimise the reliability of the product range and have therefore played a key role in its improved corporate performance. Even during the critical phase of the FIFA World Cup and at the start of the Bundesliga season, mybet did not register any relevant system outages. This new standard of reliability is to be further cultivated and will provide the backbone of the market success of future new products. The current distribution of development resources in the company has previously only provided limited scope for developing genuine innovations, alongside essential stabilisation measures. The management is working hard to find a way to overcome these conflicting objectives and is confident that it will arrive at a solution during the 2015 financial year. Meanwhile this change will play a major part in paving the way for measures that once again generate growth, over and above merely preserving value. This change is being given correspondingly high priority.

In the 2014 financial year mybet invested a total of EUR 6.0 million for development projects (previous year: EUR 3.4 million), equivalent to around 8.5 percent of revenue (previous year: 5.0 percent). These expenditures reflect the cost price in terms of hours of development work done. The capitalisation rate has fallen to 41.0 percent (previous year: 49.7 percent) as a result of changed project structures. Production for own assets capitalised thus came to EUR 2.5 million (previous year: EUR 2.2 million). Depreciation and amortisation of production for own assets capitalised came to EUR 1.0 million in the 2014 financial year (previous year: EUR 1.2 million).

On the basis of the IFRS accounting provisions, the measures for maintenance and repairs undertaken as a priority in the 2014 financial year are not accounted for as development measures. mybet is planning to invest EUR 2 million in this area in the 2015 financial year.

2 ECONOMIC REPORT

2.1 GENERAL ENVIRONMENT AND INDUSTRY-SPECIFIC CONDITIONS

2.1.1 CYCLICAL MARKET ENVIRONMENT

mybet is active in both European and non-European markets through subsidiaries as well as venture partners. Alongside the central sales market Germany, its defined target markets include Ghana and Greece in particular. The economic environment in Europe, but especially in these countries, therefore affects the business development of mybet.

Germany enjoyed an economic upturn in 2014 after flat growth in the previous year. According to the Kiel Institute for the World Economy (IfW), gross domestic product (GDP) went up by 1.5 percent. With attractive financing terms available, an expected rise in consumer spending and investment activity will drive up economic activity. The IfW experts forecast a strong rise in economic output for 2015 of 1.7 percent.

In the eurozone, economic activity edged up slightly over the summer months, after the incipient recovery had ground to a standstill in the early part of the year. For 2014 as a whole, the IfW economists forecast growth of 0.8 percent. For 2015, the institute anticipates that gross domestic product will grow by 1.2 percent. For Greece, the IfW economists expect economic growth of 1.0 percent in 2014 and 1.8 percent in 2015. In addition, the new government in Greece has initiated a raft of measures that may also affect the gaming and sports betting market in Greece. It remains to be seen what their actual impact will be. For Ghana, the International Monetary Fund (IMF) predicted a GDP rise of 4.5 percent for the year as a whole in its “World Economic Outlook” published in October 2014. For the current year of 2015, the IMF forecasts economic growth of 4.7 percent.

2.1.2 INDUSTRY ENVIRONMENT

In Germany, the core market of mybet, betting stakes totalling around EUR 4.5 billion were placed in the sports betting market in 2014 according to current information from the market research institute Goldmedia. This figure does not include the illegal black market. The institute attributes the marked rise in the volume of betting stakes compared with the previous year (EUR 3.8 billion) to a growing number of betting providers avoiding the legal grey area and striving for the (fiscal) legalisation of their business. It estimated mybet’s market share at 4.1 percent.

According to earlier forecasts by Goldmedia and H2 Gambling, a limited opening-up of the market for sports betting by 2017 will lead to moderate long-term growth in the online sports betting market of 6.0 percent. In years with major sporting events, the overall market will grow correspondingly more strongly than in years without sporting highlights. For the online casino and poker market, an average annual growth of 5.0 percent is forecast for the same period.

2.1.3 REGULATORY ENVIRONMENT

The amended State Treaty on Gaming (GlüÄndStV) which became law in July 2012 envisages the awarding of 20 Germany-wide sports betting licences. In response to mybet's application the Hesse Ministry of the Interior and Sports (HMdIS), which is leading the process, notified mybet and a further 19 companies at the start of September 2014 that they were each to receive one of the prized licences. However licence applicants who are not among this group of 20 have appealed to the administrative courts against the awarding of the licences. On September 17, 2014 the Wiesbaden Administrative Court provisionally halted the awarding of the licences with its interim ruling (5 L 1428/14.WI). With this ruling, the court is requesting the Hesse Ministry of the Interior and Sports not to award any licences before the judicial decisions in the pending summary processes under administrative law. The Higher Administrative Court of Hesse rejected the appeals brought against the ruling by the administration (8 B 1686/14). The pending proceedings mean that it has not yet been possible to award the licences. It remains unclear when the licences will be awarded and, if awarded, when they will acquire a legally binding nature.

In regulatory terms there is a clear trend towards national regulation throughout the European Union. In many member states a dot-country model has emerged as the preferred format, binding providers to national licensing requirements. Companies of the mybet Group hold licences for example in the German federal state of Schleswig-Holstein, the United Kingdom, Malta, Belgium and Cyprus. Operations are officially tolerated by the relevant authority in Greece. In other countries, such as Ghana, mybet works with licensed partners with which it has long-term tie-ins. mybet has withdrawn from the Italian and Spanish markets along with the disposal of MYBET ITALIA S.R.L., DIGIDIS S.L. and DIGIDIS S.A.

2.2 BUSINESS PROGRESS

Within the context of the turnaround initiated in the 2014 financial year, the business operations of the mybet Group developed as expected. The upgraded forecast of October 29, 2014 envisaging revenue of between EUR 70 million and EUR 75 million, along with earnings before interest and taxes (EBIT) of between EUR 0.5 million and EUR 0.65 million, was achieved. In addition, further opportunities were identified and measures kicked off to provide a lasting boost to the business performance in the future, too.

	ACTUAL FIGURE AT DEC 31, 2013	FORECAST FROM MANAGEMENT REPORT AT DEC 31, 2013	FORECAST FROM REPORT ON EXPECTED DEVELOPMENTS AT NOV 13, 2014	ACTUAL FIGURE AT DEC 31, 2014
Revenue	EUR 67.0 million	EUR 70 million – EUR 75 million	EUR 70 million – EUR 75 million	EUR 70.4 million
EBIT	EUR -11.3 million	Balanced EBIT	EUR 0.5 million – EUR 0.65 million	EUR 596 thousand

The year-on-year rise in revenue and earnings was attributable to the increasingly positive development over the course of the year compared with 2013: whereas the company saw its revenue for the first three months of 2014 fall as expected compared with the previous year, the positive business performance in the second quarter of 2014 when measured against the previous year made up for this. The positive business performance, year on year, continued in both the third and fourth quarters of 2014. Revenue for the full year came to EUR 70.4 million, representing an increase of around 5.1 percent on the previous year. Profitability compared with the previous year improved significantly thanks to a healthier cost basis. mybet posts a just positive EBIT of EUR 596 thousand (previous year: EUR -11.3 million) for the 2014 financial year.

The positive business performance, relative to the previous year, stemmed mainly from growth in the sports betting shops and from the influence of the FIFA World Cup on revenue for the Sports Betting segment (see section "Sports Betting segment" for details of development). In addition, with the successful launch of the loyalty card in the third quarter of 2014 and the roll-out start of the first mybet terminal generation, improvements at the shops are now arriving. This paves the way for tapping revenue potential in the various areas of business and capitalising on cross-selling effects. Overall, growth in the Sports Betting and Horse Betting segments in the 2014 financial year compensated for the fall in revenue for the Casino & Poker segment – in this area, mybet had withdrawn from a number of European markets due to local regulation – and for the exit from Spanish lottery business. The deconsolidation of the Spanish subsidiary DIGIDIS S.L. in November 2013 means the mybet Group no longer conducts any lottery business. That segment had contributed revenue of EUR 3.2 million in the previous year of 2013.

The Management Board expected the individual company mybet Holding SE to achieve net income under commercial law of EUR -1,457 thousand for the 2014 financial year. The difference over the actual result achieved of EUR -3,346 thousand stems among others from lower interest income due to the early payment of the balance of the purchase price from the sale of the JAXX Group. On March 28, 2014 mybet Holding SE and the acquirers of the JAXX Group sold in 2012 reached agreement on the early repayment of the balance of the purchase price, less a discount of 4 percent. In addition, other operating expenses in the period under review rose more sharply than planned. These comprise expenses for personnel recruitment, expenses unrelated to the accounting period, personnel costs as well as costs arising in connection with the capital increase. In November 2014 mybet Holding SE had completed a capital increase on a ratio of 10:1 and placed 1,327,551 shares. mybet Holding SE accrued gross issuing proceeds of around EUR 1.86 million from the measure.

2.2.1 SPORTS BETTING SEGMENT

The revenue of the Sports Betting segment is generated mainly by the sports betting operations of the subsidiary Personal Exchange International Ltd., Malta (PEI).

Betting stakes for the 2014 financial year were 3.3 percent up on the corresponding prior-year period. The absolute total for betting stakes was EUR 186.6 million (previous year: EUR 180.5 million). Internet business (online) accounted for 53.9 percent (previous year: 59.0 percent) of this figure, with bets placed over the counter at betting shops (offline) making up the remaining 46.1 percent (previous year: 41.0 percent).

Stakes placed online came to EUR 100.6 million, down 5.3 percent on the previous year's level (previous year: EUR 106.2 million). While stakes for the first quarter of 2014 (EUR 25.7 million) were still down on the previous year, the total stabilised in the course of Q2 2014 (EUR 25.8 million) thanks to rising numbers of new customers prompted by the FIFA World Cup. The comparatively weak third quarter of 2014 (EUR 22.2 million) was balanced out to some extent by the fourth quarter of 2014 (EUR 27.0 million). The Management Board concludes that the mybet platform has been unable to keep pace with the performance of the market leaders over recent years. mybet already took preparatory measures in 2014 and completed the first steps towards responding in a suitably focused way to these challenges. Marketing operations are being comprehensively refocused. This involves both reinforcing the marketing team and rethinking the marketing approach. The efforts have already started to bear fruit. In the medium term, mybet expects to be able to attract more online customers again. Extensive optimisation of online products are planned to significantly boost the appeal of the online platform. However in view of the complexity of this overall process, we will not begin to reap the benefits until later on in the current 2015 financial year. Offline betting stakes of EUR 86.0 million were around 15.7 percent up on prior-year level (previous year: EUR 74.3 million). This development was driven on the one hand by strong growth in non-European partnerships and on the other by the optimised system stability, which made offline business growth possible.

In the 2014 financial year the hold from sports betting (betting stakes less payouts of winnings) came to EUR 37.5 million, up 18.0 percent on 2013 (previous year: EUR 31.8 million). Profitability, too, saw a year-on-year improvement in the 2014 reporting period. The hold margin based on betting stakes came to 20.1 percent in 2014, well up on the prior-year figure (previous year: 17.6 percent).

The number of new customers online was increased to around 118,000 in the 2014 reporting period. The number of registered customers is therefore around 1.3 million. The exit from locally licensed markets reduced the average number of active customers (defined as those who use mybet services at least once a month) by 14.3 percent in the period under review to 104,254 (previous year: 121,631).

23,165 customers were active at least once a month in the 2014 reporting period, a fall of 6.5 percent compared with 2013 (previous year: 24,771). In contrast, the average monthly betting stakes per active customer rose to EUR 362 (previous year: EUR 357).

The number of betting shops under the mybet franchise is roughly unchanged. At December 31, 2014 mybet had 375 shops (previous year: 371). In Germany, the number of shops declined minimally from 219 to 210. At the same time the segment's year-on-year revenue illustrates vividly that the measures to optimise the quality of the shop network are working. Overall revenue for the segment in the 2014 financial year was 20.9 percent up on the previous year at EUR 40.3 million (previous year: EUR 33.3 million). Other operating income came to EUR 465 thousand (previous year: EUR 722 thousand). EBIT for the Sports Betting segment was EUR -707 thousand (previous year: EUR -5.5 million). Up until its sale, the loss-making business activities of the former Italian subsidiary MYBET ITALIA S.R.L. still weighed on the figures for the first half of 2014.

KEY FIGURES FOR SPORTS BETTING	2014 IN € '000	2013 IN € '000	CHANGE IN %	Q1 2014 IN € '000	Q2 2014 IN € '000	Q3 2014 IN € '000	Q4 2014 IN € '000
Betting stakes	186.6	180.5	3.3%	46.9	47.3	40.7	51.7
Online	100.6	106.3	-5.3%	25.7	25.8	22.2	27.0
as % of betting stakes	54%	59%		55%	55%	54%	52%
Offline	86.0	74.2	15.7%	21.3	21.5	18.5	24.6
as % of betting stakes	46%	41%		45%	45%	46%	48%
Hold	37.5	31.8	18.0%	10.2	8.6	9.7	9.1
Margin in %	20.1%	17.6%		21.7%	18.1%	23.7%	17.6%
Hold online	15.8	14.0	13.2%	4.4	3.8	4.1	3.6
Margin in %	15.7%	13.2%		17.0%	14.6%	18.5%	13.3%
Hold offline	21.6	17.8	21.7%	5.8	4.8	5.6	5.5
Margin in %	25.2%	23.9%		27.3%	22.2%	30.0%	22.3%
Existing customers (online, thousand)	1,350	1,207	11.9%	1,241	1,283	1,314	1,350
Active customers in period (thousand)	104.3	121.6	-14.3%	44.9	49.6	42.8	42.0
Active sports betting customers in month (average, thousand)	23.2	24.8	-6.5%	24.3	25.0	22.0	21.4
Betting stakes per active customer/month (€)	362	357	1.3%	353	343	336	420

2.2.2 CASINO & POKER SEGMENT

The Casino & Poker segment mainly comprises the offerings of the mybet.com platform, which is licensed in Malta. The segment's revenue declined from EUR 23.4 million in the previous year to EUR 21.9 million in the 2014 financial year, a fall of 6.4 percent. The prior-year figure still includes revenue for various European markets from which mybet has now withdrawn due to local regulatory circumstances. EBIT for the 2014 reporting period of EUR 1.2 million was correspondingly down on the prior-year level (previous year: EUR 1.8 million). Via the partnership with the Canadian provider Amaya Gaming Group Inc., which had been extended in the previous year, mybet uses a live dealer product where real croupiers sit opposite the player. The main expense items for the segment include commissions for venture partners and licence fees, as well as marketing costs and personnel expenses.

2.2.3 HORSE BETTING SEGMENT

The Horse Betting segment comprises the activities of pferdewetten.de AG and its subsidiaries.

The rise in revenue from EUR 5.6 million in the previous year to EUR 7.0 million results from strong growth in online business for the segment. EBIT for the segment likewise showed an improvement, from EUR 0.8 million in the previous year to EUR 1.3 million in 2014.

2.2.4 OTHER OPERATING SEGMENT

The other operating segment mainly comprises the activities of C4U-Malta Ltd (C4U for short). C4U offers payment processing and related services to third party companies on the basis of an e-money licence received in 2013 in Malta, in the capacity of an independent financial institution. C4U commenced operations as a financial institution in the fourth quarter of 2013. In continuing to operate as the main service provider within the mybet Group, C4U moreover enables it to handle its own payment transactions.

Revenue of EUR 1.1 million was broadly unchanged from the previous year (previous year: EUR 1.2 million). However, EBIT for this segment improved from EUR 452 thousand to EUR 580 thousand.

Due to the technical and personnel restructuring measures, C4U's development has taken longer than planned. In future, C4U will assume greater economic and strategic significance within the group. Effects at revenue and income level are expected from late on in the current 2015 financial year or, at worst, from 2016 on

2.3 ANALYSIS OF NET WORTH, FINANCIAL POSITION AND FINANCIAL PERFORMANCE

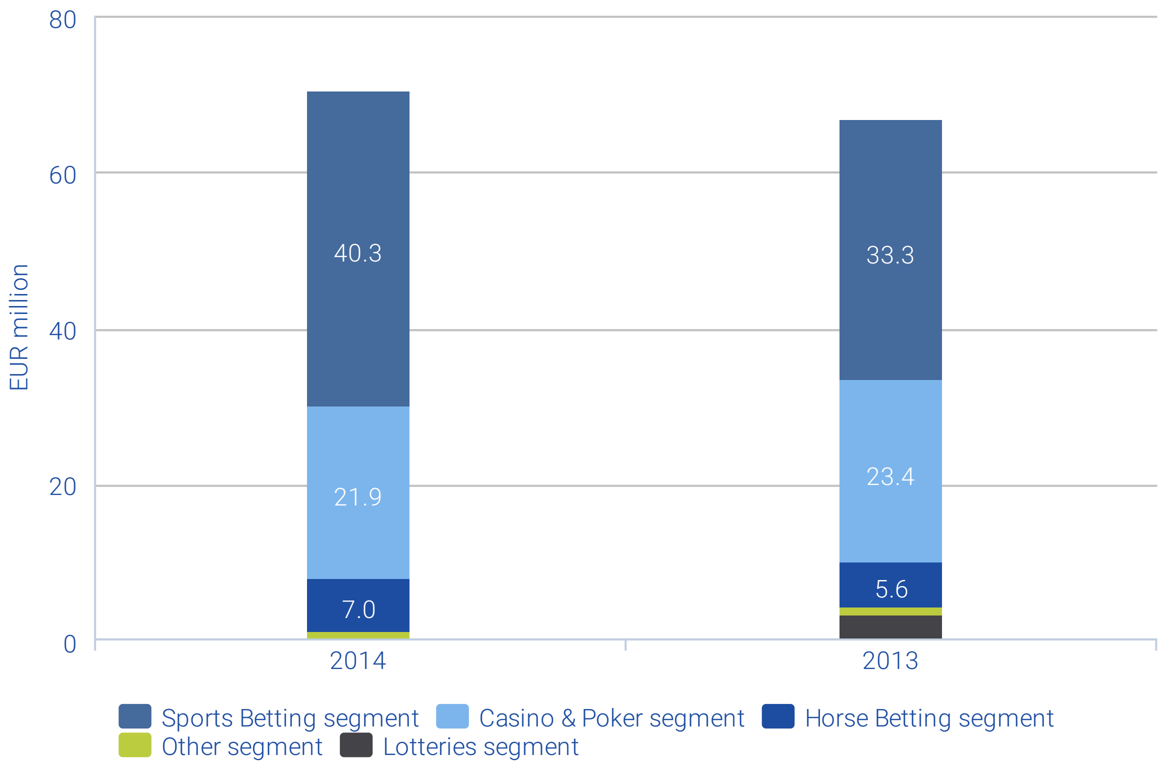
2.3.1 FINANCIAL PERFORMANCE OF THE GROUP

For better comparability, the figures for the previous year of 2013 are in addition presented adjusted for effects attributable to DIGIDIS S.L. – which was deconsolidated with effect from November 30, 2013 – and are expressly identified as such.

mybet achieved an increase in revenue of 5.1 percent year on year to EUR 70.4 million in the 2014 financial year (previous year: EUR 67.0 million). Key factors behind the revenue growth were the acquisition of new customers in the Sports Betting segment and growth in online business for the Horse Betting segment. This means that by focusing on core business, mybet was able to more than compensate for the loss of revenue contributions from the deconsolidation of DIGIDIS S.L. and the exit from lottery operations. After adjustment for the lottery revenue from the deconsolidated DIGIDIS S.L., growth was even more marked: measured against the adjusted revenue for 2013 of EUR 63.8 million, revenue increased by 10.4 percent in the 2014 financial year.

By segment, the largest portion of revenue, or 57.3 percent (EUR 40.3 million), was generated by the Sports Betting segment (previous year: 49.7 percent or EUR 33.3 million). The Casino & Poker segment contributed 31.2 percent (EUR 21.9 million) (previous year: 35.0 percent or EUR 23.4 million). The revenue share of the Horse Betting segment came to 10.0 percent, or EUR 7.0 million (previous year: 8.4 percent or EUR 5.6 million). The figure for the other operating segment was 1.6 percent (EUR 1.1 million) (previous year: 1.9 percent or EUR 1.3 million). Net gaming revenue (NGR), or revenue less gaming tax, totalled EUR 69.5 million for the 2014 financial year (previous year: EUR 65.5 million).

DEVELOPMENT IN REVENUE

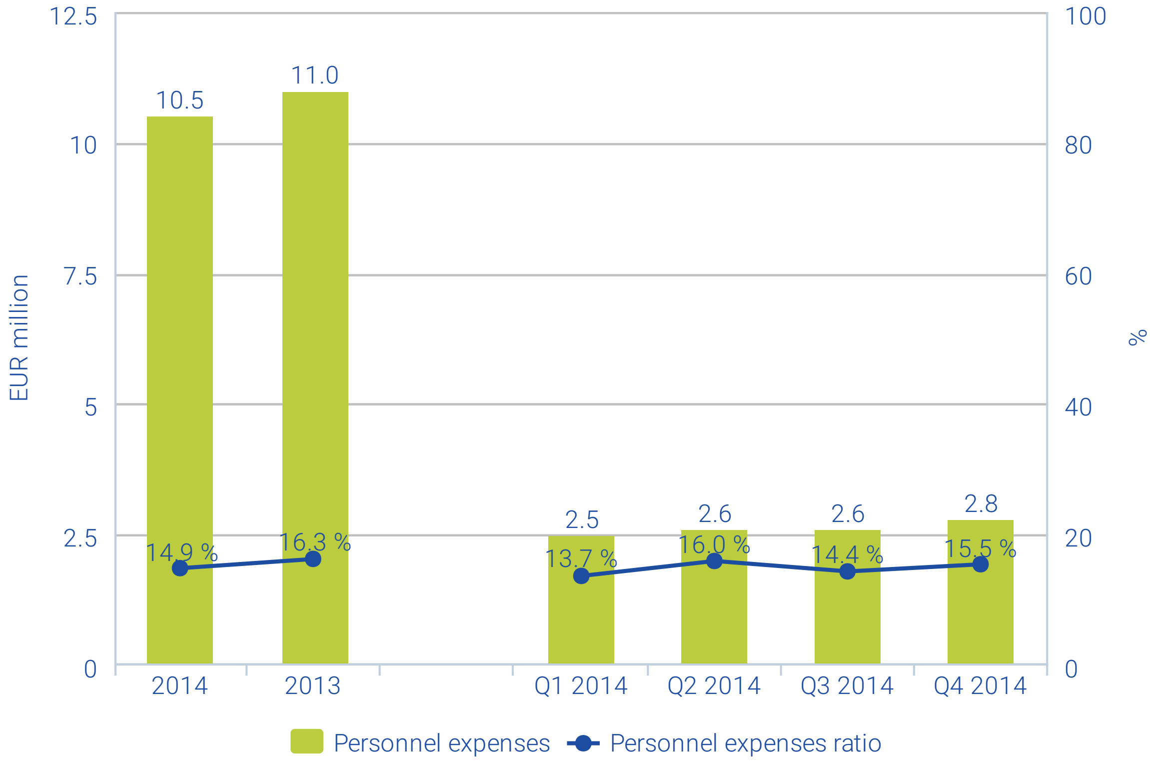


Production for own assets capitalised increased to EUR 2.5 million in the 2014 financial year, up from EUR 2.2 million in the previous year. Following on from the increased use of resources in the research and development area in the first three quarters of 2014 to improve system stability, the emphasis shifted to development work on new systems in the final quarter. The software produced internally to that end was responsible for the year-on-year increase. Other operating income increased to EUR 3.2 million (previous year: EUR 1.5 million). This development is attributable to the deconsolidation result of EUR 0.4 million in connection with the disposal of MYBET ITALIA S.R.L. in the third quarter of 2014. Income in the period under review was also affected by the disposal of shares in the amount of EUR 0.3 million (previous year: EUR 0 million), the derecognition of liabilities no longer to be recognised in the amount of EUR 0.7 million (previous year: EUR 0 million) and the refund claim from a judicial settlement.

The cost of purchased materials in the 2014 reporting period rose by 5.7 percent overall to EUR 47.7 million (previous year: EUR 45.2 million). After adjustment for the deconsolidation of DIGIDIS S.L., the year-on-year increase is 8.7 percent. The higher cost of purchased materials is linked to the higher revenue. At EUR 35.0 million, expenditure for commissions in the 2014 financial year was some 11.1 percent up on the previous year's EUR 31.5 million. Expenses for licence fees for casino software providers and poker networks as well as gaming tax declined sharply by 17.0 percent following exits from a number of European markets and amounted to EUR 4.1 million for the 2014 financial year (previous year: EUR 4.9 million). The 6.0 percent fall in bonuses granted to customers to EUR 4.2 million in the 2014 financial year (previous year: EUR 4.4 million) can be explained by the shift in the marketing strategy for mybet products. The expense for payment processing comprises expenditure for customer-related payment transactions and came to EUR 2.8 million (previous year: EUR 3.0 million). Other cost of purchased materials, which mainly comprises expenditure for the purchasing of betting odds, increased to EUR 1.7 million in the 2014 reporting period, up from EUR 1.3 million in the equivalent period of 2013. By purchasing betting odds and employing a team of specialists to evaluate and adjust them, mybet is able to offer customers individualised betting odds.

The average number of employees over the 2014 financial year fell from 182 in the previous year to 168. This was driven by the deconsolidation of the Spanish subsidiary DIGIDIS S.A. in November 2013, the sale of the Italian company MYBET ITALIA S.R.L. in 2014 and the restructuring of the group. At EUR 10.5 million, personnel expenses were 4.2 percent lower (previous year: EUR 11.0 million). After adjustment for the effects of deconsolidation, this item was a slight 1.7 percent up on the prior-year level (EUR 10.3 million). The expenses per employee in the 2014 financial year amounted to EUR 62.5 thousand (previous year: EUR 60.2 thousand). Revenue per employee climbed from EUR 368.3 thousand to EUR 419.0 thousand. The personnel expenses ratio of 14.9 percent was well down on the previous year (16.3 percent).

PERSONNELL EXPENSES DEVELOPMENT



Depreciation and amortisation for the 2014 financial year amounted to EUR 2.4 million, a decrease of 43.5 percent on the equivalent period of 2013 (previous year: EUR 4.2 million). There were no material non-recurring effects from depreciation and amortisation in the period under review. The comparative period was significantly shaped by the write-down of loan receivables in respect of DIGIDIS S.A. and the write-down of loan receivables on loans that DIGIDIS S.L. had extended to third parties.

Other operating expenses showed a sharp year-on-year drop of 31.7 percent in the 2014 financial year compared with 2013, from EUR 21.7 million to EUR 14.8 million. This was largely achieved through the implementation of the cost-cutting programme, the sale of DIGIDIS S.L., DIGIDIS S.A. and MYBET ITALIA S.R.L. as well as the scaling-back of marketing expenditure. After adjustment for the effects of the deconsolidation, these expenses fell 22.8 percent in the 2014 reporting period.

PRINCIPAL EXPENSE ITEMS, € '000	2014	2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Cost of purchased materials	47,742	45,164	11,999	11,221	11,934	12,588
of which commissions	35,000	31,516	8,957	7,929	9,166	8,948
Personnel expenses	10,491	10,952	2,463	2,643	2,580	2,805
Employees (average for the period)	168	182	168	165	168	170
Other operating expenses	14,837	21,729	3,249	3,676	3,693	4,219
of which marketing	5,091	6,202	841	1,451	1,248	1,551

Thanks to noteworthy reductions of certain expense items, earnings before interest, taxes, depreciation and amortisation (EBITDA) were increased from EUR -7.1 million in the 2013 financial year to EUR 3.0 million in the equivalent 2014 period, producing an EBITDA margin of 4.2 percent. In conjunction with reduced depreciation and amortisation, earnings before interest and taxes (EBIT) correspondingly improved from EUR -11.3 million to EUR 596 thousand. With a financial result that was just positive in the 2014 financial year, earnings before taxes (EBT) amounted to EUR 614 thousand (previous year: EUR -11.6 million). After tax, there remains a net profit for the 2014 financial year of EUR 215 thousand (previous year: EUR -10.8 million). Taking account of the earnings contributions from investments, this corresponds to diluted earnings per share of EUR -0.01 (previous year: EUR -0.45); the basic earnings per share figure is likewise EUR -0.01 for the 2014 financial year (previous year: EUR -0.45).

EARNINGS, € '000	2014	2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
EBITDA, adjusted*	n/a	-7,487	n/a	n/a	n/a	n/a
EBITDA*	2,966	-7,095	884	-177	1,058	1,201
EBIT, adjusted*	n/a	-10,883	n/a	n/a	n/a	n/a
EBIT	596	-11,291	327	-688	575	383
EBT	614	-11,600	359	-679	550	384
Net profit/loss for the period, adjusted*	n/a	-10,075	n/a	n/a	n/a	n/a
Net profit/loss for the period	215	-10,806	234	-768	440	309
Earnings per share (diluted, €)	-0.01	-0.45	0.00	-0.04	0.01	0.00

* For better comparability, after elimination of DIGIDIS S.L., which was deconsolidated with effect from November 30, 2013

2.3.2 FINANCIAL PERFORMANCE OF MYBET HOLDING SE

The revenue of the group parent mybet Holding SE came to EUR 883 thousand in the 2014 financial year (previous year: EUR 776 thousand) and resulted from income from charging affiliated companies for commercial, administrative and legal consultancy services. The other operating income of EUR 585 thousand (previous year: EUR 3,720 thousand) largely consists of income from the sale of DIGIDIS S.L. and DIGIDIS S.A. Other income in the previous year stemmed mainly from non-recurring effects from the reversal of a loan receivable from a subsidiary that had already been unilaterally written off, as well as book profits from the sales of shares in pferdewetten.de AG.

Personnel expenses for the holding company in the period under review came to EUR 1,731 thousand (previous year: EUR 1,743 thousand). The number of permanent employees remained unchanged at 19. Other operating expenses were markedly down on the previous year at EUR 2.3 million (previous year: EUR 2.9 million). This development was due to lower costs in the investor relations, legal consultancy and other areas, as well as lower travel and vehicle costs.

