mybet Holding SE
ANNUAL REPORT 2015

mybet

KEY FIGURES FOR THE GROUP, IFRS

INCOME STATEMENT	2015 TEURO	2015 (ADJUSTED)* TEURO	2014 TEURO	2014 (ADJUSTED)* TEURO	2013 TEURO
Total revenue	62,972	69,229	69,247	70,361	67,028
Sports Betting segment	33,862	39,446	40,301	40,301	33,337
Casino & Poker segment	19,851	19,851	21,920	21,920	23,419
Horse Betting segment	9,249	9,249	7,045	7,045	5,620
Other segment	0	672	0	1,135	1,247
Net gaming revenue (NGR)	61,917	67,501	68,341	68,341	65,648
EBITDA	-749	-1,025	2,666	2,871	-6,990
EBIT	-8,818	-9,234	459	500	-11,186
EBT	-8,842	-9,257	475	518	-11,495
Net profit/loss for the period	-8,028	-8,028	215	215	-10,806
Earnings per share (diluted, EUR)	-0.37	-0.35	-0.01	-0.02	-0.45
Employees (average for the year)	162	172	159	168	182
Revenue per employee	388.7	402.5	435.5	418.8	368

BALANCE SHEET	12/31/2015 TEURO	12/31/2014 TEURO	12/31/2013 TEURO
Non-current assets	14,995	18,574	17,090
Deferred taxes	2,593	1,260	1,350
Cash and cash equivalents	6,834	8,101	7,965
Shareholders' equity	11,668	18,934	18,306
Balance sheet total	34,114	36,978	38,157
Equity ratio	34.2%	51.2%	44.4%

The figures for the 2014 and 2015 financial years are additionally adjusted for the change in reporting for Ghana business as well as the deconsolidation of C4U-Malta Ltd.

CONTENTS

INVESTMENT HIGLIGHTS

1. MANAGEMENT EXPERTISE – WE KNOW OUR BUSINESS

- **ZENO OSSKÓ, CEO**
  - Focus on Product, Marketing and Sales as well as Technology
  - Over ten years' experience in the internet industry, mainly in gaming and gambling
  - Wealth of experience in developing and marketing products and ventures
- **MARKUS PEULER, CFO**
  - Focus on Finance, Controlling, Human Resources and Legal/Compliance as well as Investor/Public Relations
  - Background in auditing, over twelve years' leadership experience
  - Over ten years' experience in the digital sector, especially well acquainted with Mobile business models

2. FOCUSSED BUSINESS MODEL – MYBET MEANS SPORTS BETTING AND CASINO

- **SPORTS BETTING**
  - From football and cycle racing to boxing and volleyball – a betting range covering over 30 sports
  - Over 20 million bets each month – available at betting shops, online or on mobile devices
  - Average of over 18,000 active sports betting customers per month Adjusted growth for 2015: 1.1 percent
- **CASINO**
  - Attractive casino jackpots (highest jackpot in 2015: EUR 2.5 million)
  - Extensive range of table games such as roulette, blackjack and various card games
  - Hundreds of slots with high-quality graphics, for incomparable gaming enjoyment
  - New high-class live casino
- **HORSE BETTING (PFERDEWETTEN.DE AG)**
  - Over 29,000 registered customers
  - Online horse betting at www.pferdewetten.de and over the counter
  - Betting on horse races in 34 countries
  - Growth 2015: 54.3 percent

3. GROWTH OPPORTUNITIES – THE CHANGING STATE OF THE MARKETS

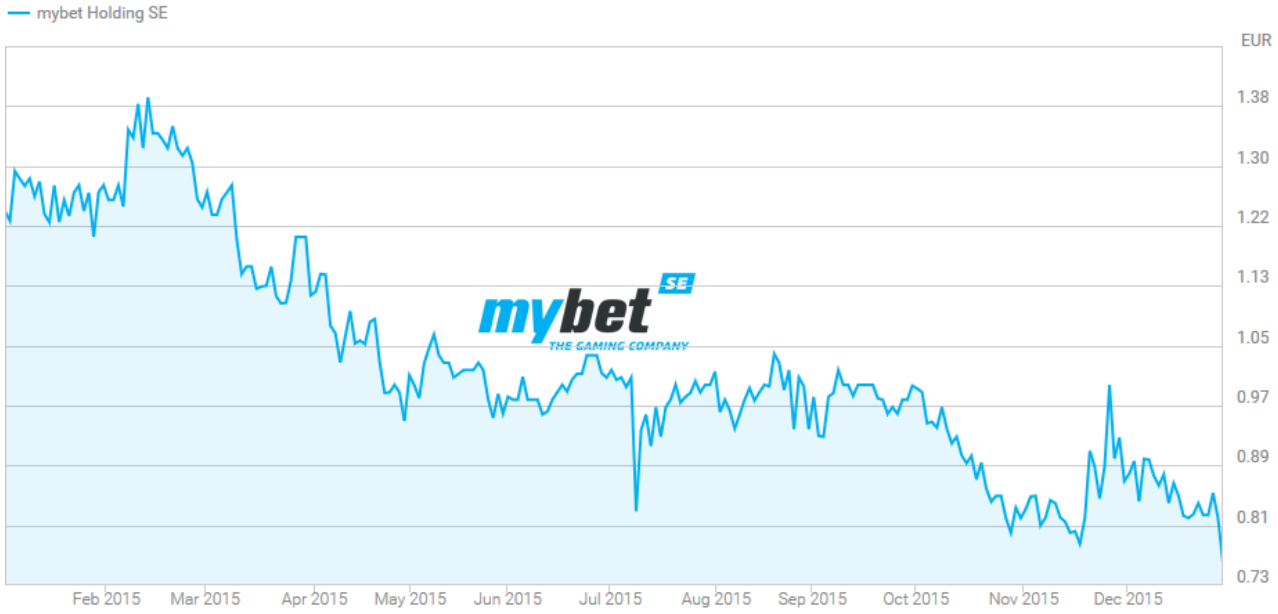
- Mobile megatrend as market driver
- High-growth online gambling market
- Sports betting in Germany more popular than ever – strong market growth in 2015
- By 2017: sports betting +6.0 % per year
- Long-term growth prospects in Europe and selected Emerging Markets, e.g. in Africa

4. TARGETED STRATEGY – SUCCESSFUL REPOSITIONING OF MYBET

- Focussing of group's business on core areas sports betting and casino
- Implementation of new, more powerful IT platform for the significant expansion of sports betting and casino games product range and opening up of additional marketing and sales options
- Closely dovetailed offline, online and mobile sales activities with special focus on rapidly growing mobile market
- Continuous expansion of service offering, customer dialogue and on an consistent brand presence in betshops
- Progressional improvement of the group's performance by internal efficiency, optimisation and quality assurance measures
- Implementation of guiding principle "Product and Customer first" within the entire group

THE SHARE
MYBET ON THE CAPITAL MARKET

SHARE PRICE PERFORMANCE



DEVELOPMENT IN SHARE PRICE

The shares of mybet Holding SE ended the year 2014 trading at a XETRA closing price of EUR 1.27. Since the beginning of 2015 the shares exhibited a slight upward trend that was carried over in February 2015, leading the share price to its highest daily closing price for the period under review of EUR 1.39 on February 12, 2015. Over the remainder of 2015 mybet shares subsequently followed a slow but steady downward trend. The trading price finally touched its lowest daily closing price of EUR 0.76 for the period under review on December 30, 2015. This represents a decrease of around 40 percent over 2015, bringing market capitalisation of the company at the end of the 2015 reporting period to approximately EUR 19.4 million.

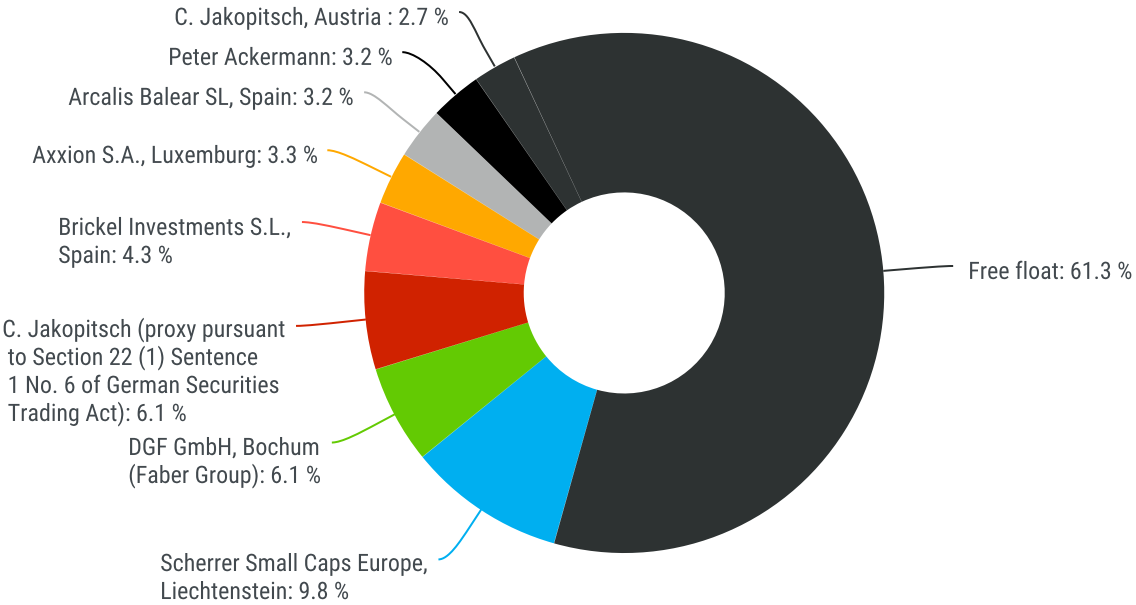
Meanwhile the leading index for small-cap shares in Germany, the SDAX, rose significantly by 26.6 percent in 2015, while the leading global index for companies in the games and gambling industry, the S-Network Global Gaming Index (ticker: WAGR), shed 19.3 percent over the period under review.