Depreciation and amortisation amounting to EUR 1,131 thousand was applied for the 2014 financial year (previous year: EUR 9,033 thousand). In the current financial year this depreciation and amortisation comprises depreciation and amortisation of intangible fixed assets and of property, plant and equipment amounting to EUR 35 thousand (previous year: EUR 35 thousand) as well as impairment of receivables in essence in respect of SWS Service GmbH (formerly FLUXX GmbH). In the previous year this item consisted mainly of depreciation and amortisation of financial assets in the amount of EUR 6,230 thousand concerning the now-sold investments in DIGIDIS S.L. and DIGIDIS S.A. as well as SWS Service GmbH (formerly FLUXX GmbH). A further EUR 2,802 thousand in the 2013 financial year related to depreciation and amortisation of loans, receivables and other assets.

The interest result for 2014 of EUR 345 thousand (previous year: EUR 1,025 thousand) essentially comprises interest income from loans that were extended to subsidiaries.

The net loss of mybet Holding SE in 2014 was EUR -3,346 thousand. In the previous year the holding company had posted a loss of EUR -8,155 thousand.

2.3.3 FINANCIAL PERFORMANCE AND NET WORTH OF THE GROUP

Cash and cash equivalents rose from EUR 8.0 million at December 31, 2013 to EUR 8.7 million at December 31, 2014. Of this sum, EUR 2.7 million (previous year: EUR 2.0 million) is attributable to pferdewetten.de AG and is therefore not available group-wide. The increase is prompted substantially by the early payment of the balance of the purchase price for the JAXX Group in the first quarter of 2014 and the capital increase on November 4, 2014.

LIQUIDITY	31/12/2014	31/12/2013
Cash and cash equivalents (€ ’000)	8,676	7,965
Liquidity ratio 2*	106%	104%

* Liquidity ratio 2 describes the ratio between current assets (excl. inventories) and current liabilities

In the period under review the group was financed substantially by the cash flow from operating activities. Starting with a net profit for the period of EUR 215 thousand (previous year: EUR -10.8 million), the cash flow before changes in working capital is EUR 3.0 million (previous year: EUR -4.3 million). The positive cash flow from operating activities of EUR -0.1 million (previous year: EUR 0.5 million) results a cash outflow for liabilities and other equity and liabilities amounting to EUR -3.3 million (previous year: EUR 5.3 million).

At EUR -1.0 million overall, cash flow from investing activities was up on the previous year’s level (previous year: EUR -5.1 million) as a result of lower investment spending on fixed assets. Mobile solutions and system stability were the major targets of investment spending in the period under review. The redemption of loans amounting to EUR -71 thousand and a cash inflow from the capital increase produced a cash flow from financing activities of EUR 1.7 million (previous year: EUR -0.4 million). The greater part of investment spending concerns the Sports Betting segment, with the Casino & Poker, Horse Betting and other operating segments accounting for a lesser portion.

Aside from the capital increase, the proceeds of which are being used primarily as collateral for the sports betting licences in Germany and to finance growth opportunities, no major financing measures were undertaken in the 2014 financial year. The company utilised credit lines for EUR 675 thousand (previous year: EUR 3.7 million). No other credit lines are available.

Non-current assets totalled EUR 18.6 million at December 31, 2014 and were above the level at the year-end reporting date of December 31, 2013. This figure comprised mainly intangible assets of EUR 16.3 million (previous year: EUR 14.5 million), property, plant and equipment of EUR 1.0 million (previous year: EUR 1.1 million) and deferred taxes of EUR 1.3 million (previous year: EUR 1.4 million). The increase in intangible assets is attributable to internally produced software capitalised in connection with the development activities: the other intangible assets came to EUR 8.8 million at December 31, 2014 (previous year: EUR 6.3 million).

Current assets at December 31, 2014 fell to EUR 18.4 million from EUR 21.1 million at December 31, 2013. Receivables and other assets decreased from EUR 13.0 million at the prior-year reporting date to EUR 9.6 million at December 31, 2014 mainly because of the payment of the balance of the purchase price for the JAXX Group. The other assets at December 31, 2014 included restricted cash amounting to EUR 0.8 million (previous year: EUR 1.7 million). The restricted cash relates to security set aside mainly for licences.

Following the capital increase in November 2014 and in view of the higher additional paid-in capital, shareholders' equity climbed by EUR 2.0 million compared with the reporting date of December 31, 2013 and totalled EUR 18.9 million at December 31, 2014. Based on a balance sheet total of EUR 37.0 million (previous year: EUR 38.2 million), the equity ratio at December 31, 2014 rose to 51.2 percent, compared with 44.4 percent at December 31, 2013. mybet therefore continues to enjoy a very sound balance sheet structure.

The mybet Group is free of non-current interest-bearing liabilities (previous year: EUR 22 thousand). Thanks to the fall in other financial liabilities, liabilities and trade accounts payable, current liabilities were reduced significantly to EUR 17.2 million, down from EUR 20.3 million at the year-end reporting date of December 31, 2013. The current liabilities in addition include liabilities in respect of customers, contracting parties and service providers as well as other accrued expenses and income taxes. The debt ratio at December 31, 2014 declined to 48.8 percent (previous year: 55.6 percent).

2.3.4 FINANCIAL POSITION AND NET WORTH OF MYBET HOLDING SE

At December 31, 2014 the balance sheet total for the group parent mybet Holding SE was EUR 34.9 million (previous year: EUR 36.3 million). Fixed assets came to EUR 18.0 million, unchanged from the previous year's level (previous year: EUR 18.0 million).

The current assets of mybet Holding SE amounted to EUR 16.8 million at the balance sheet date (previous year: EUR 18.2 million) and consisted primarily of receivables from affiliated companies (EUR 12.9 million) and cash and cash equivalents (EUR 3.8 million). The fall was the result of lower trade accounts receivable of EUR 1 thousand (previous year: EUR 2.8 million). On the other hand cash and cash equivalents increased to EUR 3.8 million (previous year: EUR 3.1 million).

The subscribed capital of mybet Holding SE at December 31, 2014 amounted to EUR 25.6 million as a result of the capital increase (previous year: EUR 24.3 million). The additional paid-in capital increased accordingly from EUR 18.3 million in the previous year to EUR 18.8 million. The annual deficit for 2014 was EUR -3.3 million. There also exists a loss carry-forward of EUR -8.2 million from the previous year of 2013. Shareholders' equity at December 31, 2014 thus came to EUR 32.9 million (previous year: EUR 34.4 million).

The liabilities of EUR 955 thousand at the 2014 balance sheet date were slightly below the previous year's level (previous year: EUR 1.1 million). This decrease resulted from lower liabilities to affiliated companies of EUR 805 thousand (previous year: EUR 847 thousand) which are made up largely of liabilities in respect of pferdewetten.de AG in the amount of EUR 668 thousand. These liabilities result from a domain transfer and domain licensing agreement between mybet Holding SE and pferdewetten.de AG dated November 29, 2013. The agreement envisages the transfer of the domains sportwetten.de and sportwetten.com to the mybet Group, after the end of a prior agreement on the usage transfer of the domains, for a maximum period of 36 months and a call option that mybet Holding SE may exercise at any time at a fixed buy-back price during the usage transfer. mybet Holding SE was granted EUR 650 thousand in financial resources for this by way of a loan (real repurchase agreement).

2.3.5 GENERAL STATEMENT

Consolidated revenue grew by 5.1 percent from EUR 67.0 million to EUR 70.4 million in the 2014 financial year. Profitability, too, improved substantially. For business operations, mybet achieved positive earnings before interest and taxes (EBIT) of EUR 0.6 million (previous year: EUR -11.3 million). With a positive cash flow from business operations of EUR -0.1 million (previous year: EUR 0.5 million) and net cash of EUR 8.7 million and no net debt, the company has an extremely healthy liquidity position and enjoys a high equity ratio of 51.2 percent (previous year: 44.4 percent).

mybet's goal is to generate profitable growth by leading the way for quality and repositioning the mybet brand. mybet initiated the turnaround in 2014 and has already successfully taken the measures required. For the current financial year of 2015, the company considers that the ground has been prepared to continue this process and take the next step. Even if initial corporate successes were already achieved in 2014 and one major goal was achieved with the return to profitability, the 2015 financial year is still expected to be challenging. Changes that will critically determine success remain to be pushed through.

3 REPORT ON POST-BALANCE SHEET DATE EVENTS

In response to an appeal by Westdeutsche Lotterie GmbH & Co. OHG, Münster, against the non-admission of an appeal the Cartel Panel of the Federal Supreme Court granted a right of appeal against the ruling of the 1st Cartel Panel of the Higher Regional Court of Düsseldorf on March 3, 2015. In 2008 SWS Service GmbH (formerly FLUXX GmbH), a fully owned subsidiary of mybet Holding SE, had filed for compensation for the illegal boycott of its business by the German Lottery and Pools Organisation, in breach of competition law. In April 2014 the Higher Regional Court of Düsseldorf had then ordered Westdeutsche Lotterie GmbH & Co. OHG to pay damages of EUR 11.5 million plus interest. The Higher Regional Court did not grant a right of appeal. The appeal subsequently lodged by Westdeutsche Lotterie GmbH & Co. OHG against the non-admission of an appeal was upheld by the Federal Supreme Court decision. A possible compensatory payment plus interest in favour of SWS Service GmbH is therefore subject to a renewed verdict.

Over and above this, there were no events of material significance after the period under review that would have been of especial significance for or had a particular impact on the net worth, financial position and financial performance of the group as presented in these financial statements.

4 OPPORTUNITIES AND RISKS REPORT

4.1 RISK MANAGEMENT

In accordance with the requirements under stock corporation law, the risk management system of mybet Holding SE focuses on enabling the Management Board to identify at an early stage any risks that could potentially pose a threat to the company as a going concern, and to initiate timely countermeasures.

Operational responsibility for risk management rests with the individual operating segments. The Management Board of mybet Holding SE assesses both the risk position of the group and group parent and the risk position of the subsidiaries.

Risk reports, which are prepared in the course of regular mandatory reporting, form the basis for assessing the risk position of the mybet Group. The risk reports contain predefined risk categories.

Over and above the predefined risk categories, the reporting corporate units are also asked to report on identified risks in order to cover as broad a spectrum of risks as possible; as such, they bear a high degree of individual responsibility.

The risk reports are supplemented by separate reports, in each case submitted as necessary, on the occurrence of or change in particular risks.

In addition, reference is made to the audit reports of the independent auditors of the group companies, wherever auditing is obligatory or is carried out voluntarily.

Risk management as a whole, as well as the procedure for implementing risk early warnings, mainly follow a uniform pattern in the individual segments, taking account of the scope of business activities and the size of the segments. They are brought in line with current developments as necessary. The risk consolidated group mirrors the group of consolidated companies.

In summary, the risks/opportunities profile of the mybet Group is highly influenced by the regulatory environment for gaming. Legal and regulatory risks, along with financial risks, pose a threat to the company’s development. On the one hand, the opening-up of markets brings major opportunities for mybet to exploit fresh profit potential. On the other hand, differences in the interpretation of individual regulations give rise to risks which are not immediately apparent in view of the highly heterogeneous nature of European legislation; these can result in major deviations from plan.

If one or more of these risks should materialise, the business activities of the mybet Group could be hampered. There could be significant consequences for the financial performance, financial position and net worth of the group.

The management of each of the segments takes the identified risks very seriously and takes account of them in both operational and strategic decisions. The development of relevant risks is monitored on an ongoing basis. As well as currently identified risks, future potential dangers are taken into consideration. In the early identification, evaluation, prevention and control of risks, priority is given to those that pose a threat to the company’s development and are especially significant.

Based on the systems it has put in place, both within its individual segments and as a whole, the mybet Group is in a position to identify the relevant risks swiftly, evaluate them and initiate prompt action to limit or minimise the impact of these risks. Fundamentally, no risks are actively excluded.

This assessment of the principal opportunities and risks of the mybet Group is as of the balance sheet date and covers the period of at least one year.

In specific, risk management at the mybet Group covers the following:

Operating risks[1] are monitored by regularly checking relevant financial and other key figures. A variety of systems and economic methods based on a scorecard are employed in monitoring these. For each key figure, the monitoring frequency, the person responsible for monitoring and the codes of practice in the event of defined deviations from target figures are specified. Revenue and EBIT are key figures for this purpose. With the aid of special tools, up-to-date evaluations of the most important key figures for the group's individual platforms and companies can be made, enabling the Management Board to form an impression of the financial performance indicators both on a regular and an ad hoc basis. The key figures for the individual areas are summarised in weekly reports. The monthly reports by the group companies, which contain both performance figures and indicators of the financial performance, financial position and net worth, are regularly analysed in depth by the Management Board. Risks are evaluated in terms of both their probability and a potential inherent monetary loss if they materialise.

In the case of **technical risks**, defined emergency measures are initiated if the defined deviations from the target values are reached. In this area, developments in safety standards are moreover continually monitored, and corresponding adjustments are made to the safety systems on an ongoing basis.

Legal changes in the relevant markets in which the mybet Group is active are regularly evaluated. The management calls on both internal and external experts for this purpose, so that unusual occurrences can be identified swiftly and an appropriate response initiated as necessary.

General risks, as well as risks that have no indirect or direct influence on the business areas of the mybet Group, are not covered.

The risk management system itself is continually monitored and updated. The Management Board of the mybet Group is regularly informed of the findings of the risk evaluations.

It is possible that risks that have not been identified or reported on may occur and likewise have a negative effect on business operations. An agglomeration of fundamentally independent risks could present additional threats to the company which may amplify one another. mybet will therefore continue to observe its environment and review the effectiveness both of the measures agreed and of the risk management system as a whole. Despite ongoing adjustments to the risk management system, it is not possible to quantify the risks presented here in terms of their probability and financial impact.

We are convinced that the risk early warning and risk management system in place is as a whole suitable for promptly identifying the threats to the mybet Group arising from possible risks and, to the extent that is necessary or appropriate, for responding to those risks.

[1] The operating risks in a broader sense encompass the risks listed below: "Market and competition risks", "Financial risks", "Operating risks", "Price change, credit and liquidity risks, risks from fluctuating payment streams" as well as "Risks of future development".

4.2 PRESENTATION OF OPPORTUNITIES AND RISKS

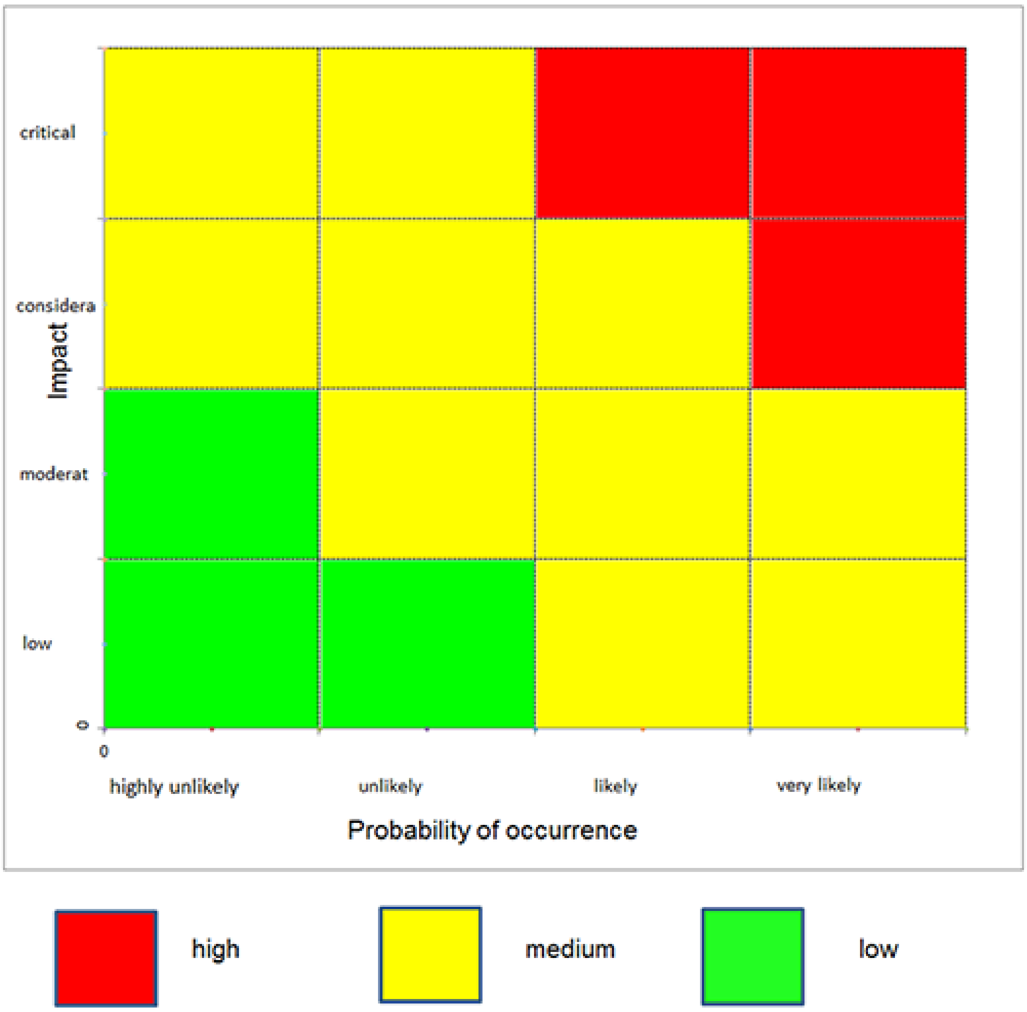
The categorisation of the principal opportunities and risks of the mybet Group corresponds to the structure laid down internally for risk management purposes, and states the gross amounts:

The individual risks can be analysed and classified in terms of their probability of occurrence and effect in order to shed light on the potential threat to mybet.

- The **probability of occurrence** of a risk is divided into the categories “highly unlikely”, “unlikely”, “likely” and “very likely”. The categories reflect the probability in percentage terms of an event giving rise to losses occurring within a period of twelve months.

- The possible **impact** indicates what level of losses is to be expected if the risk occurs. A distinction is made between a low, moderate, considerable and critical level of losses.

The determination of the probability of occurrence and possible impact reveals the **potential threat** of the risk in question. The potential threat of a risk is broken down into the three categories “low”, “medium” and “high”.



If individual or all the opportunities and risks indicated should materialise, this would affect the development of the company and correspondingly also the attainment of the forecast or the defined goals. The attainment of the current forecast or defined goals is based on the assumption that none of the specific risks listed below occurs.

We have identified the following principal opportunities and specific risks for the business of the mybet Group:

1. MARKET AND COMPETITION OPPORTUNITIES AND RISKS

The competitive situation for the mybet Group has changed considerably over the past few years. Competition in the market for sports betting and casino games is very intense. Several relatively major and a large number of small companies have already positioned themselves here, with the result that market success harbours greater risks in respect of recognition, product acceptance and the features of the products offered.

On the other hand, mybet has the opportunity to participate in strong market growth. Demand for products such as sports betting and casino is climbing worldwide. The increasing shift in products towards the internet and the rapid spread in market coverage by mobile internet give mybet a chance to generate extra growth with its products through the mere strength of the market environment. In addition, new product categories and distribution channels – such as mobile betting – keep producing ways of challenging established players for market shares with intelligent product strategies.

The successful strengthening of the mybet brand and the recruitment of new customers are highly dependent on intensive marketing and branding activities. The plans are based on certain budget assumptions about the acquisition of customers. If the cost of acquiring customers should escalate beyond the expected margin of fluctuation as a result of growing competition, it could prove impossible to achieve the defined growth targets with the planned budget. However, the Management Board believes that mybet has one of the strongest brands in the industry, as well as the necessary licences for serving the target markets in tandem with marketing partners. At present the Management Board estimates the occurrence of this risk from marketing and branding activities as unlikely and rates the possible impact as considerable. The Management Board therefore rates the risks in respect of recognition, acceptance and the features of the product offerings as medium.

A general risk in the sports betting industry is the high transparency of the betting range's price structure. By using various services available on the internet, users can compare the prices being offered by the various betting providers with relative ease and choose the cheapest service. On the other hand, because this transparency gives mybet the scope to analyse the competition very closely and respond swiftly and specifically to changes, the Management Board estimates this risk as very unlikely and sees the possible impact as moderate, producing a risk that is low overall.

There is a further risk in the shop sales structure, which is dependent on a small number of sales partners. The withdrawal of one or more partners would remove a significant proportion of the affiliated shops and the income they generate. On the other hand, the sales concept offers the opportunity to add a large number of shops through deals with new sales partners, and possibly even to access new markets swiftly. The occurrence of this risk is to be classified as unlikely and the possible impact as considerable. The Management Board therefore views the sales structure risk in the shop sector as a medium risk.

The opportunities and risks from the market and competitive environment also apply to mybet Holding SE, via the evaluation for its investments.

2. LEGAL AND REGULATORY OPPORTUNITIES AND RISKS

The development of the regulatory framework in the European gaming context is exhibiting a general trend towards liberalisation. This offers numerous opportunities because the opening-up of a market is generally accompanied by strong signs of growth. mybet is nevertheless fundamentally exposed to the risk that it might not be able to realise revenues or profits, or not realise them to the extent planned, as a result of changes in the law in individual European countries. mybet is responding to this situation by operating predominantly in those markets where the process of liberalisation is already under way or has already been completed, and thus provides considerable scope for growth. The Management Board therefore estimates the occurrence of this risk as unlikely and rates the possible impact as considerable. This risk is correspondingly to be rated as medium.

For the German core market, mybet expects further liberalisation and harmonisation of the gaming industry in the medium term. If contrary to expectation this does not occur or if mybet should be unable to secure licences or meet the requirements for licences, this could have a strong negative effect on the company's financial performance. At present the Management Board estimates the occurrence of this risk as unlikely and rates the possible impact as critical. This risk is therefore to be rated as medium.

On the other hand, regulation provides ample opportunities: planning and investment certainty, higher valuation on the capital market, orderly competition. The Hesse Ministry of the Interior and Sports signalled its intention to mybet to award a licence for sports betting in Germany to Personal Exchange International Ltd., a group company of mybet Holding SE. The awarding of a licence would represent the liberalisation and harmonisation of gaming and clear up the legal uncertainty.

The general provisions of the State Treaty on Gaming stipulate that the maximum stakes per player per month may fundamentally not exceed the amount of EUR 1,000. This cap will lead to significant losses of income in the Sports Betting segment. However, it offers mybet the opportunity to gain significantly increased market shares through the envisaged limitation on the number of market operators.

The ban on online offerings in the casino and poker areas in the amended State Treaty on Gaming of Germany's federal states could – if it should unexpectedly stand up to the scrutiny of the European Court of Justice and the Federal Court of Justice – erode results in the mybet Group's highly profitable Casino & Poker segment. The occurrence of this risk is to be classified as ranging between unlikely and likely, and the possible impact as critical. At present the Management Board therefore rates this risk as high.

The Federal Supreme Court is currently dealing with proceedings initiated by Westdeutsche Lotterie against a competitor of the mybet Group. The subject matter of the proceedings is that the state provider is seeking an injunction under competition law against the gaming offering of the private provider. The judgement is due to be delivered in May 2015. If the Federal Supreme Court upholds the action, it cannot be excluded that state providers in Germany will also enforce claims under competition law against operationally active companies of the mybet Group. The consequence of this legal development could be that mybet companies would feel obliged to restrict their gaming offerings. At present the Management Board estimates the occurrence of this risk as ranging between unlikely and likely, and rates the possible impact as critical. The Management Board therefore rates this risk as high.

Equally, it is possible that new legal provisions will be interpreted differently by various parties with the result that only by going through the courts at various instances will it be possible to arrive at the correct interpretation in a long drawn-out and expensive process.

The platforms of the mybet Group must meet high regulatory requirements. Above all in respect of the protection of minors, the prevention of addiction, data security and money laundering guidelines, the internal processes and platforms of the mybet Group currently meet very high standards. There is nevertheless the risk that the licensing terms will not be met wholly or partially, or will be regarded as not met, and that this could be regarded as a breach of the licensing terms. A licence could then be withdrawn. The occurrence of this risk is to be classified as very unlikely and the possible impact as low. At present the Management Board rates this risk as low.

Since mid-2013 Personal Exchange International Ltd. (PEI) has been seeking clarification from the relevant tax office, Kiel North, of the assessment basis for submission of the annual declaration for the gaming levy for the 2012 financial year. This matter concerns the taxable period, in addition to the question of whether income from other German customers of mybet.com products is to be included. PEI believes there are good reasons for its interpretation of the legal position but has nevertheless created an appropriate accrual for the risk at December 31, 2014.

At present the Management Board estimates the occurrence of this risk as unlikely and rates the possible impact as considerable. The Management Board therefore rates this risk as medium.

The regulatory opportunities and risks affecting the investments of mybet Holding SE also affect mybet Holding SE.

3. FINANCIAL OPPORTUNITIES AND RISKS

mybet faces financial risks mainly in the form of tax and liquidity risks.

The mybet Group is subject to the prevailing tax legislation in a large number of different countries. Changes in local tax legislation and case law and variations in the interpretation of existing regulations may result in risks with a considerable impact on both tax expenses and income, and also on tax receivables and liabilities. The occurrence of a tax risk is to be classified as unlikely and the possible impact as considerable. At present the Management Board therefore rates these risks as medium.

Liquidity risks arise from the possible inability of the mybet Group to meet existing or future payment obligations due to inadequate availability of funds. The liquidity risk is determined centrally at the group holding company as part of our daily and mid-range liquidity planning, and equally managed centrally.

Payment obligations from financial instruments are commented on in the Consolidated Financial Statements, under Note 8.2.

In order to maintain a guarantee of payment at all times, cash and cash equivalents are kept available for meeting all planned group-wide payment obligations by their due date. In addition, a reserve is kept for unscheduled shortfalls in cash receipts or unexpected disbursements. The level of this liquidity reserve is checked regularly and brought in line with current circumstances as necessary.

Liquidity is held mainly in the form of overnight deposits and term money.

We reduced the risks in this risk category in the year under review:

- mybet Holding SE disposed of the shares in the Spanish companies Digital Distribution Management S.L. (DIGIDIS S.L.) and Digital Distribution Management Iberica S.A. (DIGIDIS S.A.). Through these successful sell-offs, mybet has eliminated potential liquidity risks and now created greater stability within the group.
- By way of a management buy-out, mybet sold its interest in MYBET ITALIA S.R.L. to the company's Managing Director, Gianluca Torricelli. It thus moved towards its goal of increasing profitability and improving liquidity by focusing clearly on core markets.
- mybet Holding SE carried out a capital increase on a ratio of 10:1 – on the basis of the rights offering published in the Federal Gazette on October 16, 2014 – and placed 1,327,551 shares with its shareholders. mybet Holding SE accrued gross issuing proceeds of around EUR 1.86 million as a result of the capital increase.
- The group holding company created and filled the position of Cash Manager in 2014.

The occurrence of a liquidity risk is to be classified as unlikely and the possible impact as critical. At present the Management Board therefore rates these risks as medium.

4. OPERATING OPPORTUNITIES AND RISKS

At the operating end, the group companies that act as bookmakers are fundamentally exposed to a high financial risk. The individual risks resulting from these activities may add up to an overall risk that can pose a threat to the financial performance, financial position and net worth of the mybet Group.

Bookmakers have to offer attractive odds that are in line with the market and attractive to customers for a large number of sporting events. The mybet companies employ several licensed, well-trained bookmakers and are affiliated to early-warning systems such as Sportradar and FIFA's Early Warning System. mybet's odds are competitive, and the average bookmaker's margin achieved was among the leaders in 2014, at 20.1 percent. This means that mybet has the opportunity to achieve a higher hold than the competition from the same betting stakes.

The possibility can nevertheless not be excluded that payouts could easily exceed betting receipts if a high number of correct predictions are made. Particularly at the start and end of the European football season, the number of wins by favourites increases, and with it the risk of increased payouts of betting winnings.

There also exists a fundamental risk of high payouts of winnings in the other product segments. However, the risk can be limited by restricting stakes and monitoring gaming behaviour.

The opportunities and risks to operating business also affect the net worth, financial position and financial performance of mybet Holding SE via the evaluation for its investments. The occurrence of a bookmaking risk is to be classified as very unlikely and the possible impact as low. At present the Management Board therefore rates this risk as low.

5. TECHNICAL OPPORTUNITIES AND RISKS

In the technical sphere, the mybet Group is exposed to a range of risks, the occurrence of which can nevertheless be classed as unlikely thanks to the processes and systems that have been set up over several years; the possible impact is rated as critical. The Management Board therefore rates these risks as moderate. All the same, it cannot be excluded that deficiencies in software and hardware or in the service provided could result in recourse. For example, in the first quarter of 2013 it was necessary to make compensation payments to shop partners because the systems were out of action for several days. Since mid-way through the first half of 2014, mybet has succeeded in permanently improving the technical stability of the online platform.

There furthermore exists a general risk in connection with the use of the internet as a sales channel. Technical bottlenecks due to high growth in its use, temporary restrictions as a result of attacks, viruses or attempts to hack in, and the growing complexity of the software could severely restrict use despite the fact that data transfer concepts are becoming increasingly efficient. At present the Management Board estimates the occurrence of this risk as unlikely and rates the possible impact as moderate. This risk is therefore classified as low.

On the other hand, mybet is participating in the sustained, sharp rise in demand for internet gaming products. Furthermore, mybet can capitalise on extra growth potential by making targeted investments in new technologies and increasing the scalability of the platform.

The technical opportunities and risks also apply to mybet Holding SE through the evaluation for its investments.

6. PRICE CHANGE, CREDIT AND LIQUIDITY RISKS, RISKS FROM FLUCTUATING PAYMENT STREAMS

In respect of its assets, liabilities and planned transactions, the mybet Group is exposed to diverse risks from movements in trading prices or market prices and exchange rate risks. The aim of financial risk management is to limit these market risks by means of ongoing operational and finance-oriented activities. Certain transactions require the prior permission of the Management Board or Supervisory Board. Liquidity, trading price and interest rate risks are moreover addressed by the risk management system. Foreign exchange risks arise as a result of international business operations.

The occurrence of price change, credit and liquidity risks as well as risks from fluctuating payment streams is rated as unlikely and the possible impact as low. At present the Management Board therefore rates these risks as low.

7. RISKS OF FUTURE DEVELOPMENT

The anticipated future development is presented in the report on expected developments. Our positive assessment of future financial performance is based on planning assumptions incorporating certain expectations of future development that we consider to be plausible.

Notwithstanding this, it is possible that the planning assumptions may fail to materialise and that the valuation of the carrying amounts of investments will thus need to be corrected in the separate financial statements of mybet Holding SE. In this instance, the letters of subordination and comfort to subsidiary companies would at the same time have to be increased. At December 31, 2014 mybet Holding SE covers the losses hitherto accumulated by the subsidiaries totalling EUR -26,035 thousand (previous year: EUR 32,464 thousand) through letters of subordination and comfort. The failure of the planning assumptions to materialise or further material losses by the subsidiaries could result in the development of mybet Holding SE being severely hampered. The non-materialising of planning assumptions can moreover result in the entire or partial absence of anticipated cash flows and consequently in bottlenecks.

At present the Management Board estimates the occurrence of these risks as unlikely and rates the possible impact as moderate. These risks are therefore classified as medium.

4.3 INTERNAL CONTROL SYSTEM (ICS) AND RISK MANAGEMENT SYSTEM IN RESPECT OF THE GROUP ACCOUNTING PROCESS

At the mybet Group, we take the internal control and risk management system to mean all established principles, procedures and measures that have the goal of assuring the certainty and efficiency of business processes, the reliability of financial reporting, and compliance with laws and directives. In this, we echo the definition of the internal control system for accounting and of the risk management system by the Institute of Public Auditors in Germany.

INTERNAL CONTROL SYSTEM (ICS) AND RISK MANAGEMENT SYSTEM IN RESPECT OF THE GROUP ACCOUNTING PROCESS

A variety of monitoring measures in the group accounting process helps to ensure that the controls implemented enable Consolidated Financial Statements that comply with the regulations, despite possible risks.

The Management Board of the group bears overall responsibility for the internal control and risk management system in respect of the accounting processes of the consolidated companies, as well as the group accounting process.

Fundamentally, all companies included in the Consolidated Financial Statements are incorporated by way of defined management and reporting organisations. Material risks are to be reported without delay to the Management Board of the group when they arise.

Uniform accounting is assured by the use of a group-wide software system with a uniform chart of accounts that is used to monitor all accounting processes centrally and provides evaluations and analyses that meet IFRS standards. pferdewetten.de AG is an exception here, because as a separate stock corporation it operates its own software system.

Closely defined access rules for IT guarantee safe operation and exclude unauthorised access to the accounting systems.

Accounting in compliance with standards is assured through group-wide specifications on the financial reporting process as well as through ongoing checks that these standards are being met by Controlling and Accounts. We thus maintain a uniform procedure and minimise potential risks from false declarations in the group accounting process and in external reporting.

To comply with the relevant requirements, specific employee training and continuing education measures are employed on an ongoing basis in the Finance, Bookkeeping and Controlling areas. In 2014, for example, extensive continuing education was provided in connection with the implementation of the money laundering directive.

Within the internal control system, there is a clear division of tasks in respect of consolidation, in particular in the areas of reconciling intragroup balances, carrying out consolidation measures and monitoring the reporting deadlines and reporting quality with regard to the data of the consolidated companies.

If necessary, expert opinions are sought as part of the process of preparing the Consolidated Financial Statements and are reflected in the group accounting procedures.

The control process for accounting and group accounting is based on the dual-control principle.

Key processes in respect of (group) accounting are subject to regular checks.

The Supervisory Board regularly considers key aspects of (group) accounting, risk management, the audit assignment for the consolidated and annual financial statements, and its focus.

The mybet Group outsources certain accounting processes in Germany and internationally. These include in particular payroll accounting.

With regard to the accounting processes of the consolidated companies and the group accounting process, we have identified as important those components of the internal control and risk management system that can significantly influence corporate accounting and the overall statement of the net worth, financial position and financial performance in the Consolidated Financial Statements, including the Management Report. These include the following areas in particular:

- Identification of significant risk and control areas that are relevant for the group-wide accounting process;
- Controls to monitor the group accounting process and its results at Management Board level as well as at the level of the companies included in consolidation;
- Preventive control measures in the financial and accounting system and the companies included in consolidation;
- Preventive control measures in performance-related business processes that generate key information for the preparation of the Consolidated Financial Statements and Group Management Report;
- Measures to assure the proper IT-based processing of group accounting matters and data;
- Reporting information from international group companies that enables mybet Holding SE to prepare Consolidated Financial Statements including a Group Management Report.

RISK MANAGEMENT SYSTEM IN RESPECT OF THE GROUP ACCOUNTING PROCESS

Over and above the internal control system, the mybet Group has implemented a risk management system for the group accounting process that contains measures to identify and evaluate risks that could run counter to the objective of preparing Consolidated Financial Statements and a Group Management Report in compliance with the relevant rules. These measures include, for example, systematic and manual reconciliation processes carried out both at the subsidiaries and in the group's holding company to identify risks with regard to the group accounting process. Responsibility for setting up and maintaining an appropriate and effective risk management system rests with the Management Board. The management hierarchy constitutes the basis for the roles in the internal control and risk management system.

The tasks of the internal auditing system to monitor the internal control and risk management system in respect of group accounting are performed by the Controlling and Accounts department. Those tasks include, for example, conducting regular checks on compliance with guidelines and the functioning of the control systems that have been introduced to limit identified risks. The effect is to ensure that identified risks are limited. In addition, Controlling and Accounts examines identified risks in terms of their influence on the Consolidated Financial Statements and on the way those risks are reflected.

The Management Board and Supervisory Board also continually examine the scope for refining the risk management system procedures in respect of the group accounting process.

The independent auditors have assured themselves of the functioning of the risk early warning system. It satisfies the requirements of Section 91 (2) of the German Stock Corporation Act.

4.4 RISK REPORTING ON THE USE OF FINANCIAL INSTRUMENTS

Responsibility for financial management within the group rests with mybet Holding SE, as the group parent. The Risk Management department of mybet Holding SE identifies and evaluates the risks arising from the use of financial instruments in close collaboration with the group's operational departments. The goal of risk management overall is to eliminate, or at least limit, potentially negative effects through operating and financial activities.

The mybet Group is exposed to mainly liquidity and exchange rate risks in connection with the use of non-derivative and derivative financial instruments.

NON-DERIVATIVE FINANCIAL INSTRUMENTS

The **liquidity risk** for the mybet Group from non-derivative financial instruments is that it might not have adequate financial resources to meet fixed payment obligations, or is unable to raise the required liquidity on the expected terms.

Financial management maintains the liquidity of the mybet Group at all times. It thus ensures that sufficient liquid funds are available throughout for business operations and capital investments. Fundamentally, all money and capital market products, but also leasing and factoring, are considered as refinancing instruments. The liquidity requirements of the mybet Group are monitored by means of rolling financial and liquidity planning and are subjected to regular deviation analyses.

DERIVATIVE FINANCIAL INSTRUMENTS

The liquidity risks from derivative financial instruments can result in **liquidity and exchange rate risks** from the casino and betting stakes, as well as from betting winnings from bets outstanding that constitute financial liabilities with the character of derivative financial instruments.

An accumulation of wins by favourites poses the risk of mybet having to pay out high amounts in winnings, leading to a high outflow of **liquidity** and a reduction in the bookmaker's margin and hold.

The risk management goal in connection with the liquidity risk from betting operations is to avoid the risk of high losses. In order to achieve that goal, the mybet Group employs bookmakers and risk managers who continually monitor betting odds and respond to changing risks by adjusting odds as necessary.

In the mybet Group, **exchange rate risks** from bets placed in foreign currency are not hedged. As one of its financial management activities, the mybet Group regularly examines the bets placed in foreign currency and analyses the advantages and disadvantages of derivative financial instruments to hedge the exchange rate risks that exist with the goal of avoiding high exchange rate losses.

Because the liquidity and exchange rate risks from the casino and betting stakes or betting winnings from bets outstanding are inherent to the fundamental business activity of the mybet Group, the group is obliged to take these risks.

The only area in which a risk is passed on to third parties is jackpot winnings in the casino area.

Other derivative financial instruments are used exclusively for hedging purposes, in other words only in connection with underlying transactions from the original entrepreneurial activity or from financial transactions that exhibit a risk profile opposite to that of the hedge. The nature and scope of derivative financial instruments must be approved by the Supervisory Board. No other derivative financial instruments were used in the 2014 financial year. Accordingly, no economic hedging relationships are shown in the Consolidated Financial Statements as hedging relationships recognised in the accounts.

With regard to the use and handling of other financial instruments, there are rules in place designed in particular to ensure that no material financial transactions take place without coordination with the Management Board of mybet Holding SE.

4.5 GENERAL STATEMENT

The Management Board believes the mybet Group is well positioned, in terms of opportunities and risks, to secure the company's long-term future as a going concern and utilise opportunities for further corporate growth. mybet regards all risks that it consciously takes to seize these opportunities as controllable. In particular, it does not identify any risks that individually or aggregated endanger the group as a going concern.

5 REPORT ON EXPECTED DEVELOPMENTS

The priority for the 2015 financial year, to which the report on expected developments refers, is to continue with repositioning the company and to focus on the core business area of sports betting.

The measures implemented in 2014 served to stabilise business operations and initiate the turnaround. The focus for the current financial year of 2015 is on the successful market introduction of major innovations for mybet's customers. The aim is to appreciably raise the appeal of the products and the mybet brand, and thus be in a position to generate sustained revenue growth in the medium to long term.

The product range and technological basis of the mybet platform are first of all to be improved as part of a product and quality drive. As a general principle, the Management Board is planning to invest a significant portion of the available funds in the development of new products. mybet offerings are to be accessible on all the relevant sales channels. Mobile media will be one priority area. The Management Board is accordingly planning to comprehensively rejuvenate and broaden the back-end technology of the mybet platform and the breadth and capability of the sports betting product.

The capability of the **back-end technology** is a critical aspect of the scalability of the mybet platform. It transpired in 2014 that mybet will not be sustainably competitive with the existing back-end technology. Only by comprehensively redesigning the back-end technology will mybet be able to handle the planned future growth in its customer base.

The **Sports Betting segment** is to undergo further expansion in future and be developed into a key revenue driver and future earnings contributor for the company. The technical and operational interdependence between the sports betting product and the back-end technology is to be minimised. The Management Board's aim is to develop the capability of both areas independently of each other. This will make it easier to implement product innovations.

Alongside this, further plans have been drawn up to create a product range that will close the gap with the leading providers in the core market Germany in 2015. To that end, the Board of Management is examining the scope for teaming up with external service providers. If the Management Board takes that strategic decision in the current year, as matters stand it could be possible to tap additional revenue potential from as early as 2015. The investments required in the current year would initially erode earnings, but establish the basis for more than proportional rises in earnings in subsequent years.

Following its relaunch in the late summer of 2014, the **Mobile area** has progressed very encouragingly and now accounts for over 10 percent of online revenue. mybet's goal is to maintain this positive trend in 2015, too. It thus aims to handle 20 to 30 percent of all online revenue over mobile devices by the end of 2015.

In revamping the product range and optimising the technology, the Management Board aims to continue **cutting distribution costs**. It was not possible to develop this potential as planned in 2014 because no adequate basis was yet in place.

In the course of **repositioning** mybet, the Management Board plans to introduce a new brand definition and clear positioning for mybet in the first half of 2015. As well as delivering palpable added value, this should enable customers to identify with the mybet brand and reinforce customer loyalty as an important prerequisite of further corporate growth. Through this package of measures the Management Board intends to comprehensively overhaul both the product and mybet the company in the current financial year, and to increase competitiveness. This process will extend beyond 2015 under the auspices of a continuous improvement process.

In addition to revenue growth for the core product sports betting, mybet was able to realise significant **cost reductions** in 2014. The Management Board will keep the costs side of the business under close scrutiny by conducting ongoing spending reviews and efficiency drives within the organisation, so that costs are kept tightly under control in the long term.

The **optimisation of internal processes** was successfully launched in the 2014 financial year. In addition, revised internal processes and a professional approach to project and process management should boost the efficiency of the organisation.

The **regulatory and fiscal environment** for mybet will be challenging in 2015. On the positive side, mybet has been given advance notice that it will receive one of the E15 licences. If the awarding process were legally binding, mybet would thus already be one of the 20 licensed companies in Germany that are allowed to offer sports betting. However, due to ongoing judicial proceedings brought about by certain competitor companies, the awarding of the licences is still pending. As a result, mybet is currently unable to take important steps for further corporate development due to their dependence on the licensing process. It currently remains unclear when the betting licences will be awarded on a legally binding basis, and mybet is unable to influence or control the timescale.

In addition, the new value-added tax rules in the European Union (EU) from January 1, 2015 now mean sales tax is due on gaming stakes and revenues, depending on national regulations; that was not previously the case. The Board of Management currently anticipates that the VAT burden for 2015 will be between EUR 1.6 million and EUR 1.9 million. As value-added tax is only partly deductible, this cost item will filter through almost in entirety into the 2015 result.

As in the previous year, opportunities for international expansion are continually being monitored through the options that arise and, where possible, are realised. However, the focus is on making the core business in the most important market – Germany – a success.

FORECAST FOR THE SEGMENTS

The **Sports Betting** segment will build on its important role as the mainstay of revenue in the next few years. The greater part of the marketing budget available group-wide is channelled into customer acquisition work, which is managed by marketing of the sports betting product range. The 2014 financial year was dominated by the FIFA World Cup in Brazil. Without a comparable major event in the current year 2015, the Management Board expects slight revenue growth in the low single-digit percentage range. After adjustment for non-recurring effects from the 2014 World Cup, the notion of growth is therefore ambitious.

Thanks to the successful roll-out of the loyalty card in 2014 and the introduction of the first mybet terminal generation, the Management Board expects to see the revenue share from offline business steadily grow in the current year.

In the **Casino & Poker segment** the Management Board anticipates a revenue and earnings performance on a par with the previous year in the current 2015 financial year, in view of the unclear legal position and the burden explained above from the new rules on value-added tax. This is likely to involve poker business declining in relevance. Following the sale of the German-language operations in 2012 and the disposal of the Spanish activities in 2014, the Lotteries segment is currently discontinued.

The **Horse Betting segment** succeeded in increasing revenue substantially in the 2014 financial year. Thanks to the successful diversification into additional markets, the Management Board is looking forward to moderate growth in 2015.

In the **other operating segment**, business involving services for payment transactions offered by C4U-Malta Ltd. could not be expanded according to plan in 2014 as the internal resources available were deployed primarily elsewhere. For 2015, the Management Board expects a development on a par with the previous year.

GENERAL STATEMENT

Having successfully initiated the turnaround in the past year, the mybet Group will continue to pursue its chosen strategy and concentrate on its operational core skills. The Management Board believes implementing the necessary product innovations and platform optimisations will be decisively influence how successful the turnaround is in the current year 2015.

In a basic scenario, the Management Board expects revenue of between EUR 70 and 75 million for the 2015 financial year. Essential investment in products and systems, persisting regulatory and legal barriers to capitalising on further opportunities for growth as well as exceptional effects from value-added tax will all influence mybet's earnings. The Management Board accordingly expects the basic scenario of a balanced result before interest and taxes (EBIT). Without the additional burden from the VAT, the EBIT would have been between EUR 1.6 million and 1.9 million higher and thus clearly positive.

If, after its examinations, the Management Board decides in favour of technologically extending the sports betting product range in collaboration with external service providers, according to present estimates the upper end of the revenue range of EUR 70 to 75 million could be achieved or, in the best case, just exceeded. In view of the investment outlay this would necessitate, the Management Board would lower EBIT of a maximal EUR -0.5 million for the 2015 financial year. This scenario envisages that the investment spending will be recouped from the 2016 financial year and might consequently produce more than proportional rises in income.

For the individual company mybet Holding SE, which operates as the parent company of the mybet Group, the Management Board expects an EBIT of between EUR -1.5 million and EUR -1.8 million for the 2015 financial year.

6 CORPORATE GOVERNANCE DECLARATION

6.1 CORPORATE GOVERNANCE DECLARATION ACCORDING TO SECTION 289A OF GERMAN COMMERCIAL CODE

The Corporate Governance Declaration pursuant to Section 289a of German Commercial Code was published on the website of the company www.mybet-se.com in the "Investor Relations" section, under "Corporate Governance". Click here to view the declaration directly. In accordance with Section 317 (2) Sentence 3 of German Commercial Code, the disclosures under Section 289a of German Commercial Code are not part of the review by the independent auditors.

6.2 DISCLOSURES PURSUANT TO SECTIONS 289 (4), 315 (4) OF GERMAN COMMERCIAL CODE AS WELL AS EXPLANATORY REPORT

SHARE CAPITAL

At the balance sheet date the share capital of mybet Holding SE amounted to EUR 25,584,924, divided into 25,584,924 registered ordinary shares (no par value shares). Each share carries one vote. All shares carry the same rights. There exist no special restrictions concerning voting rights or the transfer of shares, or shares bearing special rights that bestow powers of control. Nor have any particular stipulations regarding the control of voting rights been agreed if employees hold a share of the capital and do not exercise their rights of control directly.

SHAREHOLDINGS OF OVER 10 PERCENT

On March 4, 2013, pursuant to Section 26 (1) of German Securities Trading Act (WpHG), mybet Holding SE published the following notice in accordance with Section 27a (1) of WpHG:
Mr Clemens Jakopitsch, Austria, Franz Freiherr von Brackel, Germany, Brickell Investments S.L., Madrid, Spain, Mr Sascha Badelt, Spain, Mr Jose Mieres, Spain, Arcalis Balear S.L. Palma de Mallorca, Spain, Marxant Balear S.L., Palma de Mallorca, Spain, Mr Jaquinto Farrus Sarrado, Spain, Mr Thomas Hütel, Germany, Ms Anna Hütel, Germany, Mr Rodrigue Schäfer, Germany, Mr Zeno Osskó, Germany, and Mr Murat Tutkun, Germany, have informed us of the following pursuant to Section 27a (1) of WpHG on February 28, 2013 in connection with the exceeding or attainment of the 10 % threshold or a higher threshold on February 1, 2013, as well as on February 11, 2013 and February 27, 2013:

- The investment serves strategic goals.
- The parties subject to disclosure requirements intend to obtain further voting rights through acquisition or other means within the next twelve months.
- The parties subject to disclosure requirements seek to influence appointments to administrative, management and/or supervisory bodies of the issuer.
- The parties subject to disclosure requirements do not seek any fundamental change in the capital structure of the company, in particular in respect of the balance between financing with equity and borrowed capital, as well as the dividend policy. The parties subject to disclosure requirements consider a share buy-back programme of the company to be a suitable instrument for financing future acquisitions of companies and investments.

- The origin of the financial resources comprises partly equity capital and partly borrowed capital, which the parties subject to disclosure requirements have raised to finance the acquisition of the voting rights.

- The disclosure requirements pursuant to Sections 21 f. and 27a of WpHG arise from the fact that the voting rights of the parties subject to disclosure requirements are attributable to each other pursuant to Section 22 (2) of WpHG.

The shareholders Murat Tutkun, Anna Hütel and Thomas Hütel subsequently informed the company that they moved below the reporting thresholds of 20 %, 15 %, 10 %, 5 % and 3 % again on October 1, 2013 and on January 1, 2014.
On July 1, 2014 Zeno Osskó and Franz Freiherr von Brackel notified the company that they have passed back below the reporting thresholds of 20 %, 15 %, 10 %, 5 % and 3 %.

GOVERNANCE

In accordance with the articles of incorporation, the Management Board of mybet Holding SE comprises one or more persons. The Supervisory Board may appoint a Management Board Chairman and a Management Board Deputy Chairman.
Amendments to the articles of incorporation must be carried by a three-quarters majority of the Annual General Meeting. The Supervisory Board may perform amendments to the articles of incorporation that relate to the wording alone.

AUTHORISATION OF THE MANAGEMENT BOARD

The authorisations of the Management Board to issue or buy back shares all stem from corresponding authorising resolutions of the Annual General Meeting.

We refer to the disclosures in the Notes (under 6.3.1) for details of the company's conditional and authorised capital.

The Annual General Meeting on July 18, 2013 authorised the Management Board to acquire treasury shares subject to the following conditions:

a) The Management Board is, with the consent of the Supervisory Board, authorised until July 17, 2018 to acquire treasury shares representing up to 10 percent of the capital stock at the time of the resolution. At no time may the acquired shares, together with other treasury shares held by the company or attributable to it pursuant to Sections 71a ff. of the German Stock Corporation Act, represent more than 10 percent of the capital stock. The authorisation may not be used for the purpose of trading treasury shares.

b) Such shares shall, at the choice of the Management Board and with the consent of the Supervisory Board, be acquired on the stock market or by way of a public offer to buy or by way of a public call to submit an offer to sell. A combination of the above forms of acquisition is possible.

   aa) To the extent that the shares are acquired on the stock market, the countervalue per share paid by the company (excluding incidental acquisition costs) may not exceed or undercut the trading price of shares of the company in the XETRA trading system (or a comparable successor system) by more than 10 percent in the opening auction on the trading date.

   bb) To the extent that shares are acquired by way of a public offer to buy or by way of a public call to submit an offer to sell, the purchase or sales price offered or the upper and lower limits of the purchase or sales price range per share (excluding incidental acquisition costs) may not exceed or undercut the average closing prices of the shares of the company in the XETRA trading system (or a comparable successor system) by more than 10 percent on the three trading days prior to the date of publication of the offer to buy or the public call to submit an offer to sell. If there are considerable deviations in the relevant price following the publication of an offer to buy or the public call to submit an offer to sell, the offer or the call to submit an offer to sell may be adjusted so that the corresponding average closing price on the three trading days prior to publication is taken as the basis. The offer to buy or the call to submit an offer to sell may envisage further conditions. In the event that the offer to buy is oversubscribed, or if several offers of equal value are received in response to a call to submit an offer to sell and not all can be accepted, acceptance shall be pro rata. A privileged acceptance of small numbers of up to 500 shares offered to the company per shareholder may be taken into account, with partial exclusion of any potential rights of shareholders to tender their shares.

c) The Management Board is, with the consent of the Supervisory Board, authorised to use shares of the company acquired on the basis of this authorisation for any legally permissible purpose, in particular for the purposes set forth below.

aa) The Management Board is, with the consent of the Supervisory Board, authorised to retire the shares without the need for a further shareholder resolution on the retirement or its implementation. They may also be retired by the simplified procedure without capital reduction, by adjusting the proportion of the company's capital stock represented by each of the remaining no par value shares. If retirement is by the simplified procedure, the Management Board is authorised to adjust the number of no par value shares in the articles of incorporation.

bb) The Management Board is, with the consent of the Supervisory Board, authorised to dispose of treasury shares by other means than on the stock market or by way of an offer to all shareholders, provided disposal is for cash contribution and at a price that does not significantly undercut the market price of the company's shares of the same features at the time of disposal. In that instance, the number of shares to be disposed of overall may not exceed the limit of 10 percent of the capital stock at the time of the shareholder resolution on this authorisation, or at the time the authorisation is exercised if the latter figure is lower. The above authorisation volume of 10 percent of the capital stock is reduced by the proportion of the capital stock represented by shares or by option and/or conversion rights or obligations from bonds that have been issued or sold after the start of July 18, 2013 excluding subscription rights, in direct, corresponding or mutatis mutandis application of Section 186 (3) Sentence 4 of the German Stock Corporation Act.

cc) Furthermore, the Management Board is with the consent of the Supervisory Board, authorised to dispose of treasury shares to third parties for contribution in kind, particularly in connection with the acquisition of companies, parts of companies or interests in companies, as well as with mergers of companies and the acquisition of other assets (including receivables).

dd) Furthermore, the Management Board is authorised to issue the treasury shares to employees of the company and of affiliated companies, including to the management of affiliated companies instead of using a conditional capital of the company, and to use them to service rights and/or obligations to acquire shares of the company that have been or will be granted to the aforementioned groups of people under the 2005, 2006 and 2010 stock option or employee participation plans. Of the maximum number of stock options to be issued under the 2005/2006 plans, which were approved by the Annual General Meetings on May 3, 2005 and May 17, 2006, up to 30 percent may be granted to the members of the company's Management Board, up to 40 percent to the managing directors of subsidiaries and up to 80 percent to employees of the company and its subsidiaries. No new stock options may now be issued. The options may only be exercised if the trading price at the time of exercise reaches at least 115 percent of the trading price at the time of issuance. For this purpose, the last minimum price determined and published on the internet by the Federal Financial Supervisory Authority according to the German Securities Acquisition and Takeover Act (WpÜG) shall apply. The stock options may only be exercised after a waiting period of two years from the date of issue (vesting period). The stock options may be exercised in the three years following expiry of the vesting period. Stock options not exercised shall expire when five years from the time of their issue have elapsed. The stock options may be exercised after expiry of the vesting period in each case within a period of three weeks following publication of the quarterly reports for the second and third quarters, as well as after the holding of the Annual General Meeting of Shareholders. The Management Board – and also the Supervisory Board in respect of members of the Management Board – may appropriately extend or shorten the exercise periods as required.
Of the stock options from the 2010 stock option plan, which was approved by the Annual General Meeting on June 10, 2006, up to 60 percent may be granted to the members of the company's

Management Board, up to 60 percent to the managing directors of subsidiaries and up to 80 percent to employees of the company and its subsidiaries. Options may only be exercised if the trading price at the time of exercise reaches at least 115 percent of the trading price at the time of issuance. The weighted average price over the preceding three months applies here. Employees may acquire stock options during the period of the authorisation in response to a corresponding offer, within the deadline stated in the offer. However, acquisitions are excluded during the two-week period prior to the publication of interim reports, first-half and annual financial reports, or where applicable prior to the publication of (provisional) business results released before these reports. The stock options may only be exercised after a waiting period of four years from the date of issue (vesting period). The stock options may be exercised in the two years following expiry of the vesting period. Stock options not exercised shall lapse when six years from the time of their issue have elapsed. The stock options may be exercised after expiry of the vesting period in each case within a period of three weeks following publication of the quarterly reports for the second and third quarters, as well as after the holding of the Annual General Meeting of Shareholders. The Management Board – and also the Supervisory Board in respect of members of the Management Board – may appropriately extend or shorten the above exercise periods as required.

ee) Furthermore, the Management Board is authorised to use treasury shares, with the consent of the Supervisory Board, to service bonds issued by the company featuring option or conversion rights or a conversion obligation, provided the bonds were or will be issued in corresponding application of Section 186 (3) Sentence 4 of the German Stock Corporation Act, excluding the subscription right of shareholders.

d) The Supervisory Board is authorised to use treasury shares acquired on the basis of this authorisation, instead of using a conditional capital of the company, to service rights and/or obligations to acquire shares of the company that have been or will be granted to members of the company's Management Board by way of variable remuneration components, in particular under the stock option plans described in letter c) dd).

e) The authorisations pursuant to letters c) and d) may each be utilised on one or more occasions, in full or in part, singly or in combination. The authorisation may be exercised directly by the company or by third parties appointed by the company.

f) The shareholders' right to subscribe to these treasury shares is only excluded to the extent that these shares are used in accordance with the authorisations under letters c) bb) to ee) and letter d). In addition, the Management Board may, with the consent of the Supervisory Board, exclude the subscription right in the event of the disposal of shares through an offer to sell to the shareholders, in order to exclude residual amounts.

The Management Board has not made use of the authorisation to date.

The Annual General Meeting on June 5, 2014 authorised the Management Board to issue convertible bonds.

a) The Management Board is authorised to issue convertible bonds with or without a maturity date with a total nominal value of up to EUR 20,000,000.00 up until June 4, 2017, on one occasion or in several instalments, and to equip the convertible bonds with conversion rights that entitle the acquirer to purchase shares in the company as further specified in that resolution and in the terms of the bond. The conversion rights may refer to up to 5,000,000 registered no par value shares in the company with an arithmetical total nominal value of up to EUR 5,000,000.00. The terms of the bond may envisage that, in the event of its conversion, the countervalue be paid in money instead of shares. The countervalue as further specified in the terms of the bond shall correspond to the arithmetical average of the closing prices of the company's shares in XETRA trading (or a comparable successor system) over the last ten trading days prior to declaration of conversion. The terms of the bond may furthermore envisage that the convertible bonds may be converted into pre-existing shares in the company instead of into new shares from conditional capital. The authorisation is subject to the conditional capital increase required to service the conversion rights is entered on the Commercial Register for the company in accordance with the resolution on agenda item 7 letter b)(5).

b) The convertible bonds are to be offered to the shareholders of the company for subscription under their subscription right. Convertible bonds that are not acquired by shareholders with a subscription right may be offered by the Management Board to investors for subscription. The convertible bonds may be transferred to a bank or banking consortium with the obligation to offer these to the shareholders for subscription. However, the Management Board is, with the consent of the Supervisory Board, authorised to exclude residual amounts arising from the subscription ratio from the shareholders' subscription right.

c) The convertible bonds may be issued with or without a maturity date and may feature a fixed or a variable interest rate.
The conversion ratio of convertible bonds into no par value registered shares in the company shall be established by dividing the nominal amount of a bond by the conversion price determined for one no par value registered share in the company. The conversion ratio may also be established by dividing the issue amount that is below the nominal amount of a bond by the conversion price determined for one new no par value registered share in the company. The conversion price and conversion ratio may also be defined variably over its term in the convertible bond terms, and in particular made dependent on the share price performance. The conversion ratio may be rounded up or down to a whole number. Any residual amounts are settled in cash.
The conversion price to be determined for a convertible bond must – including for a variable conversion ratio or conversion price – be at least 80 percent of the average market price of the shares – the closing price in the electronic share dealing system XETRA or in a comparable successor system – on the ten trading days prior to the day of the resolution by the Management Board on the issuance of the convertible bonds, but not less than EUR 1.00. The terms of the convertible bonds may also envisage an option or conversion obligation upon maturity or the right of the company to grant the bearers shares in the company in lieu of part or all the payment of the cash amount due.
Taking account of the principles laid down in this authorisation the Management Board is, with the consent of the Supervisory Board, authorised to determine the further terms of the bond as well as the further details of the issuance and features of the convertible bonds, in particular interest rate, issue price, maturity and denomination, conversion price and conversion period.

d) The capital stock of the company is conditionally increased by EUR 5,000,000.00 through the issuance of up to 5,000,000 new registered no par value shares to service subscription rights from exercised conversion rights to the beneficiaries of the convertible bonds to be issued pursuant to the resolution under agenda item 7 Letter b)(1). The authorised but unissued capital shall be increased to the extent that the bearers of convertible bonds exercise their rights to convert them into shares. The new shares shall bear profit entitlements from the start of the financial year in which they are created through the exercising of conversion rights. The Management Board is, with the consent of the Supervisory Board, authorised to determine the further details of the conditional capital increase and its implementation.