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
Closing price as at end of previous period / closing price as at end of current period*	EUR 1.27 / EUR 0.76
High / low for period*	EUR 1.39 / EUR 0.76
Number of shares at December 31, 2015	25,584,924
Free float at date of publication	61.3 percent
Market capitalisation at December 31, 2015	EUR 19.4 million
Designated sponsor	ODDO SEYDLER BANK AG

*jeweils Schlusskurse des XETRA Handelssystems der 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 2015 financial year. The regular, timely publication of information relevant to the company restates 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 investor relations activities in 2015 included, inter alia, the following:

- Participation in three capital market conferences
- Regular offer of telephone conferences coinciding with the publication of the financial reports and audio replay as online offering on the company website

Analyst estimates of mybet Holding SE were published regularly by montega AG and ODDO SEYDLER BANK AG in the 2015 financial year.

ANNUAL GENERAL MEETING

The Annual General Meeting 2015 of mybet Holding SE took place on June 5, 2015 at the Hamburg Chamber of Crafts. The shareholders attending were given the report of the Management Board on business development in the year 2014 and on the further strategic direction of mybet.

New elections for the Supervisory Board were also on the agenda. Dr Volker Heeg and Patrick Möller were re-elected by the Annual General Meeting for a further term of office. They were joined on the Supervisory Board by the proposed new members Michael Otto and Maurice Reimer, who will work alongside the serving members Markus Alexander Knoss and Clemens Jakopitsch. On the other hand Marcus Geiß and Konstantin Urban were no longer available for re-election.

Overall, 39.08 percent of the voting share capital was represented (previous year: 44.6 percent). The detailed voting results can be accessed at any time on the company website www.mybet-se.com under Investor Relations/Annual General Meeting.

CONVERTIBLE BOND

In December 2015 mybet successfully placed a collateralised convertible bond with an interest rate of 6.25 percent and a volume of EUR 5 million on the capital market. The issue was easily oversubscribed. A total of 50,000 debentures were issued at a price of EUR 100.00 each, by way of a rights offering followed by private placement. The debentures of the convertible bond 2015/2020 (ISIN DE000A1X3GJ8) were included in over-the-counter trading at the Frankfurt Stock Exchange on December 11, 2015. Within certain conversion periods each of these debentures can be converted into arithmetically an initial 89.6619 registered ordinary shares of mybet Holding SE at an initial conversion price of EUR 1.1153 with a notional share of the capital stock of EUR 1.00 each. The first exercise window which provides the first opportunity to convert the bonds into shares begins on the third day of business following publication of the annual financial statements for 2015 and runs for the following ten business days. The company intends to use the extra funds to expand the marketing and technology platform of the company and to acquire new customers through intensified marketing activities.

FINANCIAL CALENDAR

Date	
April 12, 2016	Publication of Annual Report 2015
May 12, 2016	Publikation of quarterly statement (Q1)
June 03, 2016	Annual General Meeting in Hamburg
August 11, 2016	Publikation of 6-month-report
November 10, 2016	Publication of quartely statement (Q3)
November, 2016	Analysts Conference, Frankfurt/Main, Germany

MANAGEMENT BOARD LETTER

Management Board of the mybet Holding SE: Markus Peuler and Zeno Osskó

Dear Shareholders,

During the 2015 financial year we successfully maintained the change process that had been kicked off in the previous year and launched the HERA project at the end of the first half of 2015. Starting in the near future, the measures bracketed together in the HERA project will help to optimise the core processes and organisational structure of the group and our product range, with the backing of a high-performance platform, and will reposition the mybet brand. To achieve this, we took the decision to replace the existing IT systems with a new, higher-performance IT platform in partnership with Amelco, a leading British software provider for the gaming industry. This will enable us to market our products more efficiently and is designed to hold the attention of our existing and new customers for longer, thus further increasing customer value.

The successful measures to reactivate existing customers had a positive impact on business operations in 2015: in the period under review betting stakes, after adjustment for the contractual change involving business partners in Ghana[1], showed a slight year-on-year rise in the core Sports Betting business area – even though the FIFA World Cup had demonstrably lifted the prior-year figures. Our performance was also helped by our quality drive at the shops, leading to higher average betting stakes per betting shop. All in all, we view this development as an endorsement of our decision to place the strategic focus on our core business. The adjusted[2] total revenue for the period under review came to EUR 69.2 million (previous year: EUR 70.4 million).

[1] With effect from January 1, 2015 mybet switched the contractual agreements with partners in Ghana to a B2B model. Compared with the previous year, there are differences in the reporting of the hold as a share of revenue, and the reporting of the commission charges. Before the contractual change, the hold generated in Ghana was reported directly in the revenue of mybet and the commission to be collected by mybet was accounted for as a cost of purchased materials. Since the start of the 2015 financial year, the positive balance of these two items is now reported as service proceeds within revenue.

[2] For greater ease of comparison, revenue is also adjusted to reflect the change in reporting from the contractual change affecting business in Ghana as well as the sale of C4U-Malta Ltd. In 2015 the Management Board had taken the decision to sell C4U-Malta Ltd. within the context of placing the strategic focus on the core business of Sports Betting. Correspondingly, the payment transaction services operations were classified as discontinued operations in a change from the previous year of 2014. The prior-year figures in the Consolidated Statement of Comprehensive Income were adjusted accordingly to show the discontinued operations separately from the continuing operations.

In the core segment Sports Betting, mybet registered a slight rise of 1.1 percent in betting stakes after stripping out the Ghana effect. Online, betting stakes of EUR 95.1 million were down on the previous year (previous year: EUR 100.6 million), while the betting stakes generated from mobile business were increased significantly to EUR 20.2 million (previous year: EUR 5.2 million). In retail business (offline), across all branches we achieved a rise in adjusted betting stakes of 8.7 percent to EUR 93.5 million (previous year: EUR 86.0 million). This is yet another indication of how our omnichannel strategy is bearing fruit – underpinned by the expansion and optimisation of the product range. We now provide scope for our customers to use all mybet sales channels using one central betting account. To further reinforce customer loyalty, we have also specifically transferred measures from the online sector such as individual reactivation measures to retail operations. Following our quality drive in the shops, we are the first provider to have had the entire retail portfolio scrutinised by external mystery shopping measures (test purchases designed to assess service quality), involving scoring all branches. Satisfied customers are our top priority and are the basis of sustained growth in revenue and profit.

Revenue in the Sports Betting and Casino & Poker segments was influenced by the capital controls in Greece in the third and fourth quarters of 2015. Despite this adversity in the market, adjusted revenue for the Sports Betting segment of EUR 39.5 million was only slightly lower than the prior-year level (previous year: EUR 40.3 million). The implementation of the Value Added Tax Directive 2008/8 furthermore diminishes revenue and earnings for the Casino & Poker by EUR 786 thousand.. Revenue for the segment for 2015 overall of EUR 19.9 million was consequently also slightly down on the previous year (previous year: EUR 21.9 million). In response, we immediately took action which means that a positive development in Greece business is already expected once again in the 2016 financial year. On the other hand in the Horse Betting segment, revenue rose significantly to EUR 9.3 million (previous year: EUR 7.1 million). The increased activity of existing customers, thanks to targeted marketing, plus growth in international customers generated by the portal www.betbird.com, have provided a significant lift.

Our strategic decision to introduce the new, higher-performance IT platform necessitated a non-cash special write-down of EUR 5.3 million on existing software in the past financial year. The extraordinary effect of the capital controls in Greece and non-recurring effects from the levying of value-added tax on casino and poker games for the first time also eroded the operating result. Our earnings before interest and taxes (EBIT) therefore suffered in the period under review and amounted to EUR -8.8 million (previous year: EUR 459 thousand).

We see the future of mybet in our core business area, Sports Betting, and in the Casino segment. In connection with the stronger focus on the core segments Sports Betting and Casino, we took the decision to sell C4U-Malta Ltd. The sale will only take effect once various conditions precedent are met, which include in particular the approval of the Malta Financial Services Authority (MFSA) as the supervisory body responsible. Both parties to the contract expect the transaction to be completed in the second quarter of 2016. C4U will for the time being continue to provide all necessary payment transaction services for mybet, on improved terms. The sale, in combination with further cost savings, allows us to look forward to further positive effects on our financial performance from 2016.

Through the measures described above, we provided a decisive impetus in the past year and are now able to look to the current financial year with huge confidence. By pressing ahead with the improvement of our product range in the sports betting and casino games areas, we are optimistic about increasing our value added further and thus palpably extending mybet's market position.

We take this opportunity to extend our particular thanks to our employees, who are unreservedly supporting the change process and displaying exceptional commitment in helping to reposition the company successfully.

We would be delighted for you to continue to accompany us on our journey.

Kiel, April 2016

Zeno Osskó Markus Peuler

Management Board of mybet Holding SE

MANAGEMENT BOARD INTERVIEW

Management Board of the mybet Holding SE: Markus Peuler

Management Board of the mybet Holding SE: Zeno Osskó

MR OSSKÓ, MR PEULER, MYBET IS UNDERGOING A PROCESS OF CHANGE. YOU HAVE INITIATED AND IMPLEMENTED A GREAT MANY MEASURES IN ORDER TO BECOME SUSTAINABLY PROFITABLE. BUT YOU STILL HAD TO ADJUST YOUR FORECASTS IN 2015. WHAT HAPPENED THERE, AND WHY DO YOU BELIEVE 2016 WILL BE BETTER?