The Management Board has not made use of the authorisation to date.

PLEDGES TO THE MANAGEMENT BOARD IN THE EVENT OF TERMINATION OF EMPLOYMENT OF A MANAGEMENT BOARD MEMBER

For particulars of the change of control arrangements, please refer to the remarks in the remuneration report. No other compensation agreements with the members of the Management Board or employees have been reached in the event of a takeover bid. The appointment and dismissal of members of the Management Board takes place in accordance with Sections 84 and 85 of the German Stock Corporation Act, as well as Section 6 of the articles of incorporation, according to which the Supervisory Board may determine the number, scope of duties and term of office of the members of the Management Board at variance with the statutory provisions.

Amendments to the articles of incorporation follow the regulations contained in Section 133 and Sections 179 ff. of the German Stock Corporation Act.

mybet Holding SE, Kiel, encompasses the subsidiaries as listed in the summary of investments in the Notes to the Consolidated Financial Statements (under 2.2), stating the registered office, and also an office in Hamburg.

6.3 REMUNERATION REPORT

REMUNERATION OF THE MANAGEMENT BOARD

The remuneration system for the Management Board fundamentally envisages performance-related components, alongside fixed pay, in the form of short-term and long-term variable remuneration, in line with the respective area of activity and responsibility of each Management Board member. Both personal performance and factors pertaining to the company's success and the development in the share price are thus appropriately reflected in the remuneration. The remuneration of the Management Board is discussed and determined by the full Supervisory Board, and its appropriateness regularly reviewed once a year.

REMUNERATION STRUCTURE

All the following particulars relate to the remuneration system that applied in determining the remuneration of the Management Board members during 2014.

The following criteria apply for the individual components of the Management Board's remuneration:

- The non-performance-related fixed pay is paid monthly in the form of a salary. The Management Board contracts envisage that the fixed pay is increased as soon as the Consolidated Financial Statements show a balanced or positive result in two successive financial years.

- The short-term variable pay (STI) is due one month after approval of the Consolidated Financial Statements. The goals for the variable pay are renegotiated annually. STI amounts to EUR 80,000 per annum. If the defined goals are overfulfilled, a 150 percent cap on STI is envisaged.

The time proportional variable pay for the 2014 financial year (STI 2014) is calculated according to adjusted EBIT.

The key figure "adjusted EBIT" according to this agreement on STI 2014 shall be the adjusted consolidated operating earnings of the company after elimination of profit contributions from sales proceeds (investments, business units), before taxes and interest and before deduction of the short-term variable Management Board pay.

- Long-term variable pay (LTI): the Management Board members shall be granted tranches of phantom stocks according to a rolling system and may redeem these in defined periods. The redemption of phantom stocks entitles the Management Board members to payment of a variable remuneration by the company (phantom stocks bonus) subject to agreed terms and conditions. The level of the phantom stock bonus shall depend on the price performance of the company's shares.

- The company shall contribute 50 percent towards the cost of private health and care insurance, but no more than the cost of statutory insurance cover. The Management Board members shall in addition receive a contribution of EUR 8,400 per annum towards a pension scheme

OTHER SERVICES

In addition to the fixed and variable pay, the Chief Financial Officer shall receive a choice of a leased vehicle by way of a company car, or a monthly car allowance of EUR 1,200 gross.

The company has furthermore taken out group accident insurance cover as well as D&O liability insurance on behalf of the Management Board members. In respect of the D&O insurance cover, pursuant to Section 93 (2) Sentence 3 of the German Stock Corporation Act, an excess of 10 percent of the loss is agreed up to an amount one and a half times the fixed annual remuneration. The company is aware that the Management Board members have taken out insurance to cover the excess.

For the 2014 financial year, the following remuneration for the Management Board members was recognised as an expense (prior-year values in brackets):

Individualised details of overall remuneration for the Management Board members in office in the 2014 financial year, according to Section 315a (1) of German Commercial Code

MANAGEMENT BOARD REMUNERATION	FIXED PAY	PERFORMANCE-RELATED PAY/PROFIT-RELATED BONUS (STI)	COMPONENTS WITH A LONG-TERM INCENTIVISING EFFECT (LTI)		FRINGE BENEFITS	TOTAL
	€ '000	€ '000	PHANTOM STOCK (UNITS)	FAIR VALUE AT ISSUE (€ '000)	€ '000	€ '000
Sven Ivo Brinck since Jan 1, 2014	176 (-)	82,1 (-)	400,000 (-)	114.9 (-)	12 (-)	385 (-)
Markus Peuler since Nov 15, 2014	66 (-)	7,7 (-)	200,000 (-)	99.3 (-)	3.4 (-)	176.4 (-)
Total	242 (-)	89,8 (-)	600,000 (-)	214.2 (-)	15.4 (-)	561.4 (-)

Individual remuneration in compliance with the recommendation of Article 4.2.5 Para. 3 of the German Corporate Governance Code for Management Board members in office in the 2014 financial year

BENEFITS GRANTED	SVEN IVO BRINCK MANAGEMENT BOARD FROM JAN 1, 2014				MARKUS PEULER CHIEF FINANCIAL OFFICER FROM NOV 15, 2014			
	2013	2014	MIN	MAX	2013	2014	MIN	MAX
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Fixed pay	-	176	176	176	-	66 [1]	66	66
Fringe benefits	-	12	12	12	-	3.4	3.4	3.4
Total	-	188	188	188	-	69.4	69.4	69.4
Short-term variable pay (STI)	-	80	0	120	-	10	0	10
Long-term variable pay (LTI)								
Phantom stock bonus[2] Tranche 1	-	71.8	0	2,000	-	49.6	0	2,000
Total	-	339.8	188	2,308		129	69.4	2,079.4
Benefit expense	-	-	-	-		-	-	-
Overall remuneration	-	339.8	188	2,308		129	69.4	2079.4

[1] Includes the non-performance-related fixed pay from November 15, 2014 to December 31, 2014 amounting to EUR 22 thousand and the one-off joining bonus of EUR 44 thousand
[2] See table "Management Board phantom stocks" for further details

REMUNERATION RECEIVED	SVEN IVO BRINCK MANAGEMENT BOARD FROM JAN 1, 2014		MARKUS PEULER CHIEF FINANCIAL OFFICER FROM NOV 15, 2014	
	2014	2013	2014	2013
	€ '000	€ '000	€ '000	€ '000
Fixed pay	176	-	66	-
Fringe benefits	12	-	3.4	-
Total	188	-	69.4	-
Short-term variable pay (STI)	82,1	-	7.7	-
Long-term variable pay (LTI)				
Phantom Stock Bonus[1] Tranche 1	0	-	0	-
Total	270,1	-	77.1	-
Benefit expense	-	-	-	-
Overall remuneration	270,1	-	77.1	-

[1] See table "Management Board phantom stocks" for further details

MANAGEMENT BOARD PHANTOM STOCKS SVEN IVO BRINCK	FAIR VALUE AT GRANT DATE EUR	VESTING DATE	VESTING PERIOD MONTHS	SPECIFIED SERVICE PERIOD MONTHS	FV SPECIFIED SERVICE PERIOD IN EUROS	FAIR VALUE AT DEC 31, 2014 EUR
1st tranche (250,000 units)	71,822.12	01,01,2017	36	12	23,940.71	110,722.67
2nd tranche (75,000 units)	21,546.64	01,01,2018	48	12	5,386.66	31,981.42
3rd tranche (75,000 units)	21,546.64	01,01,2019	60	12	4,309.33	31,981.42
Total	114,915.40				33,636.70	174,685.51

MARKUS PEULER	FAIR VALUE AT GRANT DATE EUR	VESTING DATE	VESTING PERIOD MONTHS	SPECIFIED SERVICE PERIOD MONTHS	FV SPECIFIED SERVICE PERIOD IN EUROS	FAIR VALUE AT DEC 31, 2014 EUR
1st tranche (100,000 units)	49,637.92	15,11,2018	49	2.5	2,532.55	42,130.27
2nd tranche (50,000 units)	24,818.96	15,11,2019	61	2.5	1,017.17	19,771.19
3rd tranche (50,000 units)	24,818.96	15,11,2020	73	2.5	849.96	19,771.19
Total	99,275.84				4,399.68	81,672.65

PLEDGES TO THE MANAGEMENT BOARD IN THE EVENT OF TERMINATION OF EMPLOYMENT OF A MANAGEMENT BOARD MEMBER

If the appointment is revoked and termination is issued by the company without good cause within the meaning of Section 626 of German Civil Code, the company shall pay a settlement amounting to 75 percent of the outstanding fixed pay for 12 months, up to the maximum limit of the original period of appointment. Furthermore, in this instance the short-term variable pay (STI) for the financial year in progress shall be payable pro rata temporis up until the date of termination. For this purpose, the STI achieved in the previous year shall serve as the basis for the entitlement.

In the event of early termination of Management Board service without good cause, the payments possibly to be agreed in the case of Management Board, including fringe benefits, shall not exceed the amount of two years' pay (settlement cap). The payments may moreover not exceed the remuneration for the remaining term of the contract of employment. If the employment contract is terminated for a material reason for which the Management Board member is responsible, no settlement payments shall be made.

CHANGE OF CONTROL

In the event of a change of control, Mr Peuler shall have a special right of termination, giving three months' notice effective from the end of the month. The special right of termination shall only apply within six months of Mr Peuler becoming aware of the change of control.
A change of control exists if a third party, possibly also including the shares or voting rights of other third parties on the basis of German WpHG or WpÜG, or several third parties acting together, indirectly or directly acquire or acquires 50 percent or more of the shares or voting rights in the company. The change of control shall be deemed to have taken place upon the material act of transfer becoming effective or upon the above attribution pursuant to the statutory provisions. The concluding of a control agreement with another company shall also be deemed a change of control.

REMUNERATION OF THE SUPERVISORY BOARD

Members of the Supervisory Board:

- Chairman: Dr Volker Heeg, Hamburg, lawyer and tax consultant (since November 11, 2010, Chairman since October 1, 2013)
- Deputy Chairman: Marcus Geiß, Monza (Italy), managing director (since July 18, 2013, Deputy Chairman since October 1, 2013)
- Konstantin Urban, Gräfelfing, managing director (since November 11, 2010)
- Markus A. Knoss, Ludwigsburg, business development manager (since June 5, 2014)
- Patrick Möller, Fockbek, investor relations director (since June 5, 2014)
- Clemens Jakopitsch, Ludmannsdorf (Austria), management consultant (since June 5, 2014)

Retired in 2014:

- Frank Motte, Stuttgart, managing partner (Deputy Chairman until October 1, 2013)

In addition to his activities as Supervisory Board member of mybet Holding SE, Mr Urban performed control activities as Supervisory Board Chairman of YORXS AG, Munich, while Mr Geiß performed control activities as Board Director of NeoLotto Ltd., Malta, Dr Heeg performed control activities as Supervisory Board member of MÄRCHENWELTEN HOLDING AG, Hamburg, and Mr Knoss as Supervisory Board Chairman of pferdewetten.de AG, Düsseldorf.

The remuneration of the Supervisory Board equally comprises a fixed and a variable portion. The variable portion in turn consists of a short-term and a long-term performance-oriented remuneration component.

The new remuneration for the Supervisory Board was passed at the 2014 Annual General Meeting.

For its services the Supervisory Board shall receive:

a) Fixed remuneration per member of EUR 15,000 annually, plus proven expenses. The Supervisory Board Chairman shall receive remuneration of EUR 30,000 for their services, and the Supervisory Board Deputy Chairman shall receive remuneration of EUR 22,500 for their services.

b) An annual payment based on the short-term performance of the company amounting to 0.3 percent of the company's EBIT for the year per Supervisory Board member, based on the IFRS Consolidated Financial Statements, up to a limit of EUR 15,000 for Supervisory Board members, EUR 30,000 for the Supervisory Board Chairman and EUR 22,500 for the Supervisory Board Deputy Chairman.

c) A performance-related, long-term payment of EUR 15,000 for Supervisory Board members, EUR 30,000 for the Supervisory Board Chairman and EUR 22,500 for the Supervisory Board Deputy Chairman due after the ending of each term of office of the Supervisory Board. The long-term payment shall be paid out if the earnings of the company (EBIT) have risen by an average of 30 percent per year during the term of office of the Supervisory Board member in question.

d) Insofar as sales tax is due on the remuneration, the company is obliged to refund it. Supervisory Board members who have belonged to the Supervisory Board for only part of a financial year or leave the Supervisory Board before the end of their term of office shall receive a pro rata payment. This payment was granted for the first time for the 2010 financial year. The payment pursuant to letter a) shall be payable after the end of the financial year in question. The payment pursuant to letter b) shall be payable after the end of the Annual General Meeting which grants discharge of the Supervisory Board for the financial year ended. The payment pursuant to letter c) shall be payable after the end of the Annual General Meeting which grants discharge of the Supervisory Board for the final financial year of the Supervisory Board's regular term of office.

OTHER BENEFITS

The company in addition reimbursed the Supervisory Board members for proven expenses and travel costs.

For the 2014 financial year, the following remuneration for the Supervisory Board members was recognised as an expense (prior-year values in brackets):

SUPERVISORY BOARD REMUNERATION IN 2014	FIXED PAY*	SHORT-TERM VARIABLE PAY*	LONG-TERM VARIABLE PAY*	TOTAL*	EXPENSE/TRAVEL COSTS*
	€ '000	€ '000	€ '000	€ '000	€ '000
Dr Volker Heeg, Chairman	30 (16.9)	1.8 (0.0)	- (-)	31.8 (16.9)	0.5 (0.8)
Marcus Geiß, Deputy Chairman	22.5 (6.9)	1.8 (0.0)	- (-)	24.3 (6.9)	4.5 (5.9)
Frank Motte, until June 5, 2014	6.25 (15.0)	0.8 (0.0)	- (-)	7.05 (15.0)	0 (1.8)
Konstantin Urban	15.0 (15.0)	1.8 (0.0)	- (-)	16.8 (15.0)	3.9 (1.9)
Markus Knoss, since June 5, 2014	8.75 (-)	1.1 (-)	- (-)	9.85 (-)	0.1(-)
Patrick Möller, since June 5, 2014	8.75 (-)	0.0 (-)	- (-)	9.85 (-)	0.1(-)
Clemens Jakopitsch July 18-Nov 1, 2013 and since June 5, 2014	8.75 (4.4)	1.1 (0.0)	- (-)	9.85 (4.4)	0.0 (0.0)
Total	100.0 (58,2)	9,5 (0.0)	- (-)	109.5 (95.0)	9.1 (10.4)

* plus VAT

7 RESPONSIBILITY STATEMENT BY THE MANAGEMENT

The Management Board gives assurance that to the best of its knowledge and belief the business performance, including the business results and the situation of the company, are presented in this Management Report in such a way as to provide a true and fair view and that the principal opportunities and risks are described.

This combined Management Report contains future-related statements and information – in other words, statements about events that lie ahead rather than in the past. These future-related statements can be identified by words such as “expect”, “anticipate”, “intend”, “plan”, “believe”, “aim”, “estimate”, “assess”and similar. Such future-related statements are based on our present expectations and on certain assumptions. They therefore entail a number of risks and uncertain factors. The business activities, success, business strategy and results of mybet are influenced by a great many factors, many of which are beyond the control of mybet. These factors may mean that the actual results, achievements and performance of the mybet Group could depart substantially from the figures used to indicate results, achievements or performance, whether explicitly or implicitly, in the future-related statements.

Hamburg, April 2 2015

Sven Ivo Brinck (CEO)

CEO

Markus Peuler (CFO)

CFO

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

ASSETS	NOTE	31/12/2014 € '000	31/12/2013 € '000	1/1/2013 € '000
A. NON-CURRENT ASSETS		18.574	17.090	20.419
I. Intangible assets	6.1.1	16.325	14.457	14.637
1. Goodwill		6.186	6.186	6.448
2. Other intangible assets		8.759	6.310	7.469
3. Construction in progress		1.380	1.961	720
II. Property, plant and equipment	6.1.2	989	1.121	1.036
1. Leasehold improvements		54	61	35
2. Other plant and equipment		935	1.060	1.001
III. Investment property	6.1.3	0	161	256
IV. Financial assets accounted for using the equity method	2.3/6.1.4	0	0	260
V.Financial assets	6.1.4	0	1	3.262
1. Investments		0	1	1
2. Other receivables		0	0	3.260
VI. Deferred taxes	6.1.5	1.260	1.350	969
B. CURRENT ASSETS		18.404	21.067	23.157
I. Inventories	6.2.1	177	59	75
II. Receivables and other assets	6.2.2	9.551	13.041	9.906
1. Trade accounts receivable/other receivables		2.235	4,850	3.282
2. Other financial assets		7.317	8.192	6.624
III. Cash and cash equivalents	6.2.3	8.676	7.965	13.176
IV. Assets held for sale	2	0	1	0
TOTAL ASSETS		36.978	38.157	43.577

SHAREHOLDERS' EQUITY AND LIABILITIES	NOTE	31/12/2014 € '000	31/12/2013 € '000	1/1/2013 € '000
A. SHAREHOLDERS' EQUITY		18,934	16,960	27,020
I. Share capital	6.3.1	25,585	24,257	24,217
II. Additional paid-in capital	6.3.2	12,175	11,637	11,662
III. Retained earnings	6.3.3	-21,549	-21,127	-10,170
Shareholders' equity attributable to the shareholders of mybet Holding SE		16,210	14,767	25,710
IV. Non-controlling interests	6.3.4	2,724	2,192	1,310
B. NON-CURRENT LIABILITIES		893	915	1,820
1. Deferred tax liabilities	6.4	893	893	1,152
2. Bonds	6.4	0	0	83
3. Due to banks	6.4	0	22	585
C. CURRENT LIABILITIES		17,151	20,282	14,736
1. Due to banks	6.4	0	134	309
2. Trade accounts payable/other liabilities	6.4	9,256	10,738	4,897
3. Other financial liabilities	6.4	6,637	8,363	8,570
4. Other accrued expenses	6.5	1,021	842	783
5. Income taxes		236	205	178
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		36.978	38,157	43,577

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD JANUARY 1 TO DECEMBER 31	NOTE	2014 € '000	2013 € '000	CHANGE IN %
Revenue	4.1	70,361	67,028	5.1%
Production for own assets capitalised	4.2	2,455	2,194	11.9%
Other operating income	4.3	3,220	1,528	110.8%
Cost of purchased materials	4.4	47,742	45,164	5.7%
a) Commission charges		35,000	31,516	11.1%
b) Licence fees, gambling taxes		4,076	4,910	-17.0%
c) Betting bonuses		4,159	4,425	-6.0%
d) Payment transaction expenses		2,803	2,997	-6.5%
e) Other cost of purchased materials		1,704	1,316	29.5%
Personnel expenses	4.5	10,491	10,952	-4.2%
a) Wages and salaries		9,276	9,661	-4.0%
b) Social insurance		1,215	1,292	-5.9%
Depreciation and amortisation	4.6	2,370	4,196	-43.5%
Other operating expenses	4.7	14,837	21,729	-31.7%
Operating profit/loss		596	-11,291	
Other interest and similar income	4.8	50	310	-84.0%
Interest and similar expenses	4.8	33	94	-65.4%
Depreciation and amortisation of investments	4.8	0	260	-100.0%
Depreciation and amortisation of financial assets	4.8	0	265	-100.0%
Financial result		17	-309	
Earnings before tax		614	-11,600	
Income tax	4.9	303	-796	
Other tax		96	2	
Net profit/loss for the period	4.10	215	-10,806	
Profit attributable to non-controlling interests		531	128	
Profit attributable to the shareholders of mybet Holding SE		-317	-10,933	
Earnings per share				
Earnings per share (basic, €)	8.1	-0.01	-0.45	
Earnings per share (diluted, €)	8.1	-0.01	-0.45	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD JANUARY 1 TO DECEMBER 31	2014 € '000	2013 € '000
Net profit/loss for the period	215	-10,806
Foreign currency translation gains and losses from the financial statements of foreign subsidiaries	0	0
Overall result	215	-10,806
of which non-controlling interests	531	128
of which shareholders of mybet Holding SE	-317	-10,933

CASH FLOW STATEMENT

CASH FLOW STATEMENT FOR THE PERIOD JANUARY 1 TO DECEMBER 31	2014 € '000	2013 € '000
Net profit/loss for the period	215	-10,806
Depreciation and amortisation of intangible assets and property, plant and equipment	2,370	4,196
Depreciation and amortisation of current assets	0	1,573
Depreciation and amortisation of investments	0	261
Depreciation and amortisation of non-current other receivables	0	265
Expense / income from income tax	206	-796
Expense / income from other taxes	96	2
Interest income	-50	-310
Interest expense	33	94
Other non-cash expenses and income	91	1,146
Profit/loss from the disposal of fixed assets and business units (lottery operations)	0	28
Cash flow before changes to working capital	2,961	-4,347
Changes in inventories, receivables and other assets that are not investing or financing activities	282	-683
Changes in liabilities and other items on the shareholders' equity and liabilities side	-3,303	5,294
Increase/decrease in short-term accruals	179	59
Income taxes paid	-182	182
Cash flow from operating activities	-63	504
Cash payments for investments in fixed assets	-4,106	-5,387
Cash receipts from investments in fixed assets	161	94
"Einzahlungs aus Kaufpreis aus Veräußerung JAXX-Gruppe" Übersetzung nötig	2,917	0
Interest received	50	229
Cash flow from investing activities	-978	-5,065
Cash payments for the redemption of bonds and loans	-71	-325
Inpayments from capital increase	1,868	0
Interest paid	-48	-39
Cash flow from financing activities	1,748	-365
Overall effective adjustment	707	-4,925
Changes to cash funds due to exchange rate movements and changes in consolidation	3	-286
Cash and cash equivalents at the start of the period	7,965	13,176
Cash and cash equivalents at the end of the period	8,676	7,965

STATEMENT OF MOVEMENTS IN EQUITY

STATEMENT OF MOVEMENTS IN EQUITY FOR THE PERIOD DECEMBER 31, 2012 TO DECEMBER 31, 2014
(SEE NOTES, SECTION 6.3)

€ '000	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL CAPITAL	GROUP EQUITY GENERATED	DIFFERENCE FROM FOREIGN CURRENCY TRANSLATION	SHARE-HOLDERS OF PARENT COMPANY	NON-CONTROLLING INTERESTS	TOTAL
Position at Dec 31, 2012	24,217	11,662	-8,670	0	27,210	1,310	28,520
Correction to recognise costs of Westlotto proceedings			-348		-348		-348
Correction for deferred taxes on specific allowances for loans			-1,152		-1,152		-1,152
Position at Jan 1, 2013	24,217	11,662	-10,170	0	25,710	1,310	27,020
Conversion of bond	40	44			85		85
Premiums from Management Board options		11			11		11
Reclassification of Management Board stock options		-118			-118		-118
pferdewetten.de AG: recognition of share-based payments		37			37		37
Change in investment venture pferdewetten.de AG			133		133	500	632
Net profit/loss for the period			-10,933		-10,933	128	-10,806
Deconsolidation of DIGIDIS SL			-151		-151	255	104
Equity transactions with shareholders: other netting			-5		-5		-5
Overall result			-10,938		-10,938	128	-10,811
Position at Dec 31, 2013	24,257	11,637	-21,127		14,767	2,192	16,960
mybet Holding SE: capital increase (by way of shares)	1,328	531			1,859		1,859
Taxes on cost of raising equity capital		-46			-46		-46
QED Network Curacao: cash contribution		9			9		9
pferdewetten.de AG: recognition of share-based payments		44			44		44
MYBET ITALIA S.R.L.: other netting			-104		-104		-104
Net profit/loss for the period			-317		-317	531	215
Equity transactions with shareholders: other netting			-2		-2		-2
Overall result			-318		-318	531	213
Position at Dec 31, 2014	25,585	12,175	-21,549		16,210	2,724	18,934

IRFS NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2014 ACC. TO IFRS

1 GENERAL DISCLOSURES

GROUP PARENT

mybet Holding SE is a company based in Germany.

The address of the company's registered office is Jägersberg 23, 24103 Kiel. The company is filed with the Commercial Register of the Local Court of Kiel (Entry No. 12361).

The Consolidated Financial Statements of the company for the financial year ended on December 31, 2014 covers the company and its subsidiaries (referred to in combination as the "group" and individually as "group companies").

The group offers gaming on the basis of its own licences and permits in the European market, subject to the various national laws. The focus of the group's business activities here is on the areas of sports betting, casino & poker and horse betting.

The declaration on the German Corporate Governance Code required pursuant to Section 161 of the German Stock Corporation Act has been submitted and made available to the shareholders by mybet Holding SE and by pferdewetten.de AG. This Declaration of Conformity can also be consulted on the websites of mybet Holding SE (www.mybet-se.com) and pferdewetten.de AG (www.pferdewetten.ag).

The shares of mybet Holding SE are traded on the Frankfurt Stock Exchange under ISIN DE000A0JRU67.

The separate financial statements given the unqualified opinion of KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, as well as the Consolidated Financial Statements of mybet Holding SE at December 31, 2013, have been published in the electronic Federal Gazette.

ACCOUNTING PRINCIPLES

The Consolidated Financial Statements have been prepared in agreement with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The supplementary provisions pursuant to commercial law in accordance with Section 315a (1) of HGB have additionally been taken into account.

The requirements of IFRS as adopted by the European Union have been met in full and as a result provide a true and fair view of the net worth, financial position and financial performance of the mybet Group.

The Consolidated Financial Statements are fundamentally prepared on the basis of accounting of the assets and liabilities at amortised cost. Primary financial instruments available for sale and derivative financial instruments are an exception, and are in each case recognised at the fair value on the balance sheet date.

On the basis of the option in IAS 1, the income and expenditure recognised through profit and loss are shown in the income statement, while the reconciliation of the net profit or loss for the period with the comprehensive income is shown via the income-neutral recording of income and expenditure in a separate Statement of Comprehensive Income.

The income statement is formatted according to the nature of expense method.

The Consolidated Financial Statements were approved for publication by the Management Board on April 2, 2015.

FUNCTIONAL AND PRESENTATION CURRENCY

These Consolidated Financial Statements are presented in euros, the functional currency of the company. All financial information presented in euros has been rounded to thousands, unless otherwise stated. Rounding differences may correspondingly occur.

2 CONSOLIDATION

2.1 CONSOLIDATION PRINCIPLES

The Consolidated Financial Statements of mybet Holding SE include all material domestic and international subsidiaries where mybet Holding SE directly or indirectly has the power to control the financial and business policy of the company in question.

(I) BUSINESS COMBINATIONS

Business combinations are accounted for by the purchase method if the group has obtained control (see Note 2.1 (ii)). The consideration transferred upon acquisition as well as the identifiable net assets acquired are fundamentally measured at fair value.

The group assesses goodwill at the time of acquisition as:
the fair value of the consideration transferred

- plus the recorded amount of all non-controlling interests in the acquired company,
- plus the fair value of the previously existing equity capital share in the acquired company if the business combination has been achieved in stages,
- less the net amount (generally the fair value) of the acquired identifiable assets and liabilities assumed.

All goodwill arisen is tested annually for impairment (see Note 3 (g) (ii)).

Any gain from an acquisition at a price below the market value is – following repeated examination of the valuations serving as the basis – recognised directly within profit or loss.

Transaction costs other than those associated with the issuance of bonds or equity securities incurred by the group in connection with a business combination are recognised immediately as an expense.

The consideration transferred does not contain any amounts associated with the fulfilment of pre-existing relationships. Such amounts are fundamentally recognised in profit or loss.

Any other contingent consideration is measured at fair value at the time of acquisition. If the contingent consideration is classified as equity capital, it is not remeasured and a payment in lieu is reported in shareholders' equity. Otherwise subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

(II) SUBSIDIARIES

Subsidiaries are enterprises controlled by the parent. The group controls a company if it is exposed to variable returns from its involvement in the company and enjoys entitlements to them, and has the capacity to influence those returns through its control over the company. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control begins, and up until the date on which control ends.

(III) NON-CONTROLLING INTERESTS

In every business combination the group decides to measure any non-controlling interests in the acquired enterprise either

- at fair value or
- at its corresponding share of the identifiable net assets of the acquired enterprise, which is generally measured at fair value.

Changes in the group's share of a subsidiary that do not lead to a loss of control are accounted for as transactions with owners and are recognised within equity.

(IV) LOSS OF CONTROL

Upon loss of control the group derecognises the assets and liabilities of the subsidiary, non-controlling interests and the other components of the equity capital of the subsidiary. The result arising is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value at the date of loss of control. This retained interest is subsequently reported as an investment accounted for using the equity method or as a financial asset available for sale, depending on the level of influence.

(V) TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intragroup balances and transactions along with all unrealised income and expenses from intragroup transactions are eliminated in the preparation of the Consolidated Financial Statements. Unrealised gains from transactions with companies accounted for using the equity method are derecognised against the investment in proportion to the group's interest in the equity investment. Unrealised losses are eliminated in the same way as unrealised gains, but only if there is no evidence of impairment.

2.2 CONSOLIDATED COMPANIES

The following list provides an overview of the composition of the group of consolidated companies of the mybet Group:

	31/12/2014	31/12/2013
FULLY CONSOLIDATED COMPANIES		
Germany	6	7
International	15	16
Total	21	23
ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD		
Germany	0	0
International	0	2
Total	0	2

The principal investments pursuant to Section 313 (2) of HGB are shown below:

SUMMARY OF INVESTMENTS	REGISTERED OFFICE	NOMINAL CAPITAL € '000	OWNERSHIP INTEREST %
Parent company			
mybet Holding SE	Kiel	25,585	-
Direct investments			
ANYBET GmbH	Hamburg	110	100.0
SWS Service GmbH	Berlin	110	100.0
PNO Ventures Ltd.	Malta	500	99.9
QED Ventures Ltd.	Malta	5	99.4
pferdewetten.de AG	Düsseldorf	3,604	52.2
Indirect investments			
PNO Casino Ltd.	Malta	220	99.4
PNO Sportsbetting Ltd.	Malta	20	100.0
C4U-Malta Ltd.	Malta	2,050	100.0
PEI Ltd.	Malta	500	99.4
QED Software Systems GmbH	Wien	18	99.4
Derrypark Ltd.	Gibraltar	2	99.4
QED Belgium s.p.r.l	Brüssel	19	99.4
QED Network N.V.	Curacao	0	99.4
PCM Services Ltd.	Malta	4	99.4
pferdewetten-service.de GmbH	Düsseldorf	25	55.2
NetX International Ltd.	Malta	1	55.1
NetX Betting Ltd.	Malta	100	55.2
NetX Services Ltd.	Malta	5	55.2
NetX Casino Ltd. i.L.	Malta	20	55.2
Accendere GmbH	Mülheim a. d. Ruhr	25	55.2

mybet Holding SE holds 52.17 percent of pferdewetten.de AG with registered office in Düsseldorf, Germany. The voting rights shares correspond to the shares of the equity. The shareholding is unchanged since December 31, 2013.

The following tables show information on the pferdewetten.de Group with material non-controlling interests before intragroup eliminations.

CONSOLIDATED BALANCE SHEET AT DECEMBER 31		
€ '000	2014	2013
Fixed assets	2,434	2,061
Current assets	4,861	4,189
Total assets	7,295	6,251
of which non-controlling interests (47.83%)	3,489	2,990
Shareholders' equity	5,071	3,858
Accrued expenses	77	76
Liabilities	2,146	2,317
Total shareholders' equity and liabilities	7,295	6,251

CONSOLIDATED INCOME STATEMENT FROM JANUARY 1 TO DECEMBER 31		
€ '000	2014	2013
Sales revenues	5,320	4,257
Other operating income	362	343
Cost of materials	1,562	1,463
Personnel expenses	1,266	1,074
Depreciation and amortisation	300	190
Other operating expenses	1,093	918
Operating profit/loss	1,462	954
Financial result	73	3
Taxes	366	-85
Consolidated earnings	1,169	1,041
of which non-controlling interests (47.83%)	559	498

CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1 TO DECEMBER 31		
€ '000	2014	2013
Net profit/loss for the period	1,169	1,041
Cash flow from current operations	1,331	1,568
Cash flow from investing activities	-673	-1,026
Cash flow from financing activities	0	0
Overall effective adjustment	658	542
Cash and cash equivalents at the start of the period	2,004	1,462
Overall effective adjustment	658	542
Cash and cash equivalents at the end of the period	2,662	2,004

A detailed list of shareholdings pursuant to Section 313 of HGB, which constitutes part of the Notes to the Consolidated Financial Statements, is published together with the Consolidated Financial Statements in the electronic Federal Gazette.

2.3 CHANGES IN THE GROUP OF CONSOLIDATED COMPANIES

ACQUISITION TRANSACTIONS

No acquisition transactions were conducted in the 2013 and 2014 financial years.

DECONSOLIDATIONS

MYBET ITALIA S.R.L. was sold by deed of September 25, 2014. Deconsolidation took place with effect from July 31, 2014.

The selling price was EUR 1 million.

The assets and liabilities removed from the Consolidated Balance Sheet upon deconsolidation were as follows:

EUR '000	2014
Assets	
Non-current assets	369.4
Current assets	90.5
Liabilities	
Non-current liabilities	0
Current liabilities	486.3

The deconsolidation of the company led to divestment proceeds of EUR 401 thousand in the 2014 financial year, which were reported under other operating income.

In the past financial year, up until its deconsolidation, MYBET ITALIA S.R.L. generated revenue of EUR 907 thousand and a result before tax of EUR -337 thousand.

DIGIDIS S.L., Madrid, Spain had been deconsolidated in the previous year with effect from November 30, 2013 because the mybet Group no longer had any scope to control the company. At December 31, 2013 the company was recognised as an asset available for sale because its sale was planned. The background to this change was the surrendering of directorships by the former Management Board members of mybet Holding SE, Mr Mathias Dahms and Mr Stefan Hänel, as well as by two further employees of mybet Holding SE, and the resulting loss of control. In addition, technological and economic dependence on the IT platform was terminated.

The fair value of the shares in DIGIDIS S.L. was taken as the basis for determining the deconsolidation result. This came to EUR 1 thousand at November 30, 2013.

The assets and liabilities removed from the Consolidated Balance Sheet upon deconsolidation were as follows:

EUR '000	2013
Assets	
Non-current assets	1,159
Current assets	1,030
Liabilities	
Non-current liabilities	240
Current liabilities	1,601

The deconsolidation of the company accordingly led to a loss of EUR 523 thousand in the 2013 financial year, which was reported under other operating expenses.

In the 2013 financial year, up until its deconsolidation, DIGIDIS S.L. generated revenue of EUR 3,301 thousand and a result before tax of EUR -718 thousand.

MERGER

In connection with the streamlining of the group structure, SWS Service GmbH, a subsidiary of QED Ventures Limited, Malta, was merged with FLUXX GmbH, Hamburg, in the year under review by notarised deed dated March 10, 2014 and with effect from January 1, 2014. Following the merger the latter changed its name to SWS Service GmbH and moved its registered office to Berlin.

2.4 ASSETS HELD FOR SALE

At December 31, 2013 the investments in DIGIDIS S.A. and DIGIDIS S.L. were reported under assets held for sale. The total carrying amount was EUR 1 thousand.

The expected disposal of DIGIDIS S.A. and DIGIDIS S.L., and therefore of Spanish lottery operations, reflected the closer focus of business operations on the growth areas of sports betting and casino. The investments were disposed of in the 2014 financial year by way of a share deal.

The carrying amount of the investment in DIGIDIS S.A. of EUR 260 thousand was written down to the amount of EUR 1.00 in the 2013 financial year in view of its disappointing performance. DIGIDIS S.A. was previously reported under “Shares accounted for using the equity method” and was therefore previously included in the Consolidated Financial Statements as an associate.

The deconsolidation of DIGIDIS S.L. took place with effect from November 30, 2013. The carrying amount of the investment of EUR 750 thousand in 2013 was written down to the amount of EUR 1 thousand.

The investments were each measured at fair value. The fair values were determined on the basis of Management Board estimates. This assessment was prompted by the losses incurred by the companies in recent years.

3 PRINCIPLES OF RECOGNITION AND MEASUREMENT

Uniform principles of recognition and measurement were used in the preparation of the financial statements of the subsidiaries included in the Consolidated Financial Statements at the reporting date.

With the exception of the changes explained under (m) “Changes in recognition and measurement principles”, the group has consistently applied the following recognition and measurement principles in all periods presented in these Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared on the basis of historical costs. The following items with other measurement bases at the respective reporting dates are exceptions.

ITEM	MEASUREMENT BASES
Derivative financial instruments measured at fair value through profit and loss.	Fair value
Financial assets held for sale	Fair value
Investment property	Fair value

(A) INTANGIBLE ASSETS

Internally produced intangible assets are recognised at cost. The development costs are only capitalised if they can be reliably be measured, the product or process is technically and commercially suitable, a future economic benefit is probable and the group both intends to and has sufficient resources to complete development and to use or sell the asset. Research expenditure is not capitalised; it is instead recognised directly within profit or loss when it occurs.

Acquired intangible assets are recognised at cost.

Intangible assets with an indefinite useful life do not exist in the mybet Group, with the exception of the derivative goodwill, the brand rights and domains recognised from the acquisition of pferdewetten.de AG and gaming and other licences. The useful life of the licences, brand rights and domains is unlimited because as matters stand it cannot be determined how often the licences can be renewed or over what period it may ultimately be possible to use the brand rights and domains consistently.

The internally produced and acquired intangible assets with a limited useful life are amortised as follows by the straight-line method over their estimated economic useful life:

	USEFUL LIFE
Acquired customer base of pferdewetten.de AG	10 years
Internally produced software	4 years
Other	3 – 4 years

Intangible assets with an unlimited useful life are not amortised.

Impairment on intangible assets with a limited and unlimited useful life is applied where it exists.

The write-downs are fundamentally recognised in profit or loss.

Gains or losses from the disposal of intangible assets are reported in other operating income or expenses.

The useful lives and write-down methods are examined at the reporting dates. If expectations differ from previous estimates, the corresponding changes are applied pursuant to IAS 8.

(B) PROPERTY, PLANT AND EQUIPMENT

Items of property plant and equipment are capitalised at cost and depreciated by the straight line method in line with their anticipated economic useful life. No borrowing costs were to be capitalised.

Depreciation is applied uniformly throughout the group over the following useful lives:

	USEFUL LIFE
Leasehold improvements	Term of lease
Other plant and equipment	3-10 years

The useful lives and write-down methods are examined at the reporting dates. If expectations differ from previous estimates, the corresponding changes are applied pursuant to IAS 8. Changes in the residual values or useful lives that arise during the use of the assets are taken into account in determining the depreciation charges.

Impairment is applied, where it exists.

Gains or losses from the disposal of property plant and equipment are reported in other operating income or expenses.

(C) INVESTMENT PROPERTY

Investment property is measured by the acquisition costs model (IAS 40).

(D) INVENTORIES

Inventories are measured at the lower of cost and net realisable value.

(E) NON-CURRENT ASSETS HELD FOR SALE / DISPOSAL GROUP

Non-current assets or disposal groups comprising assets and liabilities are reported as held for sale if it is very highly probable that they will be realised predominantly through disposal and not through continued use. That is always the case if disposal is very highly probable and the non-current asset (or disposal group) is available for an immediate sale as it stands. The management or Management Board must have undertaken to make the disposal. This means it must be assumed that the disposal transaction will be completed within one year of such a classification.

Except for deferred tax assets and financial assets that fall within the scope of IAS 39, non-current assets (and disposal groups) that are classified as held for sale are measured at their original carrying amount or the fair value less disposal costs, whichever is the lower.

(F) FINANCIAL ASSETS AND FINANCIAL LIABILITIES (FINANCIAL INSTRUMENTS)

The group classifies non-derivative financial assets according to the following categories:

- Financial assets measured at fair value through profit and loss
- Held-to-maturity investments, loans and receivables
- Financial assets held for sale

The group classifies non-derivative financial liabilities as other financial liabilities.

NON-DERIVATIVE FINANCIAL ASSETS AND FINANCIAL LIABILITIES – RECOGNITION AND DERECOGNITION

The group recognises loans and receivables and bonds issued from the date on which they arose. All other financial assets and liabilities are reported from the trade date.

The group derecognises a financial asset if the contractual rights with regard to the cash flows from an asset expire or it transfers the rights to receive the cash flows as part of a transaction in which all material risks and opportunities associated with ownership of the financial asset are also transferred. Derecognition also takes place if the group neither transfers nor retains all material risks and opportunities associated with ownership, but does not retain control over the transferred asset. Any share in such transferred financial assets that arise or remain within the group is reported as a separate asset or liability.

Financial liabilities are derecognised if the contractual obligations have been met or rescinded or have expired.

Financial assets and liabilities are offset and the net amount is reported on the balance sheet if the group has a legal entitlement to offset the reported amounts and it is intended either to settle on a net basis or to realise the asset and settle the liability simultaneously.

NON-DERIVATIVE FINANCIAL ASSETS – MEASUREMENT

Financial assets measured at fair value through profit and loss

A financial asset is measured at fair value through profit and loss if it is held for trading or is determined as such upon initial recognition. Attributable transaction costs are recognised in profit or loss as soon as they occur. Financial assets measured at fair value through profit and loss are measured at the fair value and corresponding changes, which also include all interest and dividend income, are recognised in profit or loss.

Loans and receivables

Upon initial recognition, loans and receivables are measured at fair value plus directly attributable transaction costs. Upon subsequent measurement they are measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Within the Consolidated Cash Flow Statements, cash and cash equivalents comprise credit balances with banks due in the short term, which are a central component of controlling payment transactions for the group.

Financial assets held for sale

Financial assets held for sale are initially measured at their fair value plus directly attributable transaction costs. Upon subsequent measurement the financial assets held for sale are measured at fair value and corresponding changes in value, apart from impairment, are recognised in the other result and in the revaluation surplus within equity. If an asset is derecognised, the other comprehensive income is reclassified to profit or loss.

The company's financial assets are categorised as held for sale if there is the intention to realise them in the short term.

Financial investments in equity instruments for which no active market exists and the fair value of which cannot be reliably determined are measured at cost and categorised as held for sale.

NON-DERIVATIVE FINANCIAL LIABILITIES – MEASUREMENT

Non-derivative financial liabilities are measured upon initial recognition at fair value, which generally corresponds to the transaction price, less the directly attributable transaction costs. Upon subsequent measurement, these financial liabilities are measured at amortised cost using the effective interest rate method.

SHARE CAPITAL

The costs directly attributable to the issuance of ordinary shares are recognised as a deduction from equity (net after taxes, if appropriate).

COMPOUND FINANCIAL INSTRUMENTS

Compound financial instruments issued by the group comprise euro-denominated convertible bonds which, at the choice of the bearer, may be converted into equity interests to the extent that the number of shares to be issued is specified and does not arise from changes in the fair value.

The equity capital component of the compound financial instrument is initially recognised at the fair value of a similar liability that does not include an option of conversion into equity. Upon initial recognition the equity capital component is reported as the difference between the fair value of the compound financial instrument and the fair value of the equity capital component. Directly attributable transaction costs are to be allocated in proportion to the carrying amounts of the borrowed and equity capital components of the financial instrument at the time of initial recognition.

Upon subsequent measurement, the equity capital component of the compound financial instrument is measured at amortised cost using the effective interest rate method. The equity capital component of the compound financial instrument is rolled over at the initial recognition value.

Interest in connection with the financial liability is recognised in profit or loss. Upon conversion, the financial liability is reclassified as equity with no effect on income.

DERIVATIVE FINANCIAL INSTRUMENTS

Under IAS 39, casino stakes as well as betting stakes and betting winnings from the organising of sports and horse betting constitute financial liabilities that have the character of derivative financial instruments.

Contracts that give rise to a financial asset at one party and a financial liability at the other party to the contract constitute financial instruments according to IAS 39. In placing a bet, such a contract is formed between the player and the bookmaker (mybet Group). The liability arising on the part of the mybet Group (winnings to be paid out for bets placed or repayment obligation/risk of payout for bets outstanding) is to be measured at fair value. The categorisation of fair value is based on deductible market prices (betting odds – as in previous year Level 2 of the fair value hierarchy according to IFRS 7.27). The fair value of the payout risk for betting events not yet having taken place (bets outstanding) is determined from the odds offered by the bookmaker and the underlying probability of the future events on which the bets are placed.

(G) IMPAIRMENT

NON-DERIVATIVE FINANCIAL ASSETS

A financial asset that is not classified as at fair value through profit and loss, including a share in a company that is accounted for using the equity method, is examined at every closing date of the accounts in order to establish whether there is any objective evidence of impairment.

The following are regarded as objective evidence of impairment:

- Default or delinquency by a debtor,
- Restructuring of an amount owed to the group on terms that the group would not otherwise consider,
- Evidence that a debtor or issuer is going into administration,
- Adverse changes in the payment status of debtors or issuers,
- Disappearance of an active market for a security, or
- Observable data indicating a noticeable reduction in the anticipated payments of a group of financial assets.

In the case of an equity instrument held, a significant or sustained fall in the fair value to below its cost is considered objective evidence of impairment.

The group considers a fall of 20 percent to be significant and a period of nine months to be sustained.

Financial assets measured at amortised cost

The group considers evidence of impairment for these financial assets both at the level of the individual asset and at a collective level. All assets which are intrinsically significant are evaluated for specific impairment. Those assets that are not identified to be specifically impaired are then evaluated collectively for any impairment that has arisen but not yet been identified. Assets that are not intrinsically significant are evaluated collectively for impairment by grouping assets with similar risk characteristics together into a group.

For evaluating collective impairment, the group uses historical information on the timing of payments and the amount of the losses arising. In addition the Management Board takes account of whether the current economic environment and credit conditions are such that the actual losses are likely to be greater or lower than the losses that would be expected based on the historical trends.

An impairment is calculated as the difference between the carrying amount and the present value of estimated future cash flow, discounted at the original effective interest rate of the asset. Losses are recognised in profit or loss and presented in an account for impairment. If the group does not have any realistic prospect of collecting the asset, the amounts are written off. If an event occurring after the impairment is recorded results in a reduction in the amount of the impairment, the reduction in impairment is recognised in profit.

Financial assets held for sale

Impairment of financial assets held for sale is recognised through reclassification of the losses recorded income-neutrally within equity to profit or loss. The accumulated loss that is reclassified from equity to profit or loss is the difference between the cost, net of any principal repayment and amortisation, and the current fair value net of any impairment already previously recognised through profit and loss. If the fair value of an impaired debt instrument available for sale rises in a subsequent period and this increase can objectively be attributed to an event occurring after recognition of the impairment, the impairment is reversed and the amount of the reversal recognised in profit or loss. In other cases, a reversal is recognised in the other result.

Financial assets accounted for using the equity method

An impairment loss for a financial asset accounted for using the equity method is measured by comparing the recoverable amount of the shares with their carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there is an advantageous change in the estimates that were applied in determining the recoverable amount.

NON-FINANCIAL ASSETS

The carrying amounts of the group's non-financial assets – except for investment property, inventories and deferred tax assets – are examined on each closing date of the accounts to establish whether there is any evidence of impairment. If there is, the recoverable amount for the asset is estimated. The goodwill and intangible assets with an unlimited useful life are examined annually for impairment, as well as whenever there is evidence of impairment.

To test whether impairment exists, assets are grouped together in the smallest group of assets that generate cash inflows from continuing use and are largely independent of the cash inflows from other assets or cash-generating units (CGUs). Goodwill acquired through a business combination is allocated to the CGUs or groups of CGUs of which it is expected that they will derive a benefit from the synergies of the combination. Allocation is on the basis of the internal reporting system.

The recoverable amount of an asset or CGU is the higher of the value in use or the fair value less disposal costs. In assessing the value in use, the estimated future cash flows are discounted to their present value, applying a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to an asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment is reported in profit or loss and recognised under depreciation and amortisation. Impairment recognised for CGUs is first attributed to any goodwill and then to the carrying amounts of the other assets of the CGU (group of CGUs) on a pro rata basis.

An impairment loss on the goodwill is not reversed. For other assets, an impairment loss is only reversed to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined net of depreciation or amortisation if no impairment loss had been recognised.

Intangible assets with unlimited useful life

To check goodwill for impairment, these CGUs have been allocated. Allocation is on the basis of the internal reporting system. The CGUs generally comprise subsidiaries.

The following goodwill and intangible assets with an unlimited useful life exist:

		CARRYING AMOUNT IN EUR '000	
	ALLOCATION TO CGU	31/12/2014	31/12/2013
Goodwill of the QED Group	QED	5,581	5,581
sportwetten.de domain	QED	302	302
sportwetten.com domain	QED	302	302
pferdewetten brand	pferdewetten.de AG	1,138	1,138
Goodwill of ANYBET GmbH	ANYBET GmbH	605	605

QED

The QED Group operates the sports betting, casino and poker product offerings.

The recoverable amount for this CGU is based on its fair value less the disposal costs, which was determined by discounting the planned future cash flows. The fair value measurement was classified as a Level 3 fair value based on the input factors for the valuation technique used (see Note 3 (m)).

The following key assumptions were made in estimating the fair value less the disposal costs:

	2014	2013
Capitalisation interest rate before tax (%)	13.79	14.77

The capitalisation interest rates are determined on the basis of the discounted cash flow (DCF) method using a risk-free interest rate of 1.75 percent (previous year: 2.75 percent), a borrowed-capital interest rate of 6.35 percent (previous year: 7.75 percent), an unlevered beta of 0.95 (previous year: 0.95) and a market risk premium of 6.75 percent (previous year: 5.75 percent). A peer group of comparable listed companies was used for the comparative data.

The above key assumptions are extrapolated monthly on the basis of historical data for the first planning year. The other four planning years are determined based on estimates of further growth by the management. For this purpose reference is also made to the overall growth expectations, the regulatory uncertainty affecting the growth of the gaming market in Germany and the forecast for mybet based on external studies. As in the previous year, no growth was assumed.

Based on steadily rising customer numbers and the high activity rates of customers in 2014, taking account of correlating customer acquisition costs in the 2015 to 2019 planning period, a rise in EBIT and thus a free cash flow are expected.

Changes to the key assumptions serving as the basis for the estimate of the fair value less the costs of disposal may result in an impairment of the valuations. Because the respective fair value less the costs of disposal of the cash generating unit including goodwill based on the interest rates applied is significantly higher than the carrying amounts, there is mainly a risk that the planning assumptions for customer growth and activity rates might not be achieved or that the customer acquisition costs will rise appreciably. As matters stand there are no developments suggesting that it will be necessary to make such a major correction to the planning assumptions, and that will probably necessitate goodwill impairment.

Cash flows for a period of five years have been fed into the discounted cash flow model.

PFERDEWETTEN.DE AG

The recoverable amount for this CGU is based on its fair value less the costs of disposal, which was determined by discounting the planned future cash flows from continuing use of the CGU. The fair value measurement was classified as a Level 3 fair value based on the input factors for the valuation technique used (see Note 3 (n)).

The following assumptions were made in estimating the fair value less the disposal costs:

	2014	2013
Capitalisation interest rate before tax (%)	12.41	11.85

The capitalisation interest rates are determined on the basis of the discounted cash flow (DCF) method using a risk-free interest rate of 1.75 percent (previous year: 2.75 percent), a borrowed-capital interest rate of 5.15 percent (previous year: 6.15 percent), an unlevered beta of 1.00 (previous year: 0.95) and a market risk premium of 6.75 percent (previous year: 5.75 percent). A peer group of comparable listed companies was used for the comparative data.

The above key assumptions are extrapolated monthly on the basis of historical data for the first planning year. The other four planning years are determined based on estimates of further growth by the management. For this purpose reference is also made to the overall future growth expectations for the gaming market in Germany based on external studies. As in the previous year, no growth was assumed for the long term.

Based on steadily rising customer numbers and the high activity rates of customers in 2014, taking account of correlating customer acquisition costs in the 2015 to 2019 planning period, a positive, steadily rise in EBIT and thus a free cash flow are expected.

ANYBET GMBH

The recoverable amount for this CGU is based on its fair value less the costs of disposal, which was determined by discounting the planned future cash flows from continuing use of the CGU. The fair value measurement was classified as a Level 3 fair value based on the input factors for the valuation technique used (see Note 3 (m)).

The following assumptions were made in estimating the fair value less the disposal costs:

	2014	2013
Capitalisation interest rate before tax (%)	12.41	11.85

The capitalisation interest rates are determined on the basis of the discounted cash flow (DCF) method using a risk-free interest rate of 1.75 percent (previous year: 2.75 percent), a borrowed-capital interest rate of 5.15 percent (previous year: 6.15 percent), an unlevered beta of 1.00 (previous year: 0.95) and a market risk premium of 6.75 percent (previous year: 5.75 percent). A peer group of comparable listed companies was used for the comparative data.

The above key assumptions are extrapolated monthly on the basis of historical data for the first planning year. The other four planning years are determined based on estimates of further growth by the management. For this purpose reference is also made to the overall future growth expectations for the gaming market in Germany based on external studies. No long-term growth was assumed.

On the basis of a continuous calculation of software development services to group companies based on specified project requirements, the management expects a constantly positive EBIT in the 2015 to 2019 planning period and thus a free cash flow.

Changes to the key assumptions serving as the basis for the estimate of the fair value less the costs of disposal may result in an impairment of the valuations. Because the respective value in use of the cash generating unit including goodwill based on the interest rates applied is significantly higher than the carrying amounts, there is essentially a risk that the planning assumptions for customer growth and activity rates might not be achieved or that the customer acquisition costs will rise appreciably. As matters stand there are no developments suggesting it will be necessary to make such a major correction to the planning assumptions that goodwill impairment will be likely.

(H) OTHER ACCRUED EXPENSES

The other accrued expenses take account of all legal and constructive obligations of the mybet Group existing at the balance sheet date in respect of third parties from past occurrences, where fulfilment is probable and the amount in question can be reliably determined. The accrued expenses are measured at the anticipated settlement value, taking account of all discernible risks. This is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Long-term accruals are reported on the basis of corresponding market rates at the discounted settlement value at the balance sheet date.

(I) SHARE-BASED PAYMENTS

Share-based payments to employees counterbalanced by equity instruments (employee stock options) are measured at the fair value of the equity instrument on the date of granting. Details of how the fair value is determined are provided in Note 8.8.

The fair value determined upon granting is carried by the straight-line method as an expense over the period until vesting and is based on the expectations of mybet Holding SE regarding the stock options that are likely to become vested. The estimates on the number of stock options that become vested are to be examined at each balance sheet date. Changes are to be recognised through profit and loss over the remaining period until vesting.

(J) FOREIGN CURRENCY TRANSLATION

Business transactions in foreign currency are translated at the spot exchange rate on the day of the transaction into the corresponding functional currency of the group company.

Monetary assets and liabilities denominated in a foreign currency on the closing date of the accounts are translated into the functional currency at the closing rate. Non-monetary assets and liabilities which are measured at fair value in a foreign currency are translated at the rate applicable when the fair value was determined. Foreign currency translation differences are fundamentally reported in the profit or loss for the period. Non-monetary items that are measured at historical cost in a foreign currency are not translated.

(K) REVENUE REALISATION

The mybet Group realises revenue in the following areas:

REVENUE	DESCRIPTION
Hold	Net betting income (balance of betting stakes and winnings) for sports and horse betting in events organised
Gambling fees	Net betting income (balance of betting stakes and winnings) for casino games, as well as payments from poker networks (rake)
Service proceeds	Payment transaction services for third-party customers as well as for providing technical infrastructure to other sports betting providers
Handling fees	Fees levied from customers for arranging lotteries and horse betting
Commissions	Commissions of racecourses and lottery companies for the organising of betting and lottery tickets
Other	Service and licence revenue

With the exception of revenue from hold and gambling fees, revenue is accounted for in accordance with IAS 18. Revenue is fundamentally recorded at the time the service is provided, if the amounts in question can be reliably determined and the economic benefit is likely to flow to the company.

Revenue from hold and gambling fees

Under IAS 39, casino stakes as well as betting stakes and betting winnings from the organising of sports and horse betting constitute financial liabilities that have the character of derivative financial instruments (see Note 3(f)).

The gains and losses from these derivatives are allocated netted under revenue, as the net betting income, provided the betting event has taken place by the closing date of the accounts and the bets are thus closed.

Where the betting event has not yet taken place at the closing date of the accounts and open bets therefore exist at the closing date, the betting stakes are recognised as a financial liability and measured at fair value upon initial recognition as well as subsequently. If the customer wins their bet, the derivative financial instrument is fulfilled after the betting event through the payout of winnings by way of cash settlement, and derecognised. Differences between the carrying amount (betting stake) and the cash settlement of the winnings are recognised to revenue through profit and loss as the valuation results of derivatives. If the customer loses their bet, no payout takes place and the betting stake is recognised in full as revenue. The difference between betting stakes and betting winnings corresponds to the hold or gambling fees that are reported net in the income statement as revenue.

Revenue from services

The service proceeds are recognised as soon as the service due has been rendered.

Revenue from commissions and handling fees

The revenue from commissions and handling fees from are recorded when the underlying agency transaction has been rendered and therefore the entitlement is realised.

(L) INCOME TAXES

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised within profit or loss except to the extent that they are in connection with a business combination or with an item recognised directly within equity or in the other result.

CURRENT TAX

Current tax is the anticipated tax liability or tax asset on the taxable income or tax loss for the financial year. The basis is the tax rates applicable at the closing date or applicable shortly, as well as all adjustments to the tax liability in respect of previous years. Current tax liabilities also include all tax liabilities arising as a result of the determination of dividends.

DEFERRED TAXES

Deferred taxes are reported in respect of temporary differences between the carrying amounts of the assets and liabilities for group accounting purposes, and the amounts used for fiscal purposes.

A deferred tax asset is recognised for tax losses not yet used, tax credits not yet used and deductible temporary differences to the extent that it is probable that future taxable profit will be available for which they can be utilised. Deferred tax assets are examined on each closing date of the accounts and reduced by the amount by which it is no longer probable that the related tax advantage will be realised.

Deferred taxes are measured using tax rates that are expected to be applied to temporary differences as soon as they reverse upon the application of tax rates that are applicable or have been announced at the closing date of the accounts.

The measurement of deferred taxes reflects the fiscal consequences arising from the group's expectation regarding the way in which the carrying amounts of its assets or the settlement of its liabilities are realised at the closing date of the accounts.

Deferred tax assets and liabilities are offset subject to certain requirements being met.

As in the previous year, a total rate of corporation and trade tax of 25 percent in Austria and 35 percent in Malta was used as the basis for calculating the tax recoverable and tax debt. For Germany, the tax rate is 32 percent as in the previous year.

(M) USE OF ESTIMATES AND DISCRETIONARY DECISIONS

Unless otherwise indicated in individual instances, there were no interest rate risks.