Osskó: It became necessary to adjust our forecast last September for two reasons. In replacing our existing platform, which in essence is ten years old, we took a key decision affecting the future of mybet. We will entirely replace our existing IT system and substitute it with a new, higher-performance IT platform. A consequence of this decision was that we had to make a non-cash special write-down of EUR 4.6 million. The new platform will help us to optimise the product range further on a stable, high-performance IT basis. Our plans include quadrupling the betting options, expanding the live betting range to 18 sports in the medium term, and doubling the range of casino games. And in the long run it opens up new options for us in the marketing and sales areas, so it should help increase the betting stakes from our existing customers even further. We already started testing a beta version in the first quarter of 2016 involving a selected group of end customers. The final platform will go live in the second quarter of 2016. On top of this, the capital controls in Greece proved a burden on the entire industry and consequently also on our business operations. But we succeeded in taking appropriate action and have adapted to the changed conditions.

Peuler: As you can see, the special write-downs as well as the situation in Greece were exceptional one-off effects and will not erode revenue and earnings this financial year. In fact, we expect the measure we have taken to deliver overproportional profit growth in the current year. Thanks to our new IT platform, the improved product range and the optimised core processes and organisational structures, we expect the current year to yield revenue growth of between 8 and 12 percent coupled with a positive operating EBIT. We also anticipate a growth boost from the UEFA EURO 2016 European Championship in football.

DOES THAT MEAN YOU HAVE FINISHED REPOSITIONING MYBET, OR DO YOU STILL EXPECT ADDITIONAL COSTS FOR FURTHER MEASURES IN 2016?

Osskó: I am certain we will keep improving steadily – and we're obviously working hard to make sure that happens in the current financial year, too. Some of the measures that we are taking under the banner of the HERA project have not yet been concluded. For instance, we are still working on expanding the product range in the Sports Betting and Casino areas. In future, we will be placing the focus on Sports Betting as our core business, but also on the profitable Casino segment. Meanwhile we will assess whether to continue with our business operations in the Poker area. What's more, we will be launching a CRM platform this year. That will enable us to provide the right impetus at every stage of the customer life cycle, using a high degree of automation, so that we can maximise customer lifetime value. By the end of 2016 we want to be doing that better than our competitors and aim to close the gap on the market leaders in our industry. Long-term, we aim to be the product leader.

Peuler: I expect implementing the current projects to make mybet more competitive will necessitate further investment spending this year. These future investments are already included in our current forecast for the year. We are working on the basis that we will then have completed mybet's repositioning once those projects have been implemented this year. Our aim is then to move on from the change process of the past few years to a continuous improvement process so that we remain competitive in the future, at the level achieved after completion of our repositioning.

YOU SUCCESSFULLY PLACED A CONVERTIBLE BOND AT THE END OF 2015. HOW WILL YOU BE USING THE PROCEEDS OF THE ISSUE, AND ARE YOU PLANNING ANY MORE CAPITAL MEASURES THIS YEAR?

Peuler: We want to use the extra funds from the placement of the convertible bond to finance the further growth of our company. They will be used in particular to expand mybet's marketing and technology platform. Our aim is to continue growing the betting range and to acquire new customers by stepping up our marketing activities. Our omnichannel strategy based on a future-proof platform will be crucial to achieving that goal. It enables us to closely dovetail all sales channels – whether internet, mobile, terminal or in-shop – so it significantly strengthens the bond with our existing customers. Take football, for example: regardless of whether the customer is currently in the stadium, in a shopping centre or in one of our betting shops, our offering means they are able to place a bet on the football game wherever they are, whenever they want. Such high user friendliness across all platforms obviously applies not just to football, but to our entire betting range in over 30 sports. No other capital measures are planned for the time being.

SO INTERNALLY, YOU HAVE DONE ALL THE GROUNDWORK TO BRING ON FUTURE GROWTH. ONE ISSUE THAT HAS VERY MUCH PREOCCUPIED THE MARKET OF LATE IS THE HALTING OF THE LICENSING PROCESS FOR SPORTS BETTING UNDER THE STATE TREATY ON GAMING. DO YOU CONSIDER THIS DEVELOPMENT TO BE A BARRIER TO YOUR FUTURE CORPORATE DEVELOPMENT?

Osskó: Regrettably, the process that had been going on for some years was halted by the Higher Administrative Court of Hesse in October 2015. It would have provided the legal certainty that has been sought for many years, along with a basis for fair competition in Germany. But I would very much like to stress that the latest judicial decisions in the sports betting licensing process have no impact on the corporate development of mybet. Meanwhile we welcome the initiative of the state government of Hesse to issue a licence to every betting provider that satisfies the statutory requirements. That would be an important step towards fundamentally modernising the way gaming is regulated in Germany.

THE SHARE PRICE PERFORMANCE IN 2015 DID NOT YET REFLECT YOUR CONFIDENCE IN THE FUTURE DEVELOPMENT OF THE COMPANY. WHAT CAN SHAREHOLDERS EXPECT IN 2016?

Osskó: Last year we made decisive progress in securing sustained growth in revenue and profit, which means we can now look to the current financial year with huge confidence. By significantly improving our product range in the Sports Betting and Casino areas through the launch of the new technology platform and steadily optimising our processes in IT and organisation, we are optimistic that we will be able to increase our value added in the coming years. We also expect new offerings that will be gradually rolled out in the mobile area to stimulate our business in the current financial year and beyond – for instance the launch of a new mobile app for the Sports Betting area. All that is bound to have a positive impact on mybet's shares, too.

SEGMENTS

SPORTS BETTING

Sports bets are our core business and deliver an experience that is not limited to those who partake of sports bets – whether in our betting shops, on mobile devices or at our website www.mybet.com. 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. All in all, we now offer over 30 sports in all target markets on the mybet.com portal, always with the latest statistics available as a service for our customers. Each month over 20 million bets are placed – including while watching the event unfold live.

Brand
mybet
Revenue 2015
EUR 33.9 million
EBIT 2015
EUR -1.2 million

CASINO & POKER

In the Casino area, we offer our customers a steadily growing selection of games such as roulette, blackjack and various card games as well as online fruit machines and a live casino. Our customers enjoy the benefit of a network jackpot that is shared with other operators, offering everyone the same chance to win the current jackpot amount. We also offer 12 local jackpots that pay out smaller amounts at regular intervals. Via an app or our website, our customers can also join in at the poker table: at any given time there are on average more than 3,000 players online playing in 200 to 400 active tournaments. Over EUR 6,000,000 is available per month in guaranteed tournament prize pools.

Brand
mybet
Revenue 2015
EUR 19.9 million
EBIT 2015
EUR 0.8 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, www.lotos-wetten.de and www.betbird.com, flanked by over-the-counter horse 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 2015
EUR 9.3 million
EBIT 2015
EUR 1.7 million

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

Over the past financial year we gave the Management Board intensive support in pressing ahead with the repositioning of the company. The first few months of the 2016 financial year will see our core product migrate entirely to a new, high-performance technology platform. Alongside this move, a peripheral business (payment services) has been successfully disposed of (the completion of the transaction is expected at the end of April 2016) and our convertible bond was placed in full.

Dr. Volker Heeg, Chairman of the Supervisory Board

With adjusted revenue of EUR 69.2 million, the company narrowly missed the revenue forecast of between EUR 70 and 75 million made at the start of the year. The EBIT forecast of "better than break-even" was not achieved, with EBIT coming in at EUR -8.8 million. This development was largely attributable to the non-cash special write-down of the platform modules that will no longer be used in view of the forthcoming implementation of a new core product, along with the temporary capital controls in Greece. These factors necessitated an adjustment to the EBIT forecast in the course of the financial year. With the anticipated improvement in the quality and appeal of the offering for players, we echo the firm belief of the Management Board that we will already be able to operate profitably in the medium term.

PERSONNEL NOTES ON SUPERVISORY BOARD / MANAGEMENT BOARD

With effect from the Annual General Meeting on June 5, 2015 a number of seats on the Supervisory Board found new incumbents. The members Marcus Geiß and Konstantin Urban did not stand for re-election. Both gentlemen made a valuable contribution to the relaunch and further stabilisation of the company especially throughout the upheaval of 2013/2014.

The newly elected members Michael Otto and Maurice Reimer are acknowledged experts in their specialist areas and successful entrepreneurs. They strengthen the board in its supervisory and consultative capacity.

With regard to the Management Board, Mr Sven Ivo Brinck left at his own request in the summer. The Supervisory Board thanks Mr Brinck for his huge commitment in a challenging situation for the company and its shareholders. Amid our immense regret at the exit of Mr Brinck, we were relieved to find an internal solution in Mr Zeno Osskó, who knows our company and the industry better than anyone. Mr Osskó was already familiar with the company's projects and their structures. Cooperation with the Management Board continues to run smoothly after this personnel change.

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 continued to attach 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.

Focus of the work of the Supervisory Board in the year 2015

The focus of the Supervisory Board's work in the past financial year was once again the corporate strategy. The strategic direction of the company was discussed constructively with the Management Board throughout the entire year. This also resulted in further moves to focus systematically on our core business.

Within our online offering, the company will be able to conclude a highly complex and demanding product a few months after the end of the 2015 financial year with the launch of the new platform. Our over-the-counter offering in betting shops will likewise be markedly enhanced with the installation of new betting terminals. These measures as a whole will make mybet significantly more customer-focused and efficient in coming financial years.

As part of the moves to focus mybet more closely on its core business (sports betting, casino) the decision was taken to sell our group company C4U-Malta Ltd., a service company for payment transactions. Both boards agreed that the need to maintain our own payment services provider had become obsolete. The timing and offering of this business for sale were therefore treated as an opportunity.

Within our core business, we also continued to consider the developments in the licensing procedure under the State Treaty on Gaming and the consequences of the regulation. Following the latest judicial rulings the licensing procedure has been halted. mybet products therefore continue to be offered in particular on the basis of European law (licences in Malta, UK) and in accordance with existing licences from federal states (Schleswig-Holstein).

Finance topics were again a major area of our work: the board discussed all financing options in depth and examined them with regard to their suitability for the company and shareholders, as well as their feasibility. The Management Board kept us closely informed throughout of the status of ongoing discussions with (potential) investors and lenders. The placement of a convertible bond which finally took place in November and December was extensively discussed and prepared by the board.