The preparation of IFRS Consolidated Financial Statements in accordance with IFRS, as adopted within the European Union, requires management to make discretionary decisions, estimates and assumptions with regard to the application of accounting methods and the reported amounts for assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually examined and recorded in all future periods affected.

CRITICAL DISCRETIONARY DECISIONS

Information on significant discretionary decisions regarding the application of accounting methods that significantly affect the amounts reported in the Consolidated Financial Statements is given in the following notes:

- Note 2.2 – Consolidation and deconsolidation: determining whether control exists
- Note 3 (a) – The assessment of whether unlimited useful life exists for intangible assets
- Note 3 (f) – Classification of financial instruments
- Note 4.1 – Revenue: realisation and recognition of the revenue from hold and gambling fees

SIGNIFICANT ASSUMPTIONS AND ESTIMATES

Assumptions and estimates potentially giving rise to a considerable risk such that a material adjustment will be required within the financial year ending on December 31, 2015 exist in the following areas:

Determination of fair values

A number of accounting methods and disclosures by the group call for the determination of fair values for financial and non-financial assets and liabilities.

The group makes reference to a control framework concept for the determination of fair values. This includes a valuation team that bears general responsibility for the monitoring of all material fair value measurements, including Level 3 fair values, and reports directly to the Management Board.

The valuation team conducts regular checks of the material, non-observable input factors and of the value adjustments. If third-party information is used in determining fair values, for example price quotations of bookmakers or price information services, the valuation team checks the evidence obtained from the third parties in order to verify that such valuations meet IFRS requirements as adopted within the European Union, including the level in the fair value hierarchy to which these valuations belong.

In determining the fair value of an asset or liability, as far as possible the group uses data observable on the market. Based on the input factors used in the valuation techniques, the fair values are classified into various levels in the fair value hierarchy:

- *Level 1:* Quoted prices (unadjusted) on active markets for identical assets and liabilities.
- *Level 2:* Measurement parameters that do not constitute the quoted prices taken into account in Level 1 but that can be observed either directly (in other words, as a price) or indirectly (in other words, derivatively from prices) for the asset or liability.
- *Level 3:* Measurement parameters for assets or liabilities that are not based on observable market data.

If the input factors used for determining the fair value of an asset or liability can correspond to various levels of the fair value hierarchy, the fair value measurement is as a whole allocated to the level of the fair value hierarchy that corresponds to the lowest input factor that is as a whole significant for measurement.

The group records reclassifications between various levels of the fair value hierarchy at the end of the reporting period in which the change occurred.

For further information on the assumptions made in determining fair values, please refer to Notes 3(f) and 8.2 “Financial instruments”, Note 8.8 „Stock option plans“ [1] and the following remarks.

Impairment test

The impairment test for goodwill as well as for other intangible assets with unlimited use is based on forward-looking assumptions. The key assumptions that have been taken as the basis in the determination of the recoverable amount for cash-generating units allocated to the goodwill or other intangible assets with unlimited use are listed in Note 3 (g) “Impairment”. These assumptions have been made on the basis of the estimated situation at the balance sheet date. An assumption on the future development of the economic context that was considered to be realistic at that point in time was moreover taken into account in estimating future business development. The actual amounts may differ from the estimates as a result of differences between actual developments in the underlying situation and the assumed developments. In such instances the assumptions and, if necessary, the carrying amounts of the assets and liabilities in question, are adjusted. The carrying amounts at December 31, 2014 are EUR 7,927 thousand (previous year: EUR 7,927 thousand) and are reported under the goodwill and other intangible assets items.

Recognition of deferred tax assets

With regard to testing deferred taxes for impairment on the basis of the company’s tax planning, the annual planning of the mybet Group was used as the basis, taking into account the conditions at the balance sheet date. A realistic future development of the market environment was taken into account. This planning is based on the same estimates and assumptions as the impairment tests for goodwill and the other intangible assets with unlimited use. Here too, the estimates and assumptions may therefore differ from actual experience. Further information can be found in Note 4.9 “Income tax”.

The recognition of deferred tax assets is moreover dependent on the full recognition of tax loss carry-forwards by the tax authorities. The examination of the assessment periods as part of the tax audit took place up until 2002 inclusive. On the basis of the information currently available, there is no evidence that loss carry-forwards will not be permitted. In all, the disclosure of deferred tax assets amounting to EUR 1,260 thousand (previous year: EUR 1,349 thousand) is affected. Of this amount, EUR 1,111 thousand (previous year: EUR 1,197 thousand) applies to loss carry-forwards

[1] The measurement rules and disclosures of IFRS 13 Fair Value Measurement are not applicable to agreements for share-based payments.

Other accrued expenses

The recognition and measurement of the other accrued expenses involves certain estimates that are based on the information available at the time of preparation of the Consolidated Financial Statements. This concerns in particular accruals for litigation. The probable outcomes of these are measured following consultation with the lawyers acting on behalf of the mybet Group. Nevertheless, the outcome of pending or future legal proceedings is often not predictable, with the result that costs exceeding the scale envisaged in the accrued expenses could arise. Information on the other accrued expenses is provided in Note 6.5 “Other accrued expenses”.

Stock option plans

Recognition and measurement of the stock options is likewise performed on the basis of forward-looking assumptions that are built into the option price models, such as fluctuation. The actual developments in future may depart significantly from these estimates. Information on the stock option plans is provided in Note 8.8 “Stock option plans”.

Contingent assets

Key assumptions on the probability and extent of the inflow of economic benefits from the recognition and measurement of a contingent asset. For contingent assets in respect of Westdeutsche Lotterie GmbH & Co. OHG, Münster, please refer to Note 3 (o).

Other areas

The preparation of the Consolidated Financial Statements moreover necessitates certain additional assumptions and estimates that apply to the carrying amounts of the assets, liabilities, income and expenditure recognised in the accounts.

Discretionary decisions in the application of the recognition and measurement principles / estimates and evaluations by the management

The impairment test for goodwill is based on forward-looking assumptions. These assumptions have been made on the basis of the estimated situation at the balance sheet date. An assumption on the future development of the economic context that was considered to be realistic at that point in time was moreover taken into account in estimating future business development. The actual amounts may differ from the estimates as a result of differences between actual developments in the underlying situation and the assumed developments. In such instances the assumptions and, if necessary, the carrying amounts of the assets and liabilities in question, are adjusted. The carrying amounts reported under this item were EUR 6,186 thousand at December 31, 2014 (previous year: EUR 6,186 thousand). A rise in the market risk premium from 6.75 percent to 7.75 percent would have not resulted in any reduction in goodwill.

With regard to testing deferred taxes for impairment on the basis of the company’s tax planning, the annual planning of the mybet Group was used as the basis, taking into account the conditions at the balance sheet date. A realistic future development of the market environment was taken into account. This planning is based on the same estimates and assumptions as the impairment tests for goodwill. Here too, the estimates and assumptions may therefore differ from actual experience. The recognition of deferred tax assets is moreover dependent on the full recognition of tax loss carry-forwards by the tax authorities. The accounts have been tax-audited up to and including 2002. On the basis of the information currently available, there is no evidence that loss carry-forwards will not be permitted. In all, the disclosure of deferred tax assets amounting to EUR 1,260 thousand (previous year: EUR 1,350 thousand) is affected.

The recognition and measurement of the other accrued expenses involves certain estimates that are based on the information available at the time of preparing the Consolidated Financial Statements. This concerns in particular accruals for litigation. The probable outcomes are measured following consultation with the lawyers acting on behalf of mybet Holding SE. Nevertheless, the outcome of pending or future legal proceedings is often not predictable, with the result that costs exceeding the scale envisaged in the accrued expenses could arise. In total, accrued expenses of EUR 1,021 thousand were formed. As well as the customary costs for outstanding vacation leave and variable remuneration payments, accrued expenses were created in connection with the termination of employment contracts and contracts of service.

Recognition and measurement of the stock options is likewise performed on the basis of forward-looking assumptions that are built into the option price models, such as fluctuation. The actual developments in future may depart significantly from these estimates.

The preparation of the Consolidated Financial Statements moreover necessitates certain additional assumptions and estimates that apply to the carrying amounts of the assets, liabilities, income and expenditure recognised in the accounts.

(N) CHANGES IN RECOGNITION AND MEASUREMENT PRINCIPLES

Changes in recognition and measurement principles due to a new standard or new interpretation

Changes in recognition and measurement principles due to a new standard or new interpretation

In accordance with IAS 8.28, disclosures are to be made in the Notes to the Consolidated Financial Statements if the first-time adoption of a standard has effects on the period under review or on an earlier period. This rule applies even if such effects are merely possible. All changes to recognition and measurement principles fall within the scope of IAS 8.28.

The International Accounting Standards Board (IASB) has approved amendments to existing International Financial Reporting Standards (IFRS) and Interpretations (IFRIC) as well as certain new IFRS, the adoption of which has been mandatory since January 1, 2014 (IASB effective date January 1, 2013):

STANDARD/ INTERPRETATION	TITLE OF THE STANDARD/ INTERPRETATION OR AMENDMENT
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transition Guidance
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 27	Separate Financial Statements
Amendments to IAS 28	Investments in Associates and Joint Ventures
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting

The first-time adoption of the standards and interpretations had no effects on the Consolidated Financial Statements of the mybet Group.

STANDARDS, INTERPRETATIONS AND AMENDMENTS PUBLISHED BUT NOT YET ADOPTED, AND ALREADY ENDORSED BY THE EUROPEAN UNION

In accordance with IAS 8.30 an enterprise is to report on new standards or interpretations of the IASB if adoption of those standards and/or interpretations was not yet mandatory in the period under review and if they have not yet been adopted early. The adoption of these standards will have no or no significant effect on the Consolidated Financial Statements of mybet Holding SE, unless indicated separately in the explanatory remarks on the standards.

STANDARD/INTERPRETATION	TITLE OF THE STANDARD/INTERPRETATION OR AMENDMENT	FIRST-TIME ADOPTION[1]
IFRIC 21	Levies	17/6/2014[2]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	1/7/2014
Improvements to IFRS 2010 - 2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38	1/7/2014
Improvements to IFRS 2011 - 2013	Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40	1/1/2015[3]

IAS 8.30, endorsed by EU by December 31, 2014

[1] Financial years beginning on or after the date indicated.
[2] IASB effective date January 1, 2014
[3] IASB effective date July 1, 2014

IFRIC 21 - LEVIES

IFRIC 21 is an interpretation of IAS 37. It provides guidance above all on when a present obligation for levies imposed by a government arises and an accrued expense or liability is to be recognised. The scope of the interpretation excludes in particular penalties and levies resulting from contracts under public law or falling under the scope of a different IFRS, for example IAS 12. According to IFRIC 21 a liability is to be recognised for levies when the obligating event occurs. This obligating event that triggers the liability is in turn defined by the wording of the underlying standard. To that extent the way it is worded dictates the accounting approach.

The amendments are to be applied for the first time for financial years beginning on or after June 17, 2014.

AMENDMENTS TO IAS 19 - DEFINED BENEFIT PLANS: EMPLOYEE CONTRIBUTIONS

The amendments clarify the rules that deal with the allocation of employee contributions or contributions by third parties to the service periods if the contributions are linked to the period of service. In addition simplifications are created if the contributions are independent of the number of years of service.

Subject to adoption into EU law, which is still pending, the amendments are to be adopted for the first time for financial years beginning on or after January 1, 2014.

IMPROVEMENTS TO IFRS 2010 - 2012

Amendments were made to seven standards under the Annual Improvements project. The adjustment of the wording used in individual IFRS standards is intended to clarify the existing rules. There are in addition changes that affect disclosures. The standards affected are IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

Subject to adoption into EU law, which is still pending, the amendments are to be adopted for the first time for financial years beginning on or after July 1, 2014 and, in the case of the amendments to IFRS 2 and IFRS 3, to transactions taking place on or after July 1, 2014

IMPROVEMENTS TO IFRS 2011 - 2013

Amendments were made to four standards under the Annual Improvements project. The adjustment of the wording used in individual IFRS standards is intended to clarify the existing rules. The standards affected are IFRS 1, IFRS 3, IFRS 13 and IAS 40.

The amendments are to be applied for the first time for financial years beginning on or after January 1, 2015.

(O) ADJUSTMENT OF COMPARATIVE INFORMATION IN THE 2014 FINANCIAL YEAR

DEFERRED TAXES

In the years 2002 to 2007, the mybet Group unilaterally applied individual allowances for intragroup loans amounting to EUR 10.0 million that led to fiscally recognised business expenses. Whereas the intragroup receivable was stated at “zero” both in the separate financial statements of the group company and in the Consolidated Financial Statements, the intragroup liability was reported as EUR 10.0 million in the separate financial statements and as “zero” in the Consolidated Financial Statements. This consequently produced a balance sheet difference between the tax balance sheet and the IFRS Consolidated Balance Sheet in respect of the intragroup loan to which the individual allowance applied. Because this balance sheet difference is a temporary difference that leads to taxable amounts upon settlement of the liability when the taxable income for future periods is calculated, and therefore constitutes a taxable temporary difference, under IAS 12 “Income Taxes” a deferred tax liability is to be created for the balance sheet difference arising. At the same time tax loss carry-forwards in connection with the individual allowance and available for the netting of losses under the fiscal rules arose at the group company extending the loan. Pursuant to IAS 12 “Income Taxes” a deferred tax asset is to be reported for the carry-forward of tax losses not yet used, in the amount that future use is probable.

In the 2013 financial year a redemption of a portion of EUR 2.0 million of the intragroup loan to which the individual allowance had previously been applied led to a write-up and therefore to a reduction in the balance sheet difference between the tax balance sheet and the Consolidated Balance Sheet, as presented above. Correspondingly, both the deferred tax liability (EUR 647 thousand) and the accompanying deferred tax asset on the loss carry-forward (EUR 388 thousand) were to be reversed pro rata in the 2013 financial year and a correction of the net difference of EUR 259 thousand applied.

In view of the quantitative significance the group applied a correction in accordance with IAS 8.41 ff. in 2014 and adjusted the comparative periods in order to provide a correct presentation of the deferred tax liabilities previously reportable at December 31, 2013 and January 1, 2013.

CONTINGENT ASSET IN RESPECT OF WESTDEUTSCHE LOTTERIE GMBH & CO. OHG, MÜNSTER

Within the framework of the Consolidated Financial Statements at December 31, 2012 and December 31, 2013 expenditure for legal consultancy in connection with the WestLotto proceedings were reported as a payment on account under the item “Other assets” because a positive outcome to the proceedings was expected and the costs would then as such been recoverable. EUR 347 thousand were recognised under this item at December 31, 2012, and EUR 453 thousand at December 31, 2013. Because no distinction is to be made between the principal claim (compensation) and secondary claim (recovery of legal consultancy costs), until such time as recovery of the principal claim is sufficiently certain the legal consultancy costs should also have been reported as an expense in the period in which they were incurred. In view of the significance of the proceedings we applied a correction in accordance with IAS 8.41 ff. and adjusted the comparative periods in order to reverse the receivable previously reported at December 31, 2013 and January 1, 2013.

SUMMARY PRESENTATION OF THE MATERIAL EFFECTS OF THE ADJUSTMENT OF COMPARATIVE INFORMATION IN ACCORDANCE WITH IAS 8

In accordance with IAS 8, there are the following material effects on the Consolidated Balance Sheet for the mybet Group from the adjustment of comparative information:

T€	01/01/2013 AS RECOGNISED IN PREVIOUS YEARS	ADJUSTMENT	01/01/2013 ADJUSTED
Assets			
Trade accounts receivable/other receivables	3.630	-348	3.282
Equity and liabilities			
Group equity generated	-8.670	-1.500	-10.170
Deferred tax liabilities	0	1,152	1,152

T€	31/12/2013 AS RECOGNISED IN PREVIOUS YEARS	ADJUSTMENT	31/12/2013 ADJUSTED
Assets			
Trade accounts receivable/other receivables	5.302	-453	4.850
Equity and liabilities			
Group equity generated	-19.781	-1.346	-21.127
Deferred tax liabilities	0	893	893

There are the following adjustments to the comparative information for the Consolidated Income Statement:

EUR '000	2013 AS RECOGNISED IN PREVIOUS YEARS	ADJUSTMENT	2013 ADJUSTED
Other operating expenses	21.624	105	21.729
Income tax	-537	-259	-796
Net profit/loss for the period	-10.960	154	-10.806

4 NOTES TO THE CONSOLIDATED INCOME STATEMENT

4.1 REVENUE

Revenue includes the hold from sports and horse betting organised, gambling fees from casino games, commissions from the arranging of horse betting as well as service proceeds.

REVENUE	2014 € '000	2013 € '000	CHANGE IN %
Hold	43,254	36,166	19.6%
Gambling fees	21,741	22,965	-5.3%
Service proceeds	2,384	3,438	-30.6%
Commissions	1,184	1,181	0.3%
Handling fees	0	1,674	-100.0%
Other	1,798	1,605	12.0%
Total	70,361	67,028	5.0%

The figures for the comparative period include EUR 3,267 thousand in revenue that is attributable to DIGIDIS S.L. which was deconsolidated with effect from November 30, 2013.

Consolidated revenue for the comparative period after elimination of the revenue for DIGIDIS S.L. is shown in the following table:

REVENUE 12M 2013 ADJUSTED FOR DIGIDIS	2013 GROUP € '000	2013 DIGIDIS € '000	GROUP EX DIGIDIS € '000
Hold	36,166	0	36,166
Gambling fees	22,965	0	22,965
Service proceeds	3,438	1,368	2,070
Commissions	1,181	207	974
Handling fees	1,674	1,674	0
Other	1,605	19	1,586
Total	67,028	3,267	63,761

After adjustment for the deconsolidation effect for DIGIDIS S.L., the development of the group's various revenue streams in the period under review was as follows:

REVENUE COMPARISON 2014 OVER 2013, ADJUSTED	2014 GROUP € '000	2013 (ADJUSTED) € '000	CHANGE IN %
Hold	43,254	36,166	19.6%
Gambling fees	21,741	22,965	-5.3%
Service proceeds	2,384	2,070	15.2%
Commissions	1,184	974	21.5%
Handling fees	0	0	-
Other	1,798	1,586	13.3%
Total	70,361	63,761	10.4%

The following comparisons refer to the reference figures for the previous period after the elimination of DIGIDIS S.L.

The hold from sports and horse betting showed a marked increase compared with the prior-year period. The main factor behind this rise was the FIFA World Cup, with 64 matches staged in June and July 2014. There was no comparable sporting highlight in the previous year. Optimised system availability also contributed to the growth.

The gambling fees from casino games fell short of the prior-year figures. The reason for this was the withdrawal from various European countries in the previous year. After adjustment for this effect, the item showed a slight rise of 1.6 percent on the prior-year level.

The service proceeds consist mainly of the payment services performed by C4U-Malta Ltd. for third-party customers and B2B business with a sports betting provider. In that instance mybet provides the technical infrastructure and the betting odds.

Commissions occur in connection with the arranging of horse betting.

Handling fees occurred in connection with lottery business. These ceased to apply along with the deconsolidation of DIGIDIS S.L.

The other revenue mainly consists of proceeds from the sale of shop fittings and from customer contributions towards payment costs.

4.2 PRODUCTION FOR OWN ASSETS CAPITALISED

Production for own assets capitalised of EUR 2,455 thousand (previous year: EUR 2,194 thousand) relates to internally produced intangible assets. The intangible assets in question are exclusively internally produced software.

The main basis for the development of new products and new software modules is the mybet platform, which is being steadily refined by ANYBET GmbH. The significant projects in 2014 included the extension of the platform's multi-currency capability, the software for betting terminals, the development of the loyalty card and mobile applications.

4.3 OTHER OPERATING INCOME

OTHER OPERATING INCOME	2014 € '000	2013 € '000
Income from the reversal of accruals	46	17
Income from value adjustment of bad debts	13	0
Income from the disposal of fixed assets	251	-2
Other income	2.910	1.513
	3,220	1,528

The other operating income comprises income that is not allocable to current revenue. This includes income not relating to the accounting period, income that does not recur regularly or income that does not stem from the core business but is nevertheless from operating activities and is not allocable to the financial result or to taxes.

It covers a large number of items that are each of lesser importance for the Consolidated Financial Statements. Types of income include income from the reversal of accruals, the disposal of assets, statute-barred liabilities, income from the realisation of receivables already written off and VAT rebates. It also includes income from the derecognition of gaming winnings for which the payout entitlement ceased to apply as a result of defaulting on payment for game orders.

A major factor in the period under review was the deconsolidation effect in an amount of EUR 401 thousand in connection with the disposal of MYBET ITALIA S.R.L. in the third quarter of 2014.

In the period under review this item was also substantially determined by income from the disposal of shares in the Spanish investments (EUR 275 thousand, previous year: EUR 0 thousand), from the derecognition of liabilities no longer to be recognised (EUR 673 thousand, previous year: EUR 0 thousand) and from the refund claim from a judicial settlement.

4.4. COST OF PURCHASED MATERIALS

The cost of purchased materials mainly comprises expenditure for commissions for venture partners and franchisees, licence expenditure, bonus expenditure, payment transaction costs in connection with customer transactions and the other cost of purchased materials.

The figure for the comparative period includes EUR 1,139 thousand for DIGIDIS S.L., which was deconsolidated with effect from November 30, 2013. After adjustment for this effect, the increase is 8.5 percent year on year. The following comparisons refer to the adjusted figures.

EXPENDITURE FOR COMMISSIONS

The increase stems mainly from the increased hold, which serves as the basis for revenue-share payments for venture partners and franchisees. The above-average increase correlates to the high growth in sales channels where the venture partners need to be guaranteed higher distributions.

LICENCE EXPENDITURE / GAMING TAX

The fall in licence expenditure for casino business (casino hold) was driven mainly by the withdrawal from European countries in the previous year. The hold generated is the basis for licence expenditure. Gaming tax is paid on the basis of country-specific regulations and is passed on wholly or partly to customers or venture partners. In essence gaming tax due on online business in Germany is passed on to the customers. For offline business, in all countries gaming tax is charged to the franchisees essentially in the same way as the revenue share agreement.

BONUS EXPENDITURE

Up until the start of the FIFA World Cup, the planned new-customer figures were down on expectations. The bonus expenditure for new customers consequently also fell. The planned figures were achieved during the FIFA World Cup, but overall there is nevertheless a difference in the shape of lower bonus expenditure compared to the previous year.

OTHER COST OF PURCHASED MATERIALS

This item mainly comprises expenditure for the purchasing of betting odds, which are then evaluated and adjusted by a team of specialists. This approach enables mybet to offer its customers individualised betting odds.

In the period under review, the item also includes the expenditure for a service provider of the sports channels that mybet enables customers to view in the sports betting shops, for live broadcasts of sporting events. This service only started in the second half of the previous year and is therefore not included in the entire prior-year period.

PAYMENT TRANSACTION EXPENSES

This item includes expenditure arising in connection with the processing of customer transactions.

4.5 PERSONNEL EXPENSES

Personnel expenses developed as follows in the period under review:

PERSONNEL COSTS 12M	2014	2013	CHANGE IN %
Wages and salaries	8,952	9,314	-3.9%
Share-based payment	187	44	323.8%
Incidental payroll costs	1,131	1,201	-5.8%
Social security benefits	57	66	-14.7%
Settlements	137	300	-54.4%
Other social security contributions	27	26	3.3%
Total	10,491	10,952	-4.2%

The figure for the comparative period includes EUR 637 thousand for DIGIDIS S.L., which was deconsolidated with effect from November 30, 2013. After adjustment for this effect, the item showed a rise of 1.7 percent to a level slightly up on the prior-year level.

At the reporting date there were 170 employees (previous year: 169). The average number of employees over the period was 168 (previous year: 182).

4.6 DEPRECIATION AND AMORTISATION

This item includes the ongoing depreciation and amortisation of intangible assets, property, plant and equipment and investment property, which are to be stated separately in the Assets Movement Schedule.

4.7 OTHER OPERATING EXPENSES

The cost-cutting programme launched at the end of 2013 is achieving its effect especially within other operating expenses, as the following table shows.

OTHER OPERATING EXPENSES	12M 2014 € '000	12M 2013 € '000	CHANGE %
Marketing, sales, IR	5,091	6,202	-17.9%
Service and maintenance, hosting, technical services	3,014	2,982	1.0%
Other consultancy costs	1,167	1,531	-23.8%
Other operating expenses	892	3,092	-71.2%
Impairment of current assets	0	1,573	-100.0%
Costs of premises	866	962	-10.0%
Legal consultancy costs	582	741	-21.4%
Deconsolidation	0	523	0.0%
Travel and entertainment costs	519	694	-25.3%
Non-deductible input tax	465	385	21.0%
Costs of annual accounts and audit	421	454	-7.3%
Bad debt costs	318	497	-35.9%
Other personnel expenses	315	304	3.8%
Telephone	260	326	-20.1%
Vehicle costs	233	314	-25.8%
Membership and other fees, insurance	216	720	-70.0%
Payment transaction costs	188	251	-25.1%
Exchange differences on translation	160	65	148.4%
Supervisory Board remuneration	130	114	13.9%
Total	14,837	21,729	-31.7%

MARKETING, SALES, INVESTOR RELATIONS

This item substantially contains expenses for online marketing, consultancy on advertising strategy, advertisement costs for print media, promotional materials and also expenses for sponsorship activities.

The figure for the reference period includes EUR 268 thousand for DIGIDIS S.L., which was deconsolidated with effect from November 30, 2013. After adjustment for this effect, expenses fell by 14.2 percent.

SERVICE AND MAINTENANCE, HOSTING, SOFTWARE AND TECHNICAL SERVICES

The expenditure for maintenance work, hosting as well as software and technical services is shown under this item.
The figure for the reference period includes EUR 247 thousand for DIGIDIS S.L., which was deconsolidated on November 30, 2013. After adjustment for this effect, expenses rose by 10.2 percent.

OTHER CONSULTANCY COSTS

Consultancy costs are incurred mainly for marketing projects, ISO certification and projects in connection with the entry into new markets.

MISCELLANEOUS OPERATING EXPENSES

This item mainly comprises expenses unrelated to the accounting period, bookkeeping costs, office supplies, postage and shipping costs as well as other typical expenses.

IMPAIRMENT OF CURRENT ASSETS

The reference period was adversely affected by the depreciation and amortisation for loans extended to DIGIDIS S.A. amounting to EUR 778 thousand, as well as by the write-off of the non-cash current assets of MYBET ITALIA S.R.L. in the amount of EUR 264 thousand. The investments in both DIGIDIS S.A. and MYBET ITALIA S.R.L. were sold in 2014.

COSTS OF PREMISES

The costs of premises include the rents for office space, energy and maintenance costs as well as the cleaning costs. The figure for the comparative period includes EUR 76 thousand for DIGIDIS S.L., which was deconsolidated on November 30, 2013. After adjustment for this effect, the costs of premises fell by 10.0 percent.

LEGAL CONSULTANCY AND LEGAL COSTS

Legal consultancy expenditure is necessitated mainly by litigation as a result of the regulatory environment, as well as by the licence application under the E15 process.

DECONSOLIDATION

The prior-year period showed the difference between the asset and debt positions of DIGIDIS S.L., which was deconsolidated with effect from November 30, 2013. The investment in DIGIDIS S.L. was sold in the period under review.

TRAVEL AND ENTERTAINMENT COSTS

The figure for the prior-year period includes EUR 47 thousand for DIGIDIS S.L., which was deconsolidated with effect from November 30, 2013. After adjustment for this effect, travel and entertainment costs fell by 19.8 percent.

NON-DEDUCTIBLE INPUT TAX

Within the mybet Group certain operating units are not entitled to deduct input tax because they do not generate any revenue on which input tax is chargeable. The input tax is reported as an expense at those subsidiaries.

COSTS OF ANNUAL ACCOUNTS AND AUDIT

The costs of annual accounts and audit are made up principally of expenses for audits and reviews of the annual accounts for the holding company and subsidiaries.
The figure for the comparative period includes EUR 21 thousand for DIGIDIS S.L., which was deconsolidated on November 30, 2013. After adjustment for this effect, this item was just -2.9 percent down on the prior-year level.

BAD DEBT COSTS

The bad debt costs are made up mainly of impairment for receivables from online and offline business that are no longer deemed sound.
The figure for the reference period included EUR 50 thousand for DIGIDIS S.L., which was deconsolidated on November 30, 2013. After adjustment for this effect, bad debt costs fell by 27.8 percent.

OTHER PERSONNEL EXPENSES

The item comprises substantially the expenditure for personnel recruitment and continuing education. A dominant component of the figure for the comparative period was contingent fees that were due to staffing agencies for the placement of employees for software development. The period under review equally includes expenditure for temporary employees taken on as a bridging measure.

TELEPHONE COSTS

The telephone costs are incurred mainly in connection with providing customer care. The figure for the comparative period includes EUR 21 thousand for DIGIDIS S.L., which was deconsolidated on November 30, 2013. After adjustment for this effect, telephone costs fell by 14.6 percent mainly thanks to optimised contractual terms.

VEHICLE COSTS

The item includes leasing costs and vehicle operating expenditure. These are incurred for pay components to which managers are contractually entitled, and for sales employees in the offline business area.

MEMBERSHIP AND OTHER FEES, INSURANCE

This item mainly comprises expenditure for insurance, membership subscriptions for federations and associations, and fees incurred in connection with regulatory disputes.

PAYMENT TRANSACTION COSTS

Payment transaction costs incurred by the group's business operations are reported under this item. The figure for the reference period includes EUR 22 thousand for DIGIDIS S.L., which was deconsolidated with effect from November 30, 2013. After adjustment for this effect, payment transaction costs in the period under review fell by 17.2 percent compared with the previous year.

EXPENSE FROM FOREIGN CURRENCY TRANSLATION

The item includes expenses from exchange rate fluctuations in connection with bank balances denominated in non-European currencies.

SUPERVISORY BOARD REMUNERATION

The Supervisory Board remuneration is on a par with the previous year.