Management Board matters again featured large in discussions. The lawsuit brought by the Management Board member Mr Stefan Hänel following his dismissal in 2013 was concluded with a settlement in the summer. The departure of Mr Brinck and the appointment of Mr Osskó were addressed in a spirit of trust and consensus, and tightly led. With regard to the variable remuneration of our Management Board members, the performance targets were redefined and the stock option plan approved by the Annual General Meeting was implemented.

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 2015 financial year. There were also working meetings 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.

The format of a monthly telephone conference for the boards was a new arrangement. This provides a regular forum for reporting on the development of the company and on measures of strategic significance. In addition to this arrangement, ad hoc telephone conferences are held as the situation requires.

Specific topics covered:

At the accounts review meeting on March 26, 2015, which all Supervisory Board members attended, the auditors reported extensively on the audit of the annual financial statements and Consolidated Financial Statements as well as the main areas of the audit. Questions of the board were answered. Much of the ensuing agenda was devoted to preparing the agenda for the forthcoming Annual General Meeting of Shareholders. The candidates proposed to the Supervisory Board by the Nominating Committee were discussed. The online marketing measures were presented by the Head of Marketing and discussed.

Directly after the Annual General Meeting of Shareholders, the Supervisory Board was newly constituted in its meeting on June 5, 2015, which all Supervisory Board members attended. Following introductions, the new members were familiarised with a number of topical issues affecting the company and the committees were newly formed.

At the meeting on July 9, 2015, which all Supervisory Board members attended, the new Chief Executive Officer, Mr Osskó, introduced himself fully to the board following his appointment by circulation procedure. The Management Board gave a detailed report on current business progress. The anticipated effects of the economic crisis in Greece on operations there were discussed. Two topics on which the Management Board had already reported at length by e-mail and telephone in the preceding weeks and months were also expanded upon: financing options, and the implementation status of the platform migration. Mr Osskó was already extensively involved in the latter project.

The meeting on September 21, 2015, attended by all Supervisory Board members, was also dominated by the same topics. Very specifically, the project plan for the platform changeover was discussed. The missing of the earnings target arising from the shutdown of the old platform prompted the decision to adjust the earnings forecast. An illustrative site visit to a betting shop was held and matters concerning over-the-counter business were discussed.

In the final meeting of the year on November 30, 2015 the two ongoing topics of the financial year were examined. Regarding financing, the current placement of the convertible bond and the pending completion of the C4U sale were considered in particular. In the interests of fuller information sharing with our listed subsidiary pferdewetten.de AG, among other matters scope for further synergies was discussed. One of the managers from the platform migration project presented a live demo version. The plans for the 2016 financial year were discussed in detail and adopted unanimously. Mr Maurice Reimer did not attend this meeting (apologies received).

THE WORK OF THE COMMITTEES

The following committees are formed:

The members of the Audit Committee are Mr Markus Knoss (Chairman), Mr Patrick Möller and Mr Michael Otto. 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 Personnel Committee comprises Mr Clemens Jakopitsch (Chairman), Mr Michael Otto and Mr Maurice Reimer. For reasons of continuity, the negotiations in connection with the exit of Mr Brinck and the appointment of Mr Osskó were still conducted by the entire board led by its Chairman.

Until the Annual General Meeting there was a Nominating Committee comprising Mr Clemens Jakopitsch (Chairman), Mr Marcus Geiß and Mr Patrick Möller. The committee prepared the proposals of candidates for the 2015 Annual General Meeting. As there are no routine elections to the Supervisory Board in the coming financial years, no new Nominating Committee was constituted after the 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 2015 financial year, have been examined by the auditors appointed by the Annual General Meeting, KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, who have given their unqualified opinion. KPMG has served as the auditors of the company since the 2011 Consolidated Financial Statements. The public accountant and engagement partner for the audit is Dr Jochen Haußer.

The auditors explained the key findings of their audits at the meetings of the Audit Committee on March 21, 2016 and the Supervisory Board on March 22, 2016 and answered further questions of the Supervisory Board.

The auditors have assured themselves of the functioning of the risk early warning 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 5 thousand in the period under review.

The audit report led to no objections; an unqualified audit opinion was issued. The unqualified audit opinion was supplemented by an advisory note.

The financial statements, the Combined Management Report, the audit reports of the auditors and the Management Board's proposal on the appropriation of profits were made available to the members of the Supervisory Board in good time before the passing of the resolution by circulation procedure on April 12, 2016. On the basis of the concluding findings of its own examination the Supervisory Board has raised no objections to the annual financial statements and Management Report as well as the Consolidated Financial Statements and Group Management Report and, following its own examination, has by resolution passed by circulation procedure on April 12, 2016 concurred with the findings of the auditors from the audit of the annual financial statements and Consolidated Financial Statements as well as the Management Report and Group Management Report of mybet Holding SE. The Supervisory Board has approved the annual financial statements prepared by the Management Board and the Consolidated Financial Statements of mybet Holding SE. The annual financial statements of mybet Holding SE are thus established.

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. The company remains well positioned following a further partial change in its top management and looks to the coming financial years with optimism.

Hamburg, April 2016

On behalf of the Supervisory Board

Dr Volker Heeg (Chairman)

COMBINED MANAGEMENT REPORT OF MYBET HOLDING SE AT DECEMBER 31, 2015

1 BASIC PROFILE OF THE GROUP AND MYBET HOLDING SE

1.1 BUSINESS MODEL

The mybet group (mybet) – 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 1.5 million registered customers, mybet is among the leading providers of and agents for licensed gaming in Europe. Its core business is the offering of sports betting and of complementary products such as casino and poker.

In the interests of achieving sustained corporate success, mybet places great importance on conducting its business activities within a legally regulated market, to provide a corresponding level of legal certainty. mybet is currently active in a large number of countries in Europe, Africa and other markets where the regulatory environment makes it possible to offer gaming products. The focus of the company is on the core market Germany, selected markets in Europe, as well as Ghana as an emerging market in Africa.

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 comprising some 240 betting shops, and also conducts a significant volume of B2B business through around 120 betting shops in Ghana.

In future, mybet will increasingly concentrate on the core business of Sports Betting along with the profitable Casino segment, while it will examine whether to continue business operations in the Poker area. As part of its strategic repositioning with a focus on the core business, the company has decided no longer to offer payment transactions and associated services in the future. mybet reached agreement on the sale of the mybet group company C4U-Malta Ltd., Malta (C4U), with a group that operates principally in the financial services sector on October 2, 2015. The selling price is EUR 3.3 million. C4U is in possession of an e money licence and performs the payment transaction services for the mybet group on the basis of service agreements. The sale will only take effect once various conditions precedent are met, which include in particular the approval of the Malta Financial Services Authority (MFSA) as the supervisory body responsible. Both parties to the contract expect the transaction to be completed by the end of April 2016.

1.2 GOALS AND STRATEGY

Considerable energy was put into repositioning the company in the past financial year. This overriding goal remains valid. The expansion of the product range in the sports betting and casino area was pushed forward in 2015, the quality of the betting shops improved and the roll-out of a new, high-performance IT platform prepared. In this connection, new betting shops with superior standards of corporate identity and technical facilities were opened and existing betting shops were optimised. The mybet customer card was also introduced across the network. In order to maintain a high standard of quality at the betting shops, so-called mystery shopping measures are conducted on a regular basis, with anonymous test customers visiting and rating the shops.

Through this bundle of measures codenamed HERA, the Management Board also continues to pursue the priority goal of making lasting improvements to the core processes and organisational structure of mybet. Focusing on existing business is the short to medium-term priority. The measures now under way centre especially on improving the established products and increasing the value added generated by business involving existing customers. The repositioning and the implementation of the individual measures are scheduled for completion in the course of 2016.

In this connection, mybet pursues the goal of consistently putting its omnichannel strategy into practice. The omnichannel strategy enables customers to use all sales channels – internet, mobile, terminal or betting shop – from a single betting account. Synchronising the sales channels is thus one of the mainstays of securing the company sustained growth in revenue and especially profit.

As a core market for mybet, Germany occupies a particular role within the strategic direction. Existing resources are to be managed with an eye to efficient use both there and in the other existing markets. In terms of strategy, mybet will therefore continue to seek greater market penetration. On top of that, the company looks to expand into other attractive markets as part of its medium to long-term corporate strategy.

In line with the guiding principle of “Product and Customer first”, the Management Board is consistently pursuing the goal of developing the mybet group into a quality leader in the field of innovative gaming products. Close meshing of offline and online sales, which will very much go hand in hand for the mobile channel in future, remains a key aspect of the corporate strategy. “Product first” is taken to mean offering the maximum possible attractive product range and presenting all products with an appealing visual identity in order to generate interest and activity among existing and potential customers. We want betting with mybet to become an experience for the customer.

“Customer first” means that the interests and opinion of the customer are at the heart of our business activities. It follows that the critical benchmark in assessing the quality of the products offered is the customer’s verdict. In conjunction, mybet pursues the goal of impressing its customers with the best possible level of customer service. This implies responding swiftly and appropriately to customer feedback in order to establish the company as the sector’s quality leader. At the same time efficient, modern software and attractive products should help increase the share of total revenue earned through existing customers.

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

Innovative products and services for the core market Germany

In the short to medium term, mybet will place the emphasis of its corporate development clearly on the German core market. In the Sports Betting area, the aim is therefore to boost efficiency. In specific, there are plans to increase the number of sports to choose from and the betting options available, promote the live betting products after the launch of the new IT platform more prominently and appealingly, and reinforce customer loyalty. The introduction of the new IT platform in combination with an extended product range should carve out further competitive advantages in the market for mybet. Based on the new, high-performance IT platform the betting options are set to be quadrupled in 2016, the sports for live betting increased from 6 to 18 in the medium term, and the range of casino games doubled.

In the shop domain, the company is aiming to create a strong, uniform brand image. With regularly trained staff, franchisees and significantly improved systems – from the terminal to the till.

Target-group-specific offerings for mobile business

With the mobile sales channel having gained further importance in the past financial year, this area is set to move increasingly into the spotlight of activities and become closely meshed with online and offline sales. The Management Board already expects that further significant increases in revenue from online sports betting will be generated via this channel in the short term. There are plans to roll out new measures gradually to promote the expansion of mobile business. A new mobile app for the Sports Betting segment should secure a further rise in customer activity. In the area of casino games, there are plans to launch a wide range of mobile games. All activities will be flanked by ongoing improvements to the design and brand image.

Expansion into attractive target markets

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 attractive target markets. Growing importance will be given to the online sector, which offers scope for profitable business.

mybet Holding SE as the group parent furthermore endeavours to offer its services to the group companies and in that way realise synergies for the group as a whole.

1.3 GROUP STRUCTURE AND EMPLOYEES

At December 31, 2015 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.

mybet Group

mybet Holding Kiel

mybet SE – THE GAMING COMPANY

EMPLOYEES: 17

RESSORTS:
- Management Board
- Controlling, Finance
- Personnel, Legal
- Investor Relations, Corporate Communications

99.4% – Personal Exchange International Ltd./ PNO Casino Ltd. Malta

EMPLOYEES: 47

RESSORTS:
- Casino & Poker
- Sportbetting, Trading
- Customer Care

100% – SWS Service GmbH Berlin/Köln

EMPLOYEES: 41

RESSORTS:
- Marketing, Sales
- Plattform Development
- Design, Frontend
- Betting shop support

100% – ANYBET GmbH Berlin

EMPLOYEES: 42

RESSORTS:
- Software Development
- Technology, IT
- System administration
- Quality assurance

SPORT BETTING | CASINO & POKER

100% – C4U-Malta Ltd. Malta

EMPLOYEES: 10

RESSORTS:
- Payment Services

OTHER OPERATING

52.2% – pferdewetten.de AG Düsseldorf

EMPLOYEES: 15

RESSORTS:
- Horse betting

HORSE BETTING

Over the 2015 financial year an average total of 172 employees (previous year: 168) worked for the company in Germany and internationally, including 116 at the German company head offices in Berlin, Düsseldorf, Hamburg and Cologne.

1.4 SYSTEM OF CONTROL AND PERFORMANCE INDICATORS

The key financial performance indicators used for internal control are liquidity (unrestricted liquid funds), 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 at any time of the financial performance indicators. The monthly reports, which contain both key performance figures such as active customers, betting stakes per customer and margin, as well as indicators of the earnings, financial and assets position, are regularly analysed in depth by the Management Board.

Liquidity

As part of a drive for efficient financial management, mybet Holding SE endeavours to assure liquidity at all times and to limit the financial risks. The unrestricted liquid funds (cash less the cash of pferdewetten.de AG) serve to provide adequate liquidity for the group. Medium-term, the company strives for a liquidity ratio 2 of between 110 and 120 percent. Liquidity ratio 2 describes the ratio between current assets (excl. inventories) and current liabilities.

Revenue

The revenue performance is a key 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.

EBIT

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

With effect from January 1, 2015 mybet switched the contractual agreements with partners for Ghana business to a B2B model. Compared with the previous year, there are differences in the reporting of the hold as a share of revenue, and the reporting of the commission charges.

In 2015 the Management Board also took the decision to sell C4U within the context of placing the strategic focus on the core business of Sports Betting. Correspondingly, the payment transaction services operations were classified as discontinued operations in a change from the previous year of 2014. For better comparability, the revenue and EBIT figures for the previous year and the 2015 financial year that are shown and used as performance indicators in the management of the company are after adjustment for the effects described.

DEVELOPMENT OF THE MANAGEMENT PARAMETERS

In the 2015 financial year, adjusted revenue came in slightly below the level forecast. The EBIT achieved was in line with the forecast, which had been adjusted in the course of the year from originally a maximum of EUR -0.5 million to a negative amount in the single-digit millions. The development of the performance indicators revenue and EBIT are commented on in further detail in the section "earnings, financial and assets position". The following table provides an overview of their development:

DEVELOPMENT OF THE MANAGEMENT PARAMETERS IN MILLION EURO	2015	2014
Revenue	63.0	69.2
Revenue (adjusted)[1]	69.2	70.4
EBIT	-8.8	0.5
EBIT (adjusted)	-9.2	0.5
Liquidity, ’000	3,616	3,896

[1] The effects are explained economic report

1.5 RESEARCH AND DEVELOPMENT

The market 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 working continuously to further develop its gaming platforms and software modules to reflect these trends and at the same time to anticipate the future requirements of the markets. This constitutes the key requirement for being able to offer new products and access additional markets.

The quality drive begun in 2014 continued in the period under review in order to further optimise system stability and maintain it until the changeover to the new platform. Because the company’s success ultimately depends decisively on how reliable the product offering is, as a key factor of customer satisfaction. In order to establish a viable, high-performance IT platform for the long term, in the third quarter of 2015 mybet decided to replace the entire existing IT platform with a new, high-performance system developed in partnership with Amelco UK Ltd., London, UK (Amelco). Further investment outlay is therefore envisaged in 2016 to bring on the new IT platform and install new functionalities.

The decision to enter into contract with Amelco as the new technology partner meant development work on the mybet classic platform was scaled back. At the same time development of the new platform started, leading to increased use of third-party services. A total of EUR 1.6 million was spent on third-party research and development services in 2015 for the group companies Anybet and Personal Exchange International Ltd.

The company also focused on the further development of mobile offerings. As a result, the functionalities and technical performance of the mobile mybet website underwent further improvement. With the planned launch of the new IT platform in 2016, these too will be further optimised in 2016.

In the 2015 financial year mybet invested a total of EUR 5.0 million for development projects (previous year: EUR 6.0 million), equivalent to around 7.9 percent of revenue (previous year: 8.7 percent). This represented 7.2 percent of adjusted revenue. These expenditures reflect the cost price rate in terms of hours of development work done. The capitalisation ratio has fallen slightly to 40 percent (previous year: 41.0 percent) as a result of changed project structures. Production for own assets capitalised thus came to EUR 2.0 million (previous year: EUR 2.5 million). Depreciation and amortisation of internally produced software came to EUR 1.0 million in the 2015 financial year (previous year: EUR 1.1 million). The strategic decision to introduce the new IT platform also prompted mybet to apply a non-cash special write-down of EUR 5.3 million on existing software in the past financial year. Until the changeover to the new IT system, essential development work will be needed to optimise the existing IT structures and assure system stability. mybet plans to invest around EUR 2 million in the 2016 financial year for the activities of the IT service provider Amelco and for the further development of the betting shops.

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 other European countries in particular. Especially cyclical trends in the above countries and in Europe as a whole therefore affect the business development of mybet.

According to the Kiel Institute for the World Economy (IFW), gross domestic product (GDP) in Germany rose by 1.8 percent, above all thanks to strong consumer spending and accelerating investment activity. Economic growth in Germany reached 1.5 percent in the previous year. For 2016, too, there are expectations that rising consumer and investment spending will give the economic cycle a push thanks to the more attractive financing terms available. The IfW experts forecast a strong rise in economic output for 2016 of 2.2 percent.

In the eurozone, economic activity as a whole also rose and therefore maintained its recovery, on the back of a 0.9 percent rise in economic output for the eurozone in the previous year as calculated by the European Statistical Office Eurostat. For 2015 as a whole, the IfW economists forecast growth of 1.5 percent. For 2016, the institute anticipates that gross domestic product will grow by 1.7 percent.

For Greece, the IfW economists forecast economic growth of 0.7 percent for 2016. However the Greek government last year initiated a large number of measures, including in particular capital controls, which adversely affected the gaming and sports betting market.

According to figures provided by the Economist Intelligence Unit, Ghana achieved economic growth of 3.4 percent in 2015. For 2016, the economists anticipate growth of 4.8 percent.

2.1.2 INDUSTRY-SPECIFIC MARKET ENVIRONMENT

In the core market Germany, betting stakes totalling EUR 4.8 billion were placed in the sports betting market in 2015 according to the market research institute Goldmedia. This volume was calculated from the sports betting tax levied in the 16 federal states. The institute attributes the 6.5 percent rise in the volume of betting stakes compared with the previous year (previous year: EUR 4.5 billion) primarily to the majority of betting providers avoiding the legal grey area and pushing for the fiscal legalisation of their business. mybet's market share in Germany 2015, based on the adjusted sports betting stakes, amounted to 3.9 percent (previous year: 4.1 percent).

2.1.3 REGULATORY MARKET ENVIRONMENT

The process to award sports betting licences in Germany on the basis of the current amended State Treaty on Gaming (German GlüÄndStV) must be regarded as having failed. While the process leader, the Hesse Ministry of the Interior, had indicated its intention to award the mybet group company Personal Exchange International Ltd. (PEI) and other competitors licences in September 2014, this prospect has now been kicked into the long grass by the most recent rulings of the Higher Administrative Court of Hesse (including that dated October 16, 2015, File Ref. 8 B 1028/15). The highest administrative court in Hesse had in the final instance rejected the appeal of the State of Hesse and others against the ruling of the Wiesbaden Administrative Court. Not least the recent ruling of the European Court of Justice in the legal matter of Ince (C-336/14, dated February 4, 2016), through which the ECJ continues to regard German sports betting regulations as incompatible with EU law, the awarding of the licences on the basis of the current legislation remains unrealistic for the foreseeable future.