4.8 INTEREST RESULT AND OTHER FINANCIAL RESULT

The interest income is dominated by interest income in the first quarter of the reporting period on the balance of the purchase price from the sale of the German lottery division. The balance of EUR 2,917 thousand was redeemed early on March 28, 2014 at a discount.

The interest expense relates in essence to surety totalling EUR 21 thousand (previous year: EUR 40 thousand). The remainder of the convertible bond issued in September 2008 was mandatorily converted in December 2013. This produced interest expense of EUR 1 thousand in the comparative period.
All interest expense comes under the category "Financial liabilities at amortised cost".

There was an opposite effect from the depreciation and amortisation of the investment in DIGIDIS S.A. and the value adjustment of a loan that DIGIDIS S.L. had granted to a company outside the group.

4.9 INCOME TAX

Income tax includes corporate taxes such as corporation and trade tax, or similar taxes of domestic and foreign companies.

In addition to the current tax expense for individual subsidiaries, this item includes the deferred tax expense or income from the origination and reversal of temporary differences and of tax loss carry-forwards.

Deferred tax assets are netted against deferred tax liabilities if they relate to income taxes collected by the same tax office and if an entitlement exists to net a current tax refund claim against a current tax liability.

The notional expense for income taxes that would have arisen if the tax rate for the group parent mybet Holding SE of 32.0 percent had been applied to the IFRS consolidated earnings before tax can be reconciled with the income taxes according to the income statement as follows:

PROGRESSION FROM ANTICIPATED TAX REVENUE TO REPORTED TAX REVENUE	2014 € '000	2013* € '000
Net profit/loss for the period before tax	614	-11,600
Anticipated income tax expense (32% / previous year 30 %)	196	-3,712
Non-deductible expenses	21	716
Use of loss carry-forwards	-110	-1,030
Deviations in the fiscal assessment basis	0	-105
Corrected disclosure DTA	538	3,183
Tax-free income	-4	-104
Expense from differences in local tax rates	-11	-90
Tax income / expense not relating to the period	-109	108
Deconsolidation result	-223	251
Miscellaneous	4	-13
Tax income	303	-796

* adjusted

INCOME TAX EXPENSE / INCOME BREAKDOWN	2014 € '000	2013* € '000
Laufender Steueraufwand / -ertrag	193	-27
of which from previous year	2	108
Current tax expense (+) / tax income (-)		
- from temporary differences	-79	-1,172
- from the use of tax loss carryforwards	552	398
- from adjustment to previous year	-110	0
- from capitalisation of loss carryforwards	-254	0
- from DTA corrected disclosure	0	5
Total deferred tax expense / income	109	-769
Tax income	303	-796

* adjusted

DEFERRED TAXES	31/12/2014		31/12/2013	
EUR '000	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Intangible assets	754	516	636	610
Property, plant and equipment	0	0	4	0
Accrued expenses	0	0	19	0
Liabilities	0	2.553	0	2.553
Loss carry-forwards	2,682	0	2,960	0
Gross amount	3,436	2,682	3.619	3.163
Offsetting	-2,176	-2.176	-2.270	-2.270
Net amount	1,260	893	1.350	893

	CLOSING LEVEL 31/12/2012 / OPENING LEVEL 01/01/2013		RECOGNISED IN INCOME THROUGH PROFIT AND LOSS	THROUGH DECONSOLIDATION RESULT	CLOSING LEVEL 31/12/2013 / OPENING LEVEL 01/01/2014		RECOGNISED IN INCOME THROUGH PROFIT AND LOSS	THROUGH DECONSOLIDATION RESULT	CLOSING LEVEL 31/12/2014	
	ASSETS	LIABILITIES			ASSETS	LIABILITIES			ASSETS	LIABILITIES
Intangible assets	476	951	-501		636	610	-212		754	516
Property, plant and equipment			-4		4		4			
Liabilities		3.200	-647			2.553				2.553
Accrued expenses			-19		19		19			
Loss carry-forwards	3.492		402	129	2.961		298	-20	2.682	
Total	3.968	-4.151	-769	129	3.620	-3.163	109	-20	3.436	-3.069

The soundness of the deferred tax assets on loss carry-forwards is based on corporate plans in conjunction with the past development of the individual group companies.

After offsetting, deferred tax assets totalling EUR 1,020 thousand (previous year: EUR 1,262 thousand) were reported for unused loss carry-forwards of the mybet Group amounting in total to EUR 8,417 thousand (previous year: EUR 9,198 thousand). There existed loss carry-forwards amounting to EUR 65,527 thousand (previous year: EUR 61,345 thousand) for which no deferred taxes were recognised. The loss carry-forwards can be carried forward indefinitely.

4.10 NET PROFIT/LOSS FOR THE PERIOD

The net profit for the year is EUR 215 thousand, as against a loss of EUR -10,806 thousand for the previous year.

5 NOTES TO THE CASH FLOW STATEMENT

The cash flow in the period under review was influenced mainly by the early repayment of the balance of the purchase price amounting to EUR 2.9 million in connection with the disposal of the lottery division and by the completion of the capital increase, which led to a cash inflow of EUR 1.8 million.

Financial resources rose overall by EUR 710 thousand compared with December 31, 2013.

6 CONSOLIDATED BALANCE SHEET

6.1 NON-CURRENT ASSETS

6.1.1 INTANGIBLE ASSETS (GOODWILL AND OTHER INTANGIBLE ASSETS)

The intangible assets include goodwill and other intangible assets from the various corporate acquisitions. An amount of EUR 2,455 thousand was in addition capitalised for internally produced software in the year under review (previous year: EUR 2,194 thousand).

DEVELOPMENT OF GOODWILL IN EUR '000	31/12/2013	ADDITIONS	DEPRECIATION AND AMORTISATION	31/12/2014
	€ '000	€ '000	€ '000	€ '000
Anybet GmbH	605	0	0	605
QED (mybet)	5,581	0	0	5,581
Total	6,186	0	0	6,186

The other intangible assets furthermore include EUR 1,138 thousand and EUR 603 thousand respectively for the brands and domains acquired in connection with the takeover of pferdewetten.de AG. These assets have an indefinite useful life and are not depreciated. An impairment test carried out revealed no need for write-downs (please refer to Note 3 (g) (II) for the parameters).
The development in the carrying amounts of these goodwill items, together with the prior-year figures, is given in the enclosed Assets Movement Schedule.

6.1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprises hardware, office equipment and furnishings, and other fixtures and fittings. Hardware is depreciated by the straight-line method over a period of three to four years, and office equipment and furnishings and other fixtures and fittings are depreciated by the straight-line method over a useful life of between three and ten years.
Further details of costs and depreciation are provided in the Assets Movement Schedule.

6.1.3 INVESTMENT PROPERTY

It was possible to sell the remaining two apartments held as investment property in the period under review. Up until the time of their sale, there arose rental income of EUR 7 thousand (previous year: EUR 11 thousand) and expenditure for marketing, maintenance and repairs amounting to EUR 1 thousand (previous year: EUR 15 thousand).

6.1.4 FINANCIAL ASSETS

In the previous period, the investment in Seepark Sellin AG was reported under financial assets. This investment was sold in conjunction with the sale of the two remaining apartments.

6.1.5. DEFERRED TAXES

For disclosures concerning deferred taxes, please refer to Note 4.9.

	ACQUISITION AND MANUFACTURING COST						DEPRECIATION AND AMORTISATION							
	POSITION AT 01.01.2014	RECLASSES	ADDITIONS	DISPOSALS	DECONSOLIDATION	POSITION AT 31.12.2014	POSITION AT 01.01.2014	RECLASSES	ADDITIONS	DISPOSALS	DECONSOLIDATION	POSITION AT 01.01.2014	CARRYING AMOUNT 31.12.2014	CARRYING AMOUNT 31.12.2013
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
I. Intangible assets														
1. Licences, software, rights of use and customer base	8,801	80	809	323	366	9,000	4,863	0	667	0	366	5,164	3,837	3,937
2. Goodwill	11,867	0	0	0	0	11,867	5,682	0	0	0	0	5,682	6,186	6,186
3. Payments on account	155	0	641	0	0	796	0	0	0	0	0	0	796	155
4. Internally produced software	10,879	563	2,455	0	0	13,897	8,662	0	1,109	0	0	9,771	4,126	2,217
5. Construction in progress	1,961	-563	0	0	0	1,398	0	0	18	0	0	18	1,380	1,961
	33,664	80	3,905	323	366	36,960	19,207	0	1,794	0	366	20,634	16,325	14,457
II. Property, plant and equipment														
1. Leasehold improvements	279	0	8	0	0	286	217	0	15	0	0	233	54	61
2. Other plant and equipment	5,608	0	654	74	3	6,185	4,747	0	558	34	3	5,268	917	861
3. Construction in progress	200	64	22	267	0	18	0	0	0	0	0	0	18	200
	6,086	64	684	341	3	6,490	4,965	0	574	34	3	5,501	989	1,121
III. Investment property	202	0	0	202	0	0	40	0	3	43	0	0	0	161
Total	39,952	144	4,589	866	369	43,451	24,212	0	2,370	77	369	26,135	17,314	15,740

	ACQUISITION AND MANUFACTURING COST						DEPRECIATION AND AMORTISATION									
	POSITION AT 01.01.2013	RECLASSES	ADDITIONS	DISPOSALS	DECONSOLIDATION DIGIDIS SL	POSITION AT 31.12.2013	POSITION AT 01.01.2013	RECLASSES	ADDITIONS (SCHEDULED)	ADDITIONS (FROM IMPAIRMENT)	ADDITIONS (CHANGE IN NON-CURRENT ASSETS HELD FOR SALE)	DISPOSALS	DECONSOLIDATION DIGIDIS SL	POSITION AT 31.12.2013	CARRYING AMOUNT 31.12.2013	CARRYING AMOUNT 31.12.2012
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
I. Intangible assets																
1. Licences, software, rights of use and customer base	15,027	-74	2,229	420	7,961	8,801	10,301	4	1,470	379	0	0	7,283	4,863	3,937	4,726
2. Goodwill	11,867	0	0	0	0	11,867	5,420	0	0	0	262	0	0	5,682	6,186	6,449
3. Payments on account	0	0	155	0	0	155	0	0	0	0	0	0	0	0	155	0
4. Internally produced software	10,107	634	430	34	259	10,879	7,364	-4	1,524	0	0	0	230	8,662	2,217	2,743
5. Construction in progress	720	-549	1,791	0	0	1,961	0	0	0	0	0	0	0	0	1,961	720
	37,721	11	4,605	454	8,219	33,664	23,084	0	2,994	379	262	0	7,513	19,207	14,457	14,637
II. Property, plant and equipment																
1. Leasehold improvements	322	0	67	47	63	279	287	0	22	0	0	29	63	217	61	35
2. Other plant and equipment	5,225	0	454	19	52	5,608	4,270	0	459	72	0	14	40	4,747	861	955
3. Construction in progress	46	-11	164	0	0	200	0	0	0	0	0	0	0	0	200	46
	5,593	-11	685	66	115	6,086	4,557	0	482	72	0	43	102	4,965	1,121	1,036
III. Investment property	340	0	97	138	97	202	84	0	6	0	0	50	0	40	161	256
Total	43,654	0	5,387	658	8,431	39,952	27,725	0	3,482	451	262	93	7,615	24,212	15,740	15,929

6.2 CURRENT ASSETS

6.2.1 INVENTORIES

Inventories include infrastructure components for betting shops (betting tills, scanners, printers) that are sold to the shops' franchisees. At the reporting date there were inventories amounting to EUR 177 thousand (previous year: EUR 50 thousand).

6.2.2 RECEIVABLES AND OTHER ASSETS

RECEIVABLES AND OTHER FINANCIAL ASSETS	31/12/2014	CURRENT UP TO 1 YEAR	NON-CURRENT 1-5 YEARS	NON-CURRENT > 5 YEARS
Trade accounts receivable/other receivables	2,235	2,235	0	0
Other financial assets	7,317	7,317	0	0
Total	9,551	9,551	0	0

RECEIVABLES AND OTHER FINANCIAL ASSETS	31/12/2013	CURRENT UP TO 1 YEAR	NON-CURRENT 1-5 YEARS	NON-CURRENT > 5 YEARS
Trade accounts receivable/other receivables	4,850	4,850	0	0
Other financial assets	8,192	8,192	0	0
Total	13,041	13,041	0	0

The trade accounts receivable mainly comprise receivables from over-the-counter betting operations.
The items reported under other financial assets are receivables from payment service providers amounting to EUR 2,947 thousand with a time to maturity of between one day and 90 days. It additionally includes guarantees amounting to EUR 1,960 thousand as well as restricted cash in the amount of EUR 838 thousand serving as collateral for licences.

The other financial assets and the other receivables generally have a maturity of between 30 and 90 days.

Individual allowances as well as general allowances for uncollectable trade accounts receivable amounting to EUR 16 thousand (previous year: EUR 185 thousand) were applied.

With regard to the receivables and other financial assets that were overdue but neither impaired nor in default, there is no evidence at the reporting date that the debtors will not meet their payment commitments. As in the previous year, the maximum default risk amounts to the level of the receivables and other assets reported.

TRADE ACCOUNTS RECEIVABLE	31/12/2014 € '000	31/12/2013 € '000
30 days	2,235	1,933
90 days	0	0
Up to 1 year	0	2,917
Overdue, not impaired	0	0
Total	2,235	4,850

6.2.3 CASH AND CASH EQUIVALENTS

At December 31, 2014 cash and cash equivalents amounted to EUR 8,676 thousand (previous year: EUR 7,965 thousand). Of this sum, EUR 2.7 million (previous year: EUR 2.0 million) is attributable to pferdewetten.de AG and is therefore not available group-wide. This item includes investments in fixed-term deposits and overnight money. The investments are all due short-term, within between one day and three months.

6.3 SHAREHOLDERS' EQUITY

6.3.1 SHARE CAPITAL

The share capital of mybet Holding SE amounts to EUR 25,584,924.00 (previous year: EUR 24,257,373.00) and is divided into the same number of no par value shares.

In the context of the capital increase performed in October and November 2014, shares were subscribed making utilisation of the authorised capital.

AUTHORISED CAPITAL

The company has various authorised sums of capital amounting to up to EUR 10,672,499.00 in total.

With regard to the Authorised Capital 2010/I, following utilisation of the authorisation in November 2014 for EUR 1,327,551.00 the Management Board is authorised, with the consent of the Supervisory Board, to increase the capital stock up until May 17, 2016 through the issuance of new shares for cash, whether as a single transaction or in multiple transactions, by up to EUR 5,672,499.00. The shareholders shall be granted a fundamental subscription right; however the Management Board is, with the consent of the Supervisory Board, authorised to exclude the shareholders' subscription right for residual amounts. Moreover the Management Board is, with the consent of the Supervisory Board, authorised to determine the further terms of the share issue for the Authorised Capital 2010/I.

With regard to the Authorised Capital 2010/II, the Management Board is authorised, with the consent of the Supervisory Board, to increase the capital stock up until May 17, 2016 through the issue of new shares for contribution in kind, whether as a single transaction or in multiple transactions, by up to EUR 5,000,000.00. In this connection the Management Board is, with the consent of the Supervisory Board, authorised to exclude the shareholders' subscription right to an amount totalling up to EUR 5,000,000.00, whether as a single transaction or in multiple transactions, if the new shares are issued for contribution in kind and the issuing price of the new shares does not undercut by more than 5 percent the market price of shares of the same features already listed at the time when the issuing price is finally fixed. The market price is deemed to be the arithmetical average of the closing prices (Xetra) on the ten trading days prior to the fixing date.

CONDITIONAL CAPITAL

a) Convertible bonds

Following cancellation of the Conditional Capital 2011/I, the Annual General Meeting of June 5, 2014 resolved to increase the capital stock conditionally by an amount of EUR 5,000,000.00 through the issue of up to EUR 5,000,000 registered ordinary shares with no par value (no par value shares). The Management Board was authorised to issue convertible bonds with a total nominal value of up to EUR 20,000,000.00 up until June 4, 2019 on one or more occasions and to equip the convertible bonds with conversion rights that entitle the acquirer to purchase shares in the company as further specified in the resolution and in the terms of the bond (Conditional Capital 2014/I). No use has yet been made of the authorisation.

The Annual General Meeting of May 24, 2012 resolved to increase the capital stock conditionally by an amount of EUR 4,000,000.00 through the issue of up to EUR 4,000,000 registered ordinary shares with no par value (no par value shares). The Management Board was authorised to issue convertible bonds with a total nominal value of up to EUR 20,000,000.00 up until May 23, 2016 on one or more occasions and to equip the convertible bonds with conversion rights that entitle the acquirer to purchase shares in the company as further specified in the resolution and in the terms of the bond (Conditional Capital 2012/I). No use has yet been made of the above authorisations to issue convertible bonds.

b) Stock options

There exist several conditional capital amounts for the issuance of subscription rights to the management and employees of the company, and to affiliated companies.

Following its partial cancellation, Conditional Capital 2005/I amounts to EUR 205,000.00 and Conditional Capital 2006/I totals EUR 475,000.00. The possibility of exercise of the corresponding employee options has lapsed through the passage of time.

Conditional Capital 2010/I amounts to EUR 550,000.00. Exercise of the corresponding employee options is possible for a period of six years after their issuance.

At December 31, 2014 no stock options were issued and there was no dilutive effect in the year under review. The stock options from Conditional Capital 2010/I are fully available until June 9, 2015.

c) Acquisition of treasury shares

The Annual General Meeting on July 18, 2013 authorised the Management Board until July 17, 2018 to acquire, with the consent of the Supervisory Board, treasury shares representing up to 10 percent of the capital stock at the time of the resolution. At no time may the acquired shares, together with other treasury shares held by the company or attributable to it pursuant to Sections 71a ff. of the German Stock Corporation Act, represent more than 10 percent of the capital stock. The authorisation may not be used for the purpose of trading treasury shares. No use has yet been made of the authorisation.

6.3.2 ADDITIONAL PAID-IN CAPITAL

The company has additional paid-in capital amounting to EUR 12,175 thousand (previous year: EUR 11,637 thousand) made up essentially of additional payments from capital increases and the equity capital portion of the convertible bonds issued.

6.3.3 GROUP EQUITY GENERATED

In the context of the deconsolidation of MYBET ITALIA S.R.L adjustments to the values carried forward amounting to EUR 104 thousand arose during calculation of the carrying amounts of the assets sold; these are recognised under the group equity generated.

	31/12/2014 € '000	31/12/2013 € '000
Position at 31/12/2013 / 31/12/2012	-21.127	-10.170
Change in investment venture pferdewetten.de AG	0	133
Deconsolidation of DIGIDIS S.L.	0	-151
MYBET ITALIA S.R.L.: other netting	-104	0
Equity transactions with shareholders: other netting	-2	-5
Overall result	-317	-10.933
Position at 31/12/2014 / 31/12/2013	-21.549	-21.127

6.3.4 NON-CONTROLLING INTERESTS

Non-controlling interests in the share capital and the additional paid-in capital are reported. Interests in the result for the period relate to the other shareholders of QED Ventures Ltd., Malta, and of pferdewetten.de AG. There was no netting of other interests in earnings, as the other minority shareholders do not participate in the respective earnings.

6.4 LIABILITIES

6.4.1 DEFERRED TAXES

For disclosures concerning deferred taxes, please refer to Note 4.9.

6.4.2 LIABILITIES

As well as the financial liabilities, other liabilities are classified by maturity as follows:

LIABILITIES € '000	31/12/2014	CURRENT UP TO 1 YEAR	NON-CURRENT 1-5 YEARS	NON-CURRENT > 5 YEARS
Trade accounts payable/other liabilities	9,256	9,256	0	0
Other financial liabilities	6,637	6,637	0	0
Total	15,894	15,894	0	0

LIABILITIES € '000	31/12/2013	CURRENT UP TO 1 YEAR	NON-CURRENT 1-5 YEARS	NON-CURRENT > 5 YEARS
Due to banks	156	134	22	0
Trade accounts payable/other liabilities	10,738	10,738	0	0
Other financial liabilities	8,363	8,363	0	0
Total	19,257	19,235	22	0

The other financial liabilities contain derivative liabilities (from bets outstanding) amounting to EUR 226 thousand that are due in less than one year.

Trade accounts payable

The trade accounts payable have a term of up to one year. They are secured to the customary extent by retention of title.

Other financial liabilities

Interest expense relates to amounts due to banks totalling EUR 3,169 thousand (previous year: EUR 3,924 thousand), to liabilities from bonds of EUR 874 thousand (previous year: EUR 1,872 thousand), and to surety commissions of EUR 172 thousand (previous year: EUR 257 thousand).

6.5 OTHER ACCRUED EXPENSES

Other accruals are comprised as follows:

OTHER ACCRUED EXPENSES € '000	POSITION AT 01/01/2014	CONSUMED	REVERSED	ALLOCATED	DECONSO-LIDATION MYBET ITALIA S.R.L.	POSITION AT 31/12/2014
Personnel expenses	373	311	46	632	15	633
Settlements	348	90	0	14	0	272
Litigation costs	105	0	0	0	0	105
Other tax accruals	16	0	0	11	16	11
	842	401	46	657	31	1,021

OTHER ACCRUED EXPENSES € '000	POSITION AT 01/01/2013	CONSUMED	REVERSED	ALLOCATED	DECONSO-LIDATION DIGIDIS SUB-GROUP	POSITION AT 31/12/2013
Personnel expenses	332	299	17	375	18	373
Settlements	0	0	0	348	0	348
profit-related bonus	446	446	0	0	0	0
Litigation costs	5	0	0	100	0	105
Other tax accruals	0	0	0	16	0	16
	783	745	17	840	18	842

The accruals for personnel costs substantially comprise obligations for outstanding vacation leave, bonuses, settlements and industrial accident insurance contributions.

The accruals for settlements total EUR 272 thousand (previous year: EUR 348 thousand) and are in connection with the change of Management Board members at mybet Holding SE.

Accrued expenses amounting to EUR 105 thousand (previous year: EUR 105 thousand) were formed for litigation costs in connection with the termination of employment.

All accrued expenses are short-term in nature, with a term of up to one year; no reimbursements are expected.

7 SEGMENT REPORTING

SEGMENT REPORTING 2014 € '000	SPORTS BETTING	CASINO & POKER	LOTTERIES	HORSE BETTING	OTHER OPERATING SEGMENT	TOTAL OPERATING SEGMENTS	MISCELLANEOUS	TOTAL SEGMENTS	CONSOLIDATED TRANSFERS	TOTAL
Revenue	40,301	21,920	0	7,045	1,135	70,401	5	70,405	-44	70,361
Other operating income	465	989	0	399	479	2,331	881	3,213	2,463	5,675
Expense (EBITDA costs)	-41,153	-21,565	0	-5,702	-896	-69,316	-3,730	-73,046	-23	-73,070
EBITDA	-387	1,343	0	1,742	717	3,416	-2,844	572	2,395	2,967
Depreciation and amortisation	-320	-141	0	-444	-137	-1,043	-310	-1,352	-1,018	-2,370
EBIT	-707	1,203	0	1,298	580	2,374	-3,154	-781	1,377	596
Interest income							50	50		50
Interest expense							-33	-33		-33
Earnings before tax										614
Taxes							-399	-399		-399
Net profit/loss for the period (IFRS)										215

SEGMENT REPORTING 2013 € '000	SPORTS BETTING	CASINO & POKER	LOTTERIES	HORSE BETTING	OTHER OPERATING SEGMENT	TOTAL OPERATING SEGMENTS	MISCELLANEOUS	TOTAL SEGMENTS	CONSOLIDATED TRANSFERS	TOTAL
Revenue	33,337	23,419	3,183	5,620	1,247	66,806	202	67,008	20	67,028
Other operating income	722	242	22	341	275	1,603	-34	1,569	2,153	3,722
Expense (EBITDA costs)	-38,440	-21,618	-3,341	-4,850	-850	-69,099	-6,413	-75,512	-2,333	-77,845
EBITDA	-4,380	2,044	-137	1,112	672	-690	-6,245	-6,935	-160	-7,095
Depreciation and amortisation	-1,065	-227	-1,898	-335	-220	-3,745	-450	-4,195	-1	-4,196
EBIT	-5,446	1,817	-2,035	777	452	-4,435	-6,695	-11,130	-161	-11,291
Interest income							310	310		310
Interest expense							-94	-94		-94
Depreciation and amortisation of financial assets			-1,717			-1,717		-1,717	1,192	-525
Earnings before tax										-11,600
Taxes							794	794		794
Net profit/loss for the period (IFRS)										-10,806

To reflect its organisation, the group is structured into legal entities that serve as the basis for preparing the financial statements and for formal external reporting. These product areas represent the cost units and therefore the segments, and serve as the basis on which the management reaches controlling decisions. The uniform cost unit and cost centre approach across all group subsidiaries provides a general overview of the products' performance. The management bases its decisions primarily on the revenue performance of these product areas and on the costs directly associated with them.

This structure is a crucial part of the management's decision-making process and accordingly constitutes the basis for segment reporting pursuant to IFRS 8. EBIT and EBITDA are reported internally by way of results for the segments.

The segments comprise the three product areas Sports Betting, Casino & Poker and Horse Betting. The other operating segment mainly comprises the activities of the subsidiary C4U-Malta Ltd., which as an independent financial institution is in a position to offer its payment transaction services to other companies. The holding activities that have not been apportioned to individual operating segments are the main items reported under the Miscellaneous segment. It reflects the actual costs of the holding operations as well as key operating areas (accounts, controlling, legal, human resources) which are handled by the holding company for organisational reasons.

The basis for internal cost allocation was reviewed further, with the result that differentiated contribution accounting is now practised. Since 2012 these costs have been differentiated as direct and indirect costs (prime costs) and as apportioned overheads. The overheads include costs that cannot be apportioned either directly or indirectly and are therefore apportioned to the segments using an allocation formula. In its segment-specific decisions the management disregards the interest income and expense as well as the assets and liabilities per segment. The reason is that these items are of no relevance for controlling decisions because external financing of the group is not currently relevant and asset utilisation is very low.

Nor are taxes taken into consideration in the decision-making process at segment level. Regional revenue patterns are not used for steering purposes on the one hand because the platform products are structured internationally (.com) and not by country or region, and on the other hand are each operated centrally by a national company that does not normally correspond to the customer's country of domicile. There is correspondingly no geographical segmentation by country/region.

In view of the structure chosen, revenue between the segments does not occur because the cost units and cost centres are grouped together into segments on a cross-company basis.

Sports Betting: The group's sports betting activities are combined in this segment. As a licensed bookmaker, PEI Ltd. accepts bets primarily on sporting events and accordingly offers payment odds. Reporting covers the relevant revenue from online sales on the mybet.com and mybet.de platforms, and the revenue at over-the-counter betting shops. The segment is the revenue driver for the group and the main area in which new customers are acquired. It also accounts for the greater part of marketing expenses. To capitalise on its earnings-generating capacity, customer marketing activities are shared with the Casino & Poker segment. Roughly 84 percent of revenue was generated in Europe (previous year: 93 percent), the bulk of this in Germany.

Casino & Poker: The segment brackets the online products for casino and poker games on the various platforms. Alongside the Sports Betting segment, it is a key source of revenue overall. However, new customers are acquired predominantly through the activities of the Sports Betting segment. The European region dominates with a revenue share of around 98 %.

Lotteries: Until the deconsolidation of the DIGIDIS companies with effect from November 30, 2013 this segment reported the agency commissions for lottery products as well as the handling fees on lottery stakes. In the course of adjusting comparative information for 2013, the reported depreciation and amortisation of loans and investments (DIGIDIS S.L. and DIGIDIS S.A.) was adjusted within segment reporting.

Horse Betting: The segment spans the group's horse betting activities and comprises both bookmaking revenue (hold) and commissions from betting stakes handled on behalf of racecourses. Of the revenues, no single customer now accounts for more than ten percent (previous year: EUR 458.2 thousand).

Other operating segment: Mainly the revenue, costs and results from payment transaction services are reported here. C4U business is still in the start-up phase.

Miscellaneous: This segment mainly comprises the holding activities that were not apportioned among the individual operating segments. EBIT for the segment came to EUR -3.2 million (previous year: EUR -6.7 million).

Unter den Konzernumbuchungen sind die Konsolidierungsbuchungen erfasst, die den Segmenten nicht einzeln zugeordnet werden können. Dies betrifft im Wesentlichen Zwischengewinneliminierungen und Konsolidierungsbuchungen im Bereich Forderungen und Verbindlichkeiten verbundener Unternehmen.

8 OTHER PARTICULARS

8.1 EARNINGS PER SHARE

EARNINGS PER SHARE	31/12/2014	31/12/2013
Profit for period attributable to the shareholders of mybet Holding SE (€ ’000)	-317	-10,933
Weighted average number of ordinary shares outstanding during the period under review (units)	24,463,881	24,219,416
Basic earnings per share (€)	-0.01	-0.45
Dilutive shares from options and bonds (units)	0	0
Dilution of result from pferdewetten.de AG (€ ’000)	-24	-6
Interest payments saved (€ ’000)	0	0
Consolidated earnings (€ ’000) + opposite dilutive effect (€ ’000)	-341	-10,940
Number of dilutive shares (units)	24,463,881	24,219,416
Diluted earnings per share (€)	-0.01	-0.45

Earnings per share are diluted slightly by the diluted result for pferdewetten.de AG.

The weighted average number of shares outstanding during the period under review was calculated as follows:

CAPITAL STOCK	31/12/2014	31/12/2013	31/12/2012
Capital stock on Jan 1	24,257,373	24,217,183	24,216,683
Weighted total of new shares			
from bonds	0	4,019	122
from capital increase	1,327,551	0	0
Weighted average number of shares outstanding during the period under review	24,463,881	24,219,416	24,216,805

8.2 FINANCIAL INSTRUMENTS

CLASSIFICATION AND FAIR VALUES

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not contain any information on the fair value of financial assets and financial liabilities that were not measured at fair value if the carrying amount represents a reasonable approximation of the fair value.