There are no immediate legal consequences for the mybet sports betting range. Nevertheless, the company will now have to abandon the prospect of a positive impact on its sports betting business which the company had hoped for in the event that it had received a licence. Given that it is currently practically impossible to obtain a permit, mybet believes it is still able to maintain its sports betting range in compliance with the conditions set forth in GlüÄndStV. This opinion is supported by the latest rulings of the Higher Administrative Court of Hesse (8 B 1028/15) and the European Court of Justice (C 336/14) as well as by a third-party legal opinion obtained by mybet. All the same, mybet is lobbying hard at political level to bring about amendments to the current State Treaty on Gaming so that it that complies with both EU and German constitutional law. mybet echoes the initiative of the Hesse state government, which in October 2015 had submitted guidelines for the comprehensive reorganisation of gaming in Germany. However at the State Premiers' Conference in March 2016, the majority of the premiers did not support the proposal of Hesse. Instead, the intention was to make minimally invasive changes to the sports betting area in parallel with overhauling the State Treaty on Gaming to bring it up to date. It is mybet's opinion that effective, sustainable protection of consumers and minors can, however, only be achieved through a functioning permits system that continues to allow an attractive and commercially viable gaming range.

Within the European Union there is a continuing trend towards more and more member states creating their own national rules to regulate gaming (an approach known as the dot-country model). mybet has been constantly monitoring these developments and, where economically advisable and simultaneously legally essential, strives to obtain the relevant local licences. Companies of the mybet group thus now hold licences in Germany (Schleswig-Holstein) and Malta, as well as in the United Kingdom, Belgium and Cyprus. Operations are officially tolerated by the relevant authority in Greece. In other countries such as Ghana, mybet strives for a long-term partnership with the existing licensed partners.

2.2 BUSINESS PROGRESS

With effect from January 1, 2015 mybet switched the contractual agreements with partners in Ghana to a B2B model. Compared with the previous year, there are differences in the reporting of the hold as a share of revenue, and the reporting of the commission charges. Before the contractual change, the hold generated in Ghana was reported directly in the revenue of mybet and the commission to be payed by mybet was accounted for as a cost of purchased materials. The 2015 financial statements now show the positive balance of these two items within revenue as service proceeds. The change in the way Ghana business is reported therefore affects revenue but not earnings.

In 2015 the Management Board also took the decision to sell the group company C4U within the context of placing the strategic focus on its core business. Correspondingly, the payment transaction services operations were classified as discontinued operations in a change from the previous year. The prior-year figures in the Consolidated Income Statement were adjusted accordingly to show the discontinued operations separately from the continuing operations. The business figures for 2015 and the previous year are therefore also shown adjusted for the C4U effect in the following.

The tables below provide an overview of the effects described:

REVENUE AFTER CONTRACTUAL CHANGE TO GHANA BUSINESS (EUR '000)	2015	2014
Hold	37,990	43,254
Gambling Fees	19,714	21,741
Service proceeds	2,289	1,270
Commissions	1,936	1,184
Other	1,043	1,798
Total	**62,972**	**69,247**

REVENUE ADJUSTED FOR THE CHANGE IN REPORTING DUE TO THE CONTRACTUAL CHANGE IN GHANA BUSINESS (EUR '000)	2015	2014
Hold	44,957	43,254
Gambling Fees	19,714	21,741
Service proceeds	906	1,270
Commissions	1,936	1,184
Other	1,043	1,798
Total	**68,555**	**69,247**

REVENUE ADJUSTED FOR THE CHANGE IN REPORTING DUE TO THE CONTRACTUAL CHANGE IN GHANA BUSINESS AND THE DECONSOLIDATION OF C4U (EUR '000)	2015	2014
Hold	44,957	43,254
Gambling Fees	19,714	21,741
Service proceeds	1,580	2,384
Commissions	1,936	1,184
Other	1,043	1,798
Total	**69,229**	**70,361**

After adjustment for the change in reporting due to the contractual change in Ghana business and the deconsolidation of C4U, operating business was only slightly down on expectations despite the negative effect of the capital controls in Greece. Revenue for the 2015 financial year came to EUR 63.0 million. Adjusted revenue totalled EUR 69.2 million for 2015 as a whole (previous year: EUR 70.4 million), meaning that mybet narrowly missed the bottom end of its forecast. The revenue forecast of EUR 70 to 75 million did not take into consideration either the reclassification of Ghana business as B2B or the capital controls in Greece. The implementation of the Value Added Tax Directive 2008/8 furthermore diminishes revenue and earnings for the 2015 financial year by EUR 786 thousand. According to the directive, since January 1, 2015 the place of residence of the service recipient counts as the place of performance for other services rendered electronically, with the result that revenue predominantly from German customers in the Casino & Poker segment are now subject to VAT in the absence of tax exemption and therefore in the absence of implementation of Article 135 (1) letter i of the Value Added Tax Directive.

mybet uses earnings before interest and taxes (EBIT) as a further major management indicator. As a result of the capital controls introduced in Greece, non-recurring effects from special write-downs following the switch to the new, higher-performance IT platform and the write-down of the goodwill of Anybet GmbH, in the course of 2015 the company had then revised its original EBIT forecast of a maximum of EUR -0.5 million to a negative figure in the single-digit million euros. The company met that adjusted EBIT forecast with EBIT of EUR -8.8 million (previous year: EUR 459 million).

	ACTUAL AT 31/12 2014	ACTUAL ADJUSTED) AT 31/12/2014	FORECAST FROM MANAGEMENT REPORT AT 31/12/2014	FORECAST FROM INTERIM REPORT AT 30/09/2015	ACTUAL AT 31/12/2015	ACTUAL (ADJUSTED) AT 31/12/2015
Revenue	EUR 69.2 million	EUR 70.4 million	EUR 70 to 75 million	EUR 70 to 75 million	EUR 63.0 million	EUR 69.2 million
EBIT	EUR 459 thousand	EUR 500 thousand	Max. EUR -0.5 million	EBIT in negative single-digit million euros	EUR -8.8 million	EUR -9.2 million

2.2.1 SPORTS BETTING SEGMENT

The Sports Betting segment, too, was affected by the change in the contractual agreements affecting Ghana business (see "Business progress") in the 2015 financial year. The following table provides an overview of the effects:

IN EUR '000	2015	2015 (ADJUSTED)	2014
Betting stakes	166,757	188,578	186,588
Hold	30,677	37,644	37,451
Hold margin	18.4%	20.0%	20.1%

For better comparability and to present the development in business operations, the figures for the 2015 financial year are also shown adjusted in the following.

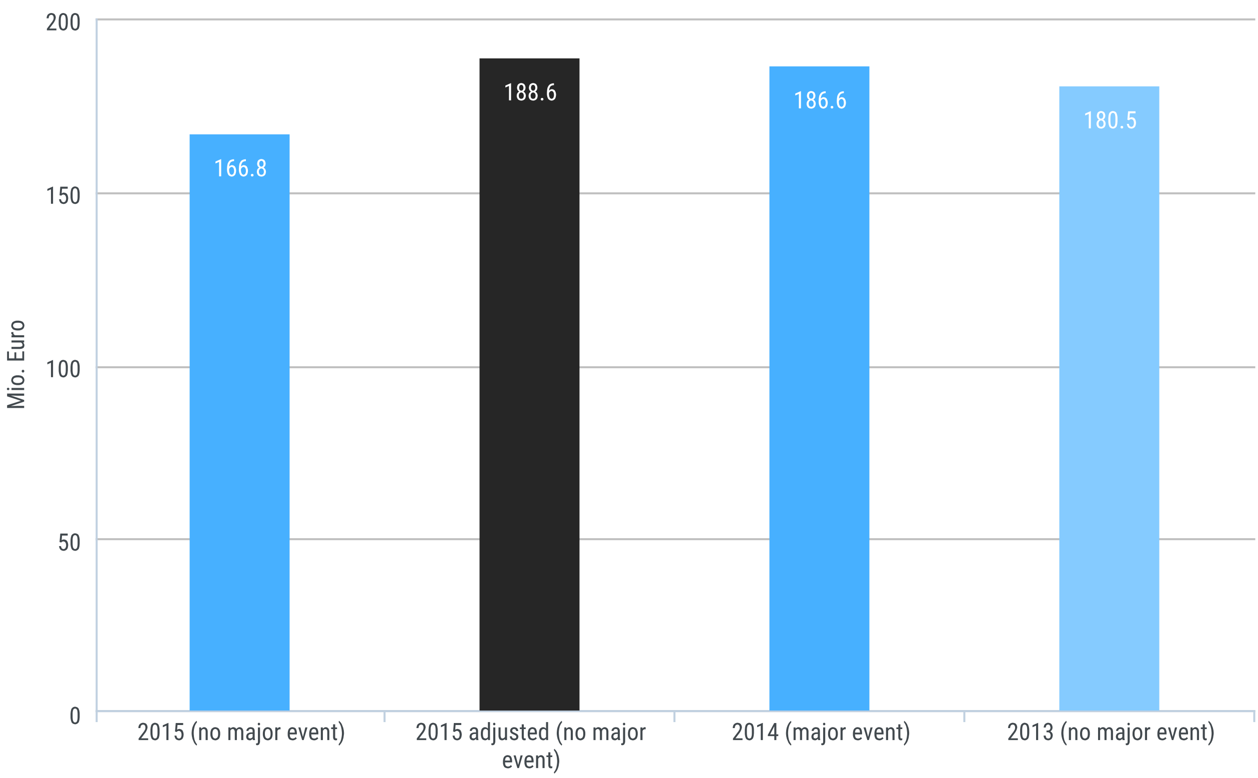
Business in the Sports Betting segment is conducted primarily by the subsidiary Personal Exchange International Ltd., Malta (PEI). The measures in Greece to control flows of capital had a negative effect in the second half of 2015. For example the betting stakes placed in Greece in the second half of 2015 were down sharply by 76.1 percent compared with the prior-year period. In the 2015 financial year the company realised betting stakes of EUR 166.8 million. After stripping out the effects from the contractual changes for Ghana business, betting stakes came to EUR 188.6 million and were therefore 1.1 percent up on the prior-year period (previous year: EUR 186.6 million) even though there was no major event in 2015, unlike the previous year.

Of the betting stakes achieved in 2015, 57 percent (previous year: 54 percent) were generated through internet business (online), 12 percentage points of which (previous year: 3 percentage points) were via the mobile channel. 43 percent of betting stakes (previous year: 46 percent) were from over-the-counter business conducted in betting shops (offline). Based on the adjusted betting stakes, the betting stakes for 2015 were made up as follows: 51 percent of betting stakes were generated online, of which 11 percent via mobile devices, and 49 percent were received over the counter in betting shops. With a total of EUR 95.1 million, betting stakes for sports betting placed online were 5.5 percent below the previous year's level (previous year: EUR 100.6 million); this was attributable in particular to the imposition of capital controls in Greece and the influence of the FIFA World Cup within the strong figures against which the past year was being compared. In addition, there were offline betting stakes of EUR 71.6 million, a 16.7 percent fall compared with the previous year (previous year: EUR 86.0 million). On the other hand the adjusted offline betting stakes were around 8.7 percent up on the prior-year figure at EUR 93.5 million. This was attributable in particular to mybet's quality drive at the shops, leading to higher average betting stakes per betting shop.

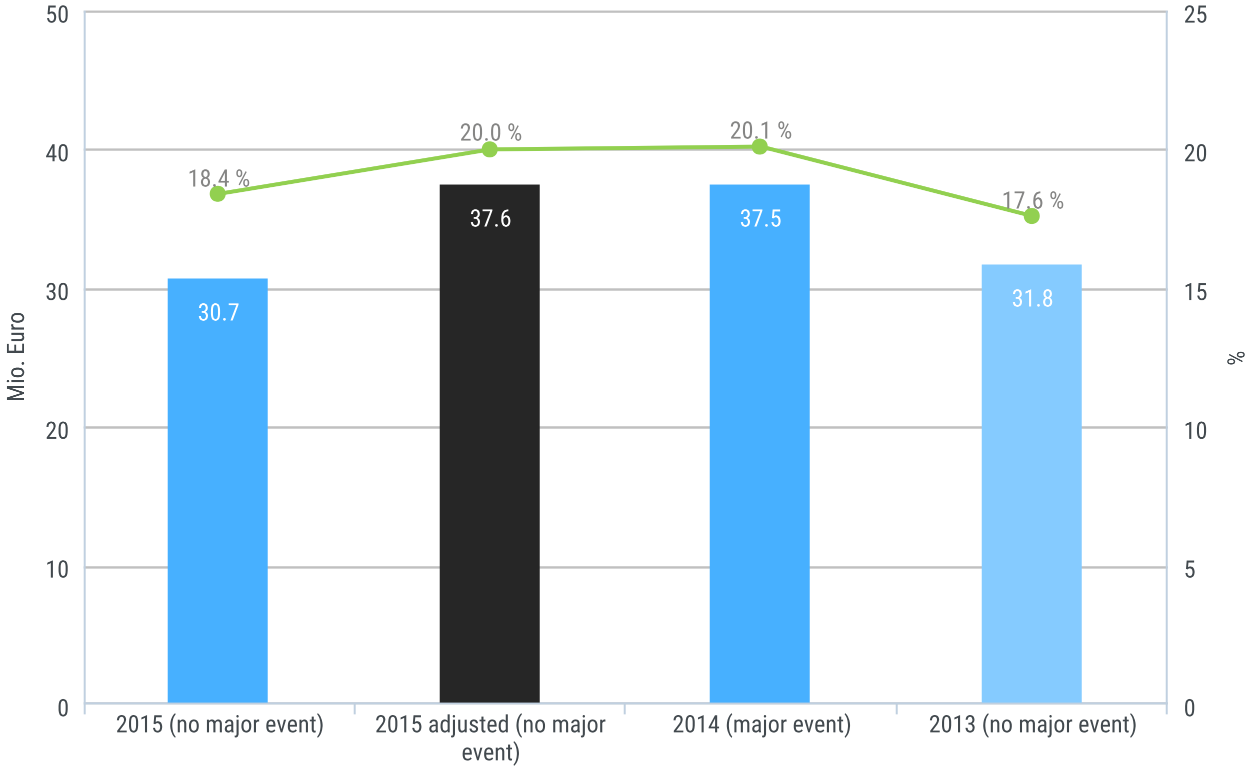
The betting stakes achieved in the mobile area grew by 291.6 percent year on year to EUR 20.2 million (previous year: EUR 5.2 million). This positive development in mobile business was driven by the steady development and expansion of the mobile offering as well as customers' growing take-up of mobile sports betting, especially live betting.

The hold from sports betting reached EUR 30.7 million and was therefore 18.1 percent down on the previous year. After elimination of the Ghana effect, the hold from sports betting came to EUR 37.6 million, and was therefore 0.5 percent up on the previous year (previous year: EUR 37.5 million). The hold margin as a share of betting stakes was 18.4 percent, while the adjusted margin was 20.0 percent (previous year: EUR 20.1 percent). The positive development in operating business is underlined by a comparison of financial years where there are no major sporting events. The following charts offer an overview of the development in betting stakes and in the hold and hold margin over the past three years:

BETTING STAKES (EUR MILLION), THREE-YEAR COMPARISON



HOLD (EUR MILLION) AND HOLD MARGIN (%), THREE-YEAR COMPARISON



Some 125,317 new customers were acquired in the period under review of 2015. The number of registered customers is therefore around 1.5 million. 18,217 customers were active at least once a month in 2015, a fall of 21.4 percent compared with one year earlier (previous year: 23,165). The development is mainly attributable to the decline in customers in Greece following the imposition of capital controls and the absence of a major event. The average monthly betting stakes per active customer were increased to EUR 435 (previous year: EUR 362); while there were fewer active customers than in the previous year, they placed significantly more in betting stakes. The number of betting shops under the mybet franchise was reduced in the period under review mainly in connection with the reclassification of Ghana business as B2B. At December 31, 2015 mybet had 239 shops (previous year: 375). In Germany, the number of betting shops declined from 210 to 169.

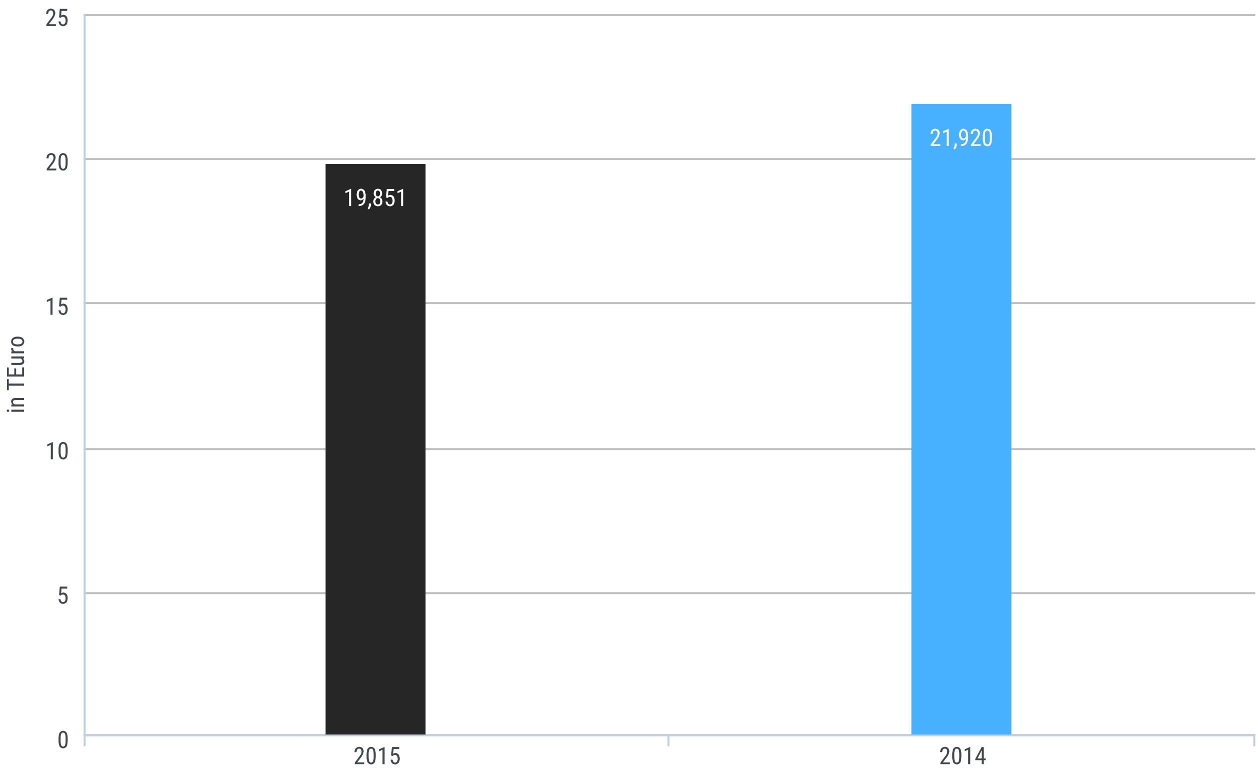
Overall revenue for the segment in the 2015 financial year fell by 16.0 percent compared with the previous year to EUR 33.9 million (previous year: EUR 40.3 million). Adjusted for the Ghana effect, the revenue for the segment was EUR 39.5 million.

Other operating income came to EUR 809 thousand (previous year: EUR 465 thousand). The rise is attributable on the one hand to a change in the assessment basis for the marketing fee (EUR +227 thousand) and on the other hand to betting business in Belgium (EUR +113 thousand). The expenditure of EUR 35.6 million in the Sports Betting segment (previous year: EUR 41.2 million) declined by the same degree as revenue. After adjustment for the Ghana effect, expenditure was unchanged from the previous year at EUR 41.2 million. As a result of a lower adjusted level of revenue coupled with constant expenditure, EBIT for the Sports Betting segment amounted to EUR -1.2 million (previous year: EUR -707 thousand). This is attributable on the one hand to intensified marketing measures aimed at new and existing customers, along with slightly higher commission payments following a structural shift towards more cost-intensive sales channels. On the other hand the decline was also caused by the introduction of the capital controls in Greece.