€ '000	NOTE	CARRYING AMOUNT LOANS AND RECEIVABLES	AVAILABLE FOR SALE	OTHER FINANCIAL LIABILITIES	TOTAL	FAIR VALUE LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	GAIN (+)/ LOSS (-) FROM FINANCIAL INSTRUMENTS
Financial assets measured at fair value										
Assets held for sale	2,4		1		1		1		1	
		0	1	0	1					
Financial assets not measured at fair value										
Investments	6,1.5		1		1					
Trade accounts receivable/other receivables	6,2.2	4,850			4,850					- 185
Other financial assets	6,2.2	8,192			8,192					
Cash and cash equivalents	6,2.3	7,965			7,965					
		21,007	1	0	21,008					

€ '000	NOTE	CARRYING AMOUNT LOANS AND RECEIVABLES	AVAILABLE FOR SALE	OTHER FINANCIAL LIABILITIES	TOTAL	FAIR VALUE LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	GAIN (+)/ LOSS (-) FROM FINANCIAL INSTRUMENTS
Financial liabilities measured at fair value										
Other financial liabilities	6,4			312	312		312		312	
		0	0	312	312					
Financial liabilities not measured at fair value										
Due to banks	6,4	156			156					
Trade accounts payable/other liabilities	6,4	10,738			10,738					
Other financial liabilities	6,4			8,363	8,363					
		10,894	0	8,363	19,257					

		CARRYING AMOUNT				FAIR VALUE				
€ '000	NOTE	LOANS AND RECEIVABLES	AVAILABLE FOR SALE	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	GAIN (+)/ LOSS (-) FROM FINANCIAL INSTRUMENTS
Financial assets measured at fair value										
Trade accounts receivable/other receivables	6,2.2	2,235			2,235					
Other financial assets	6,2.2	7,317			7,317					
Cash and cash equivalents	6,2.3	8,676			8,676					
		18,227	0	0	18,227					

		CARRYING AMOUNT				FAIR VALUE				
€ '000	NOTE	LOANS AND RECEIVABLES	AVAILABLE FOR SALE	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	GAIN (+)/ LOSS (-) FROM FINANCIAL INSTRUMENTS
Financial liabilities measured at fair value										
Other financial liabilities	6,4			226	226		226		226	
		0	0	226	226					
Financial liabilities not measured at fair value										
Trade accounts payable/other liabilities	6,4	9,256			9,256					
Other financial liabilities	6,4			6,637	6,637					
		9,256	0	6,637	15,894					

Other financial liabilities include derivative liabilities measured at fair value and with a maturity of less than one year. These are bets outstanding at the reporting date.

8.3 HEDGING POLICY AND DERIVATIVE FINANCIAL INSTRUMENTS

The company has concluded insurance policies to cover various operating risks. The following table shows the levels of cover for the principal credit risks.

INSURED TYPE	31/12/2014 € '000	31/12/2013 € '000
Third-party insurance, business, product and environmental liability	5,000	5,000
Activity of corporate bodies	10,000	10,000
Business interruption	500	500
Electronics insurance	485	485
Criminanl defence insurance	1,000	1,000
Fidelity insurance	2,500	2,500

8.4 OTHER FINANCIAL OBLIGATIONS

The company must spend EUR 3,885 thousand (previous year: EUR 3,094 thousand) in the future for rent, leases, contracts for services and similar obligations.

8.5 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS/CONTINGENT ASSETS

Contingent liabilities are potential obligations towards third parties or actual obligations where an outflow of resources is not improbable. They are not recognised on the balance sheet, but explained in the Notes. Companies of the mybet Group are the defendants in various proceedings in connection with the State Treaty on gaming, the outcome of which is uncertain. Based on the legal assessment of the company's legal consultants and on rulings already delivered, the company considers it improbable that it will have to meet any claims as a result. There are no risks from pending proceedings not recognised on the balance sheet. By way of supplementary information we refer to the remarks on estimates under Note 3 m.

Contingent assets are potential claims from third parties or actual claims where an inflow of resources is not improbable. They are not recognised on the balance sheet, but explained separately. In particular the ruling of the Higher Regional Court of Düsseldorf should be mentioned in this connection; it has ordered Westdeutsche Lotterie GmbH & Co. OHG, Münster, to pay EUR 11.5 million plus interest in damages to SWS Service GmbH (formerly FLUXX GmbH), a fully-owned subsidiary of mybet Holding SE. We additionally refer to Note 8.12 (Events occurring after the balance sheet date) for an up-to-date assessment of the above matter by the management.

8.6. LEASES

The lease agreements concluded by the company consist of operating lease agreements.

Vehicles, office machinery and telecommunications systems are financed using operating leases. The agreements concluded have terms to maturity of between one and five years. The expense from these operating lease agreements and from tenancy agreements for furniture and fittings totalled EUR 246 thousand in the financial year (previous year: EUR 289 thousand), and the expense from tenancy agreements EUR 539 thousand (previous year: EUR 717 thousand). The expenses are reported in other operating expenses under vehicle costs, rental for fixtures and fittings and expenses for premises.

The following table shows the future minimum expenses that will be incurred from lease and tenancy agreements in view of the terms and notice periods of these agreements. These come under other financial obligations (see also Note 8.4).

TENANCY AND LEASE AGREEMENTS	31/12/2014 € '000	31/12/2013 € '000
Tenancy agreements		
Maturity up to 1 year	489	549
Maturity 1 to 5 years	915	1,458
Lease agreements		
Maturity up to 1 year	107	194
Maturity 1 to 5 years	123	109

8.7 RELATED PARTIES

The following table shows the amounts due to related parties which diminished the result for 2014 (see also Note 8.10). The amounts concerned are in respect of consultancy services.

RELATED PARTIES	2014 € '000	2013 € '000
Behördenengineering Jakopitsch, Clemens Jakopitsch (member of the Supervisory Board)	12	18
Franz Frhr. von Brackel, lawyer (Managing Director of SWS Service GmbH, Berlin until May 31, 2014)	151	198
GWU mbH, Managing Director Antje Stoltenberg, Supervisory Board Chairman until December 31, 2013	0	2
BankM, indirect shareholder Markus Knoss, (member of the Supervisory Board)	66	0
Volker Rohde (CEO of C4U Malta, Ltd.)	144	0
Total	373	218

The prices are in line with arm's-length transactions. The consultancy services are invoiced on the basis of hours worked, at hourly rates that are in line with the market, or on the basis of the applicable fee scales, or on the basis of a carefully considered quotation.

There were outstanding liabilities in respect of Mr Volker Rohde for EUR 15,310.01 at the closing date. There were no other outstanding liabilities to related parties at the closing date.

8.8 STOCK OPTION PLANS

Both mybet Holding SE and the listed subsidiary pferdewetten.de AG have launched stock option plans. Stock options from the stock option plans may be granted only to employees not under notice of the company or an affiliated company.

MYBET HOLDING SE

Of the maximum number of stock options to be issued under the 2005/2006 plans, up to 30 percent may be granted to the members of the company's Management Board, up to 40 percent to the managing directors of subsidiaries and up to 80 percent to employees of the company and its subsidiaries. No new stock options may now be issued.

Each stock option shall bear an entitlement to acquire one share in the company at the exercise price, if exercised. The exercise price for stock options from these plans shall be the last minimum price determined and published by the Federal Financial Supervisory Authority according to the German Securities Acquisition and Takeover Act (WpÜG), upon issue of the stock options. The options may only be exercised if the trading price at the time of exercise reaches at least 115 percent of the trading price at the time of issuance. For this purpose, the last minimum price determined and published on the internet by the Federal Financial Supervisory Authority according to the German Securities Acquisition and Takeover Act (WpÜG) shall likewise apply.

The stock options may only be exercised after having been held for a period of two years from the date of issue (vesting period). The stock options may be exercised in the three years following expiry of the vesting period. Stock options not exercised shall expire when five years from the time of their issue have elapsed. The stock options may be exercised after expiry of the vesting period in each case within a period of three weeks following publication of the quarterly reports for the second and third quarters, as well as after the holding of the Annual General Meeting of Shareholders.

The Management Board, and also the Supervisory Board in respect of members of the Management Board, may appropriately extend or shorten the above exercise periods as required.
The beneficiaries must furthermore observe the restrictions proceeding from general statutory provisions such as the German Securities Trading Act (insider law).

Stock options from the 2010 stock option plan may be granted only to employees not under notice of the company or an affiliated company. The persons in questions need not yet have commenced their activity on the behalf of the company or the affiliated company.
Of the aforementioned maximum number of stock options to be issued, up to 60 percent may be granted to the members of the company's Management Board, up to 60 percent to the managing directors of subsidiaries and up to 80 percent to employees of the company and its subsidiaries. Stock options may be issued continuously.
Each stock option shall bear an entitlement to acquire one share in the company at the exercise price, if exercised. The exercise price shall be the trading price at the time of issue. For this purpose "trading price" means the weighted average price over the three months prior to issuance.
The options may only be exercised if the trading price at the time of exercise reaches at least 115 percent of the trading price at the time of issuance. The weighted average price over the preceding three months again applies here.

Employees may acquire stock options during the valid period of the authorisation in response to a corresponding offer, within the deadline stated in the offer, but acquisitions are excluded during the two-week period prior to the publication of interim reports, first-half and annual financial reports, and, where applicable, prior to the publication of (provisional) business results released before these reports.
The stock options may only be exercised after a waiting period of four years from the date of issue (vesting period). The stock options may be exercised in the two years following expiry of the vesting period. Stock options not exercised shall lapse when six years from the time of their issue have elapsed.

After the vesting period has ended, the stock options may in each case be exercised during a period of three weeks

- following publication of the quarterly reports for the 2nd and 3rd quarters, as well as
- after the holding of the Annual General Meeting of Shareholders (exercise periods).

The Management Board, and also the Supervisory Board in respect of members of the Management Board, may appropriately extend or shorten the above exercise periods as required. The beneficiaries must furthermore observe the restrictions proceeding from general statutory provisions such as the German Securities Trading Act (insider law). When an employee leaves the company, options not exercised normally expire.

Pursuant to IFRS 2, all options are to be measured and reported as salary expenses. For this purpose it is assumed that the value of the options – provided they are granted free of charge – represents remuneration for the period from the time the options were granted until the expiry of the vesting period. The value of the options is to be determined correspondingly and spread over the vesting period, taking account of such factors as employee fluctuation. As the options can be exchanged for shares in the company (equity settled) and are not redeemed in cash, the booking of salary expenses increases the additional paid-in capital. The expense entry simultaneously reduces the profit in the period when the expense is recorded, with the result that the effect on shareholders' equity is corrected again.

The options in question were measured at market price upon issue, applying Black-Scholes option pricing models and the binomial model. The exercise threshold was taken into account in the calculation using the above model.

The staggered vesting period and employee fluctuation of ten percent per year were likewise taken into account. No fluctuation was assumed for the Management Board. No dividend payments were assumed.

PHANTOM STOCKS

The Management Board members shall be granted tranches of phantom stocks according to a rolling system and may redeem these in defined periods. The maximum number granted is 400,000 for Management Board member Sven Ivo Brinck and 200,000 for Management Board member Markus Peuler. The redemption of phantom stocks entitles the Management Board members to payment of a variable remuneration by the company (phantom stock bonus) subject to agreed vesting periods, redemption periods and performance targets. The level of the phantom stock bonus is calculated from the positive balance between the relevant share price and the basic value, and is capped at two million euros per Management Board member.

The grant dates are shown in the following table.

GRANT DATES			
SVEN IVO BRINCK		MARKUS PEULER	
250,000	01/01/2014	100,000	15.11/2014
75,000	01/01/2015	50,000	15/11/2015
75,000	01/01/2016	5,000	15/11/2016

Once the conditions are met, the phantom stocks may be redeemed within the following periods of time:

REDEMPTION PERIODS			
SVEN IVO BRINCK		MARKUS PEULER	
250,000	01/01/2017 to 31/12/2017	100,000	15/11/2018 to 14/11/2019
75,000	01/01/2018 to 31/12/2018	50,000	15/11/2019 to 14/11/2020
75,000	01/01/2019 to 31/12/2019	5,000	15/11/2020 to 14/11/2021

The phantom stocks may not be exercised within closed periods. Closed periods are in each case the six weeks prior to publication of the regular quarterly reports as well as the day of their publication. In addition, the prohibitions of insider trading under securities trading law apply correspondingly.

The phantom stocks are to be measured according to IFRS 2 at the reporting date of December 31, 2014 and treated as salary expenses. For this purpose it is assumed that the value of the phantom stocks – provided they are granted free of charge – represents remuneration for the period from the time the phantom stocks were granted until the expiry of the vesting period. The value of the options is to be determined correspondingly at the reporting date and spread over the vesting period.

The phantom stocks in question were measured at market price, applying the Black-Scholes option price model. The following parameters were taken into account in the calculation using the above model:

PARAMETERS	SVEN IVO BRINCK	MARKUS PEULER
Trading price at reporting date	€ 1.27	€ 1.27
Average exercise price	€ 1.00	€ 1.36
Volatility	41.38%	41.38%
Vesting period	2	4
Risk-free interest rate	2.50%	2.50%

The expected volatility has been determined from the prices for the last 100 trading days prior to the measurement date. A total of EUR 150 thousand (previous year: EUR 0 thousand) was reported under personnel expenses for the phantom stocks granted.

The development in the options/phantom stocks to be reported pursuant to IFRS 2 is shown below.

MYBET HOLDING SE	2013		2014	
	TOTAL	Ø EXERCISE PRICE	TOTAL	Ø EXERCISE PRICE
Options outstanding at January 1	450,000	1.70 €	270,000	1.62
Granted in the period (Sven Ivo Brinck)	0	0,00 €	250,000	1,00 €
Granted in the period (Markus Peuler)	0	0,00 €	100,000	1,36 €
Lapsed in the period (employees)	- 5,000	1.62 €	- 270,000	1.62 €
Lapsed / forfeited in the period (Management Board)	- 175,000	1.77 €	0	0,00 €
Exercised in the period	0	0,00 €	0	0,00 €
Expired in the period	0	0,00 €	0	0,00 €
Options outstanding at December 31, 2013 / 31.12.2014	270,000	1.62 €	0	0,00 €
Exercisable options at December 31, 2013 / December 31, 2014 (Sven Ivo Brinck)	0	0,00 €	250.000	1,00 €
Exercisable options at December 31, 2013 / December 31, 2014 (Markus Peuler)	0	0,00 €	100.000	1,36 €
Exercisable options at December 31, 2013 / December 31, 2014	0	0,00 €	0	0,00 €

The stock options granted in respect of Conditional Capital 2010/I remain fully available for issuance up until June 9, 2015.

The fair value of the phantom stocks is presented below.

MANAGEMENT BOARD PHANTOM STOCKS						
SVEN IVO BRINCK	FAIR VALUE AT GRANT DATE EUR	VESTING DATE	VESTING PERIOD MONTHS	SPECIFIED SERVICE PERIOD MONTHS	FV SPECIFIED SERVICE PERIOD IN EUROS	FAIR VALUE AT DEC 31, 2014 EUR
1st tranche (250,000 units)	71,822.12	01,01,2017	36	12	23,940.71	110,722.67
2nd tranche (75,000 units)	21,546.64	01,01,2018	48	12	5,386.66	31,981.42
3rd tranche (75,000 units)	21,546.64	01,01,2019	60	12	4,309.33	31,981.42
Total	114,915.40				33,636.70	174,685.51

MARKUS PEULER	FAIR VALUE AT GRANT DATE EUR	VESTING DATE	VESTING PERIOD MONTHS	SPECIFIED SERVICE PERIOD MONTHS	FV SPECIFIED SERVICE PERIOD IN EUROS	FAIR VALUE AT DEC 31, 2014 EUR
1st tranche (100,000 units)	49,637.92	15,11,2018	49	2.5	2,532.55	42,130.27
2nd tranche (50,000 units)	24,818.96	15,11,2019	61	2.5	1,017.17	19,771.19
3rd tranche (50,000 units)	24,818.96	15,11,2020	73	2.5	849.96	19,771.19
Total	99,275.84				4,399.68	81,672.65

PFERDEWETTEN.DE AG

Of the maximum number of stock options to be issued of 360,000 ordinary shares, up to 60 percent may be granted to the members of the Management Board of pferdewetten.de AG, up to 60 percent to the managing directors of subsidiaries and up to 80 percent to employees of the company and its subsidiaries. Stock options may be issued continuously during the period of the authorisation.

Employees may acquire stock options during the period of the authorisation in response to a corresponding offer, within the deadline stated in the offer. However, acquisitions are excluded during the two-week period prior to the publication of interim reports, first-half and annual financial reports, and, where applicable, prior to the publication of the (provisional) business results released before this report.

The stock options may only be exercised after a waiting period of four years from the date of granting (vesting period). The stock options may be exercised in the two years following expiry of the vesting period. Stock options not validly exercised thus expire.

The stock options may only be exercised after a waiting period of four years from the date of granting (vesting period). The stock options may be exercised in the two years following expiry of the vesting period. Stock options not validly exercised thus expire.

Each stock option shall bear an entitlement to acquire one share in the company at the exercise price, if exercised. The exercise price shall be the trading price at the time of issue. For this purpose, “trading price” means the weighted average price over the three months prior to issuance. The options may only be exercised if the trading price at the time of exercise reaches at least 115 percent of the trading price at the time of issuance. The weighted average price over the preceding three months again applies here.

The stock options have been granted in compensation of employee services in future periods. To that extent the fair value of the total stock options granted is reported time proportionally over the vesting period of four years. The expenditure from this is recognised as personnel expenses. Because the options granted involve an entitlement to acquire ordinary shares in pferdewetten.de AG and cannot be paid out in cash, their reporting as personnel expenses increases the shareholders' equity (reserve for employee payments to be fulfilled in shareholders' equity).

The options have been measured at the market price upon issue, with the aid of the Black-Scholes model. For their measurement, the exercise threshold, vesting period and an employee fluctuation rate of ten percent have been taken into account.

The development in the options to be reported pursuant to IFRS 2 is shown below.

PARAMETER	
Date of granting	17/05/2012
Trading price at grant date	1.14 €
Exercise price	1.11 €
Expected volatility	50.46%
Vesting period	4
Risk-free interest rate	1.00%
Fair value	0.41 €

The expected volatility has been determined from the prices for the last three months prior to the granting of the stock options.

The development of the options in question is shown below:

	2014		2013	
	TOTAL	Ø EXERCISE PRICE	TOTAL	Ø EXERCISE PRICE
Options outstanding at January 1	360,000.00	1.11 €	360,000.00	1.11 €
Granted in the period	0		0	
Lapsed in the period	0		0	
Exercised in the period	0		0	
Options outstanding at December 31	360,000.00	1.11 €	360,000.00	1.11 €
Options exercised	0		0	
Exercisable options	0		0	

The expected volatility has been determined from the prices for the last three months prior to the granting of the stock options. The development of the options in question is shown below:

8.9 MANAGEMENT OF FINANCIAL RISKS AND DISCLOSURES ON CAPITAL MANAGEMENT

FINANCIAL RISK

In respect of its assets, liabilities and planned transactions, the mybet Group is exposed to diverse risks, in particular from exchange rate movements, stock market prices and market prices. The aim of financial risk management is to limit these market risks by means of ongoing operational and finance-oriented activities. Certain transactions require the prior permission of the Management Board or Supervisory Board; liquidity, trading price and interest rate risks moreover form part of the risk management system and are reported on and evaluated monthly with the aid of a scorecard. For this purpose, risks are evaluated in terms of their probability and the inherent monetary loss if they materialise. The risks can consequently be categorised into different risk classes.

Credit risks arise in the online sector for example from the receivables terms and returned direct debits from business transactions with customers. These risks are countered by implementing appropriate scoring methods that on the one hand are intended to ensure that, for example, stolen credit cards, false bank details or addresses and also under-age customers are detected during the registration process, so as to prevent transactions. On the other hand the risk is then shared to some extent with the providers of such methods of payment, such as credit cards; these parties then bear the loss if a credit card payment is not honoured (charge-back).
Risks from business transactions, for example, with betting shop operators are limited by prepaid methods and, in the event of default, by reducing the limits available. However the credit risk here tends to be higher than in the online sector.
In general, the risk of losses on receivables but also high payouts of winnings is limited by capping the stakes; particularly in the case of new customers, this prevents high outstanding debts or payouts of winnings from occurring.

As a fundamental rule credit risks in business operations involving financial instruments are continually monitored. They are reflected by means of specific and general allowances for uncollectable receivables. The maximum credit risk is reflected by the carrying amounts of the financial assets reported in the balance sheet. (Cf. also remarks under Notes 3 and 6.2.2).

Liquidity risks are monitored operationally on the one hand with the help of liquidity statistics with a trend analysis. The status is then projected on the basis of the plans drawn up for the financial year in progress, by means of a monthly cash flow statement. Liquidity risks involve potential difficulties in meeting payment commitments on time or generally pro rata or in entirety. The weekly and monthly liquidity and cash flow reports and the ongoing monitoring of revenue and payment streams compared with the plans drawn up monthly are intended to maintain solvency at all times. As a medium-sized corporate group, the mybet Group does not have credit lines, so cash management is correspondingly more important for the group. As well as cash and cash equivalents, this includes current receivables especially from payment service providers, because a liability is recognised on the balance sheet from the moment a customer makes a payment using a payment service provider (e.g. credit card), but the cash inflow is only realised upon settlement with the payment service provider. The maximum credit risk is reflected by the carrying amounts of the cash and cash equivalents reported on the balance sheet and of current receivables. The times to maturity are indicated under Notes 6.6.2 and 6.2.3.

INVESTMENT RISKS

The group invested around EUR 4.6 million in fixed assets in 2014 (previous year: EUR 5.4 million). The investment objects were primarily intangible assets.

MARKET RISKS

At mybet , exchange rate risks stem from investments, financing measures and operating activities as well as from the credit balances of poker players, which are held in US dollars (USD). Foreign currency translation can have a considerable effect on the result. In the operating sphere, the individual group companies handle their activities predominantly in their individual functional currency (predominantly the euro). The exchange rate risk for mybet from ongoing business operations is therefore rated as low. Fluctuations in the US dollar may have an effect because there were again average liabilities in respect of poker players amounting to USD 0.4 million in 2014 (previous year: USD 0.4 million). A monthly movement of +/- 10 percent in the US dollar, as occurred several times in the highly volatile financial environment of 2014, would have led to the additional realisation of foreign currency gains / losses of EUR +30 thousand / EUR -30 thousand.

Fluctuations in the Ghanaian Cedi (GHS) may also have an effect. At the 2014 reporting date, there were receivables from betting shops amounting to GHS 384,366 (previous year: GHS 612,678). An exchange rate movement of +/-10 percent would have led to the additional realisation of exchange rate gains/losses of EUR +10 thousand/EUR -10 thousand.

There is no evidence of interest rate risks and these are therefore not stated individually, because all loans originated by the enterprise and receivables and liabilities entered into entail no or only fixed-rate interest agreements. Changes to the market rates of fixed-interest primary financial instruments only affect the earnings if these instruments are measured at fair value. All fixed-interest financial instruments measured at amortised cost are consequently not exposed to interest rate risks as defined by IFRS 7.

No other price risks are in evidence.

CAPITAL MANAGEMENT

The priority aim of capital management at mybet is to assure an equity ratio of at least 50 percent, to assure financing and, over the short-term horizon of one year, to generate a positive cash flow. The shareholders' equity of the mybet Group amounted to EUR 18,934 thousand at December 31, 2014 (previous year: EUR 16,960 thousand). The equity ratio is currently 51.2 percent (previous year: 44.4 percent). The equity ratio in 2014 was 1.1 percent (previous year: -63.7 percent). For the medium term the management is targeting a return on equity of around 20 percent. Both currently and in the medium term, the group's ability to repay its debt and its financial substance are of particular significance, taking account its need to secure its existence in a legally challenging environment while simultaneously safeguarding and accessing alternative markets and investment options. The aim is to strike a balance between exploiting existing earnings potential, tough economy measures and disinvestment, and developing new products and markets in a legally increasingly stable environment. The group monitors capital with the aid of this adjusted ratio of net debt to equity, according to the following formula:

	2014	2013*
Total liabilities	18,044	21,197
Less cash and cash equivalents	-8,676	-7,965
Net liabilities	9.368	13.232
Total shareholders' equity	18,934	16,960
Net liabilities to shareholders' equity	0,49	0,78

* adjusted

8.10 CORPORATE BODIES

MEMBERS OF THE MANAGEMENT BOARD

- Sven Ivo Brinck, Economics Graduate (BA), (from January 1, 2014)
- Markus Peuler, Business Administration Graduate, (from November 15, 2014)

MEMBERS OF THE SUPERVISORY BOARD

- Chairman: Dr Volker Heeg, Hamburg, lawyer and tax consultant
- Deputy Chairman: Markus Geiß, Monza (Italy), managing director
- Frank Motte, Stuttgart, managing partner (until June 4, 2014)
- Konstantin Urban, Gräfelfing, management consultant
- Markus Knoss, Frankfurt, banker and economist, (from June 4, 2014)
- Patrick Möller, Hamburg, IR manager, (from June 4, 2014)
- Clemens Jakopitsch, Vienna (Austria), management consultant (from June 4, 2014)

The following table shows the remuneration of the management in key positions pursuant to IAS 24.17:

REMUNERATION OF MANAGEMENT IN KEY POSITIONS (DISCLOSURES PURSUANT TO IAS 24.17)	MANAGEMENT BOARD		SUPERVISORY BOARD	
	2014	2013	2014	2013
Benefits due short-term	347	424	113	95
Termination benefits	0	90	0	0
Other long-term benefits	0	0	0	0
Post-employment benefits	0	0	0	0
Share-based payment / phantom stocks	150	0	0	0
Total	497	514	113	95

The supplementary information under Section 314 of German Commercial Code is given in the following table:

TOTAL REMUNERATION OF ACTIVE DIRECTORS EUR '000	2014	2013
Management Board	561	424
Supervisory Board	113	95
Total	674	519
Total remuneration of formere directors and their surviving dependants		
Management Board	0	90

The members of the Management Board were granted 600,000 phantom stocks (previous year: 0) in the year under review with a fair value at the time of granting of EUR 214 thousand.

The individualised remuneration of the Management Board and Supervisory Board members as well as the basic features of the remuneration system are shown in the Management Report.

8.11 INDEPENDENT AUDITORS' FEE

The following fees were recognised as expenses for the services rendered by the independent auditors of the Consolidated Financial Statements, KPMG AG Wirtschaftsprüfungsgesellschaft:

€ '000	2014	2013
Auditing of the financial statements	160	150
Additional audit costs, previous period	124	0
Other assurance services	13	87
Other services	7	37
Total	304	274

The fees for auditing of the financial statements consist mainly of the fees for auditing the Consolidated Financial Statements and for auditing the financial statements of mybet Holding SE.

8.12 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

In response to an appeal by Westdeutsche Lotterie GmbH & Co. OHG, Münster, against the non-admission of an appeal the Cartel Panel of the Federal Supreme Court granted a right of appeal against the ruling of the 1st Cartel Panel of the Higher Regional Court of Düsseldorf on March 3, 2015. In 2008 SWS Service GmbH (formerly FLUXX GmbH), a fully owned subsidiary of mybet Holding SE, had filed for compensation for the illegal boycott of its business by the German Lottery and Pools Organisation, in breach of competition law. In April 2014 the Higher Regional Court of Düsseldorf had then ordered Westdeutsche Lotterie GmbH & Co. OHG to pay damages of EUR 11.5 million plus interest. The Higher Regional Court did not grant a right of appeal. The appeal subsequently lodged by Westdeutsche Lotterie GmbH & Co. OHG against the non-admission of an appeal was upheld by the Federal Supreme Court decision. A possible compensatory payment plus interest in favour of SWS Service GmbH is therefore subject to a renewed verdict.

The refund claim has not been capitalised in view of the prevailing uncertainty.

Other than the above, there were no events after the end of the reporting period that require disclosure.

Kiel, April 2, 2015

SVEN IVO BRINCK

MARKUS PEULER

AUDIT CERTIFICATE

We have audited the Consolidated Financial Statements of mybet Holding SE, Kiel – comprising the Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Statement of Movements in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Financial Statements – as well as the Group Management Report for the financial year from January 1 to December 31, 2014. The preparation of the Consolidated Financial Statements and Group Management Report in accordance with the IFRS rules as adopted by the EU, as well as with the requirements of commercial law pursuant to Section 315a (1) of German Commercial Code (HGB), is the responsibility of the Management Board of the company. Our task is to assess the Consolidated Financial Statements and Group Management Report on the basis of our audit.

We conducted our audit of the Consolidated Financial Statements in accordance with Section 317 of HGB and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Auditors (IDW). Those standards require that we plan and perform the audit such that it can be assessed with reasonable assurance whether the Consolidated Financial Statements, based on the accounting standards to be applied, and also the Group Management Report are free of material misstatements which could have a significant impact on the presentation of the company's net worth, financial position and financial performance. Knowledge of the business activities and the economic and legal environment of the group as well as evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal controlling system for accounting and the evidence supporting the disclosures in the Consolidated Financial Statements and Group Management Report are examined predominantly on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in the Consolidated Financial Statements, the definition of the consolidated entity, the accounting and consolidation principles used and significant estimates made by the company's legal representatives, as well as evaluating the overall presentation of the Consolidated Financial Statements and Group Management Report. We are of the opinion that our audit constitutes an adequately sound basis on which to make this assessment.

Our audit has not led to any reservations.

In our opinion, formed on the basis of the audit, the Consolidated Financial Statements conform to IFRS as adopted by the EU, as well as to the requirements of commercial law pursuant to Section 315a Para.1 of HGB and, on the basis of those rules, give a true and fair view of the net worth, financial position and financial performance of the group. The Group Management Report is in agreement with the Consolidated Financial Statements and on the whole provides a suitable understanding of the group's situation and suitably presents the opportunities and risks of future development.

Hamburg, April 9, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Haußer	Küntzel
Independent auditor	Independent auditor

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