KEY FIGURES FOR SPORTS BETTING	2015	2015 (ADJUSTED)	2014	2013
Betting stakes (EUR ’000)	166.8	188.6	186.6	180.5
Online	95.1	95.1	100.6	106.3
as % of betting stakes	57%	51%	54%	59%
of which mobile	20.2	20.2	5.2	n/a
as % of betting stakes	12%	11%	3%	n/a
Offline	71.6	93.5	86.0	74.2
as % of betting stakes	43%	49%	46.0%	41.0%
Hold (EUR ’000)	30.7	37.6	37.5	31.8
Margin (in %)	18.4%	20.0%	20.1%	17.6%
Hold online	14.3	14.3	15.8	14.0
Margin (in %)	15.0%	15.0%	15.7%	13.2%
of which hold mobile	3.4	3.4	0.8	n/a
Margin (in %)	16.8%	16.8%	15.8%	n/a
Hold offline	16.4	23.4	21.6	17.8
Margin (in %)	22.9%	25.0%	25.2%	23.9%
Existing customers (online, ’000)	1,476	1,476	1,350	1,207
Active customers in period (online, EUR ’000)	96.6	96.6	104.3	121.6
Active sports betting customers in month (online, average in ’000)	18.2	18.2	23.2	24.8
Betting stakes per active customer/month (EUR)	435	435	362	357

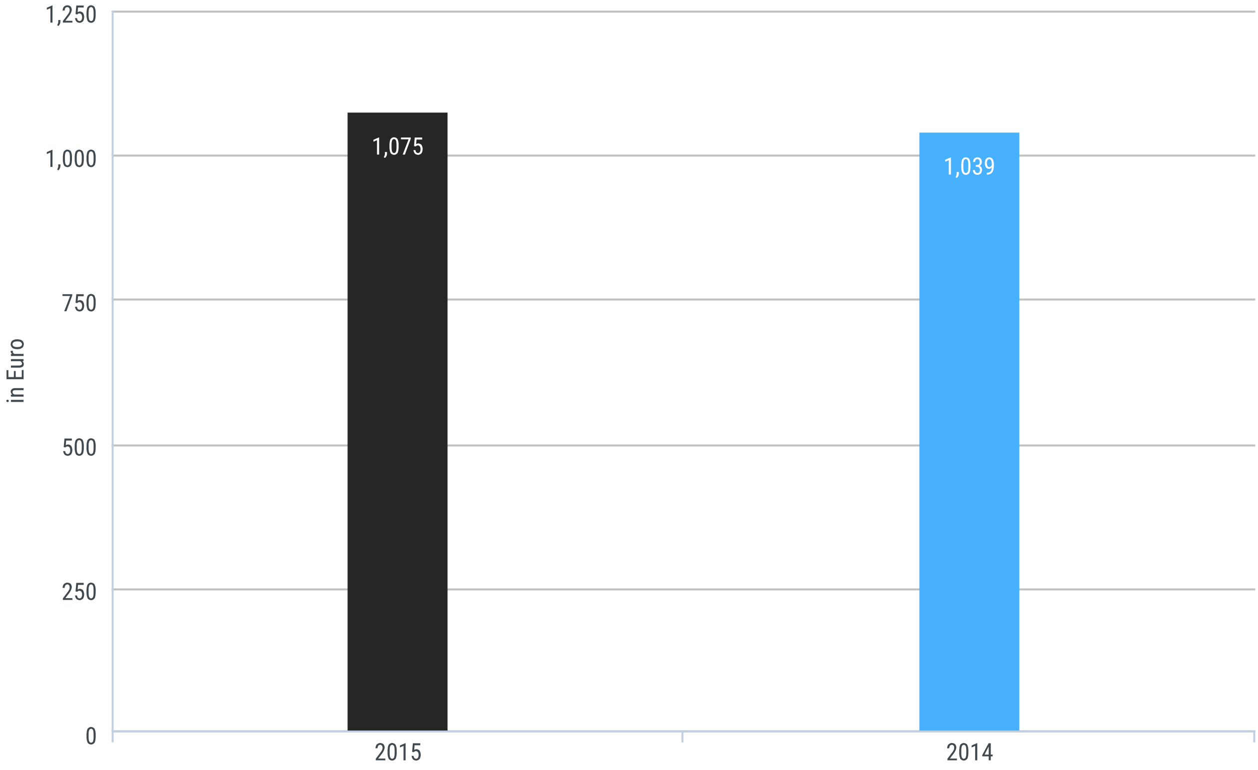
2.2.2 CASINO & POKER SEGMENT

The Casino & Poker segment mainly comprises the offerings of the mybet.com platform, which is licensed in Malta. Revenue for the segment fell by 9.4 percent from EUR 21.9 million in the previous year to EUR 19.9 million in the 2015 financial year, here too revealing the negative impact of the capital controls in Greece in the second half of 2015. In addition, negative non-recurring effects in the amount of EUR 786 thousand following the implementation of the EU Value Added Tax Directive 2008/8 with effect from January 1, 2015 eroded revenue and earnings. According to the directive, revenue in the Casino & Poker segment, and in particular business involving German customers, is now subject to VAT in the absence of its exemption from tax.



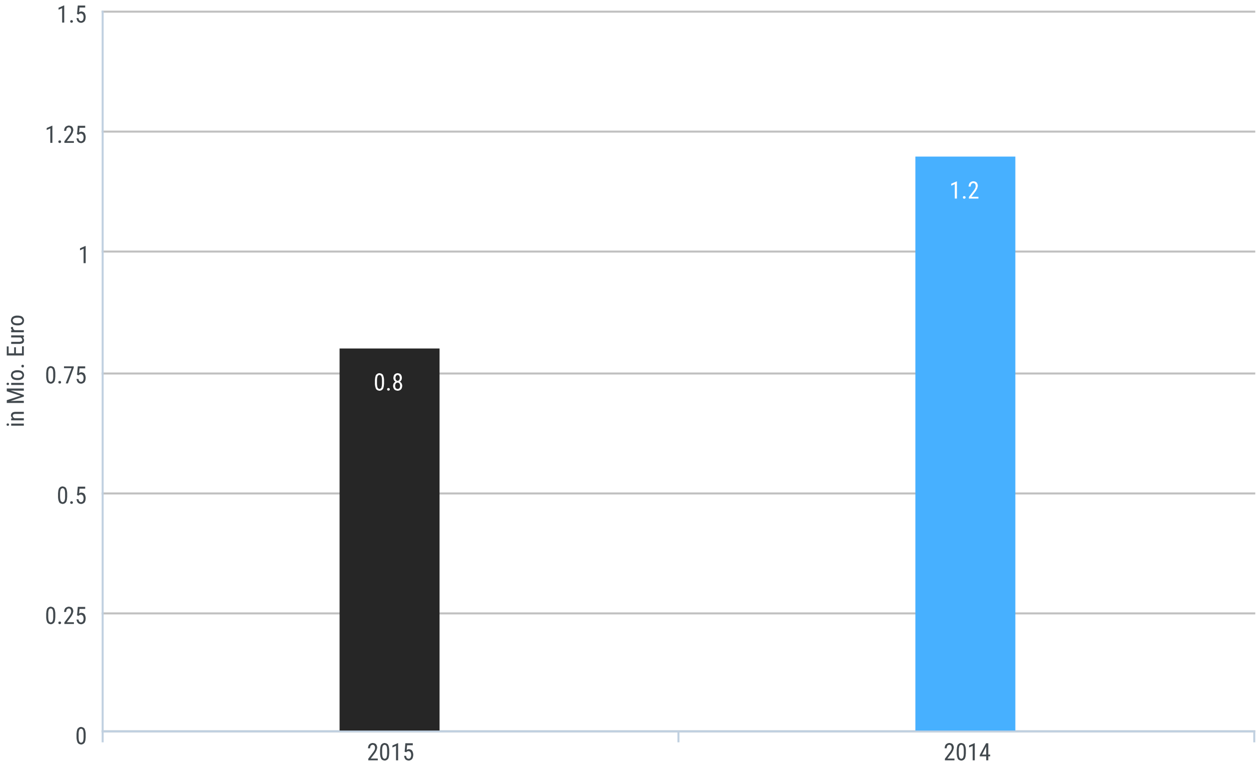
Live casino brings in a significant portion of revenue in the Casino & Poker segment. In addition, particularly new games that are attracting growing attention thanks to publicity measures are among the revenue drivers in this segment. The most popular games are those by Novomatic and Aristocrat in the Casino area, which generate a steady flow of revenue in this segment.

REVENUE PER ACTIVE CUSTOMER (EUR)



In 2015, revenue per customer in the Casino area reached EUR 1,074.5 compared with EUR 1,038.9 in the previous year, reflecting the rising customer value per active player in this segment.

EBIT (EUR MILLION)



EBIT for the 2015 reporting period of EUR 830 thousand was down on the prior-year level (previous year: EUR 1.2 million). The main expense items for the segment include commissions for the increased number of 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 (PWAG) and its subsidiaries.

Revenue rose significantly from EUR 7.1 million in the previous year to EUR 9.3 million in the period under review of 2015. The revenue increase is above all attributable to increased activity by existing customers, reflecting the intensified marketing measures in this segment. The company also registered growth in international customers with the domain www.betbird.com. In view of the high pressure on margins in the Horse Betting segment, there were adjustments within the market, which were undoubtedly beneficial to PWAG. PWAG was also able to improve its EBIT for the segment, from EUR 1.3 million in the previous year to EUR 1.7 million in 2015.

2.2.4 OTHER OPERATING SEGMENT

The other operating segment mainly comprises the activities of C4U. In the 2015 financial year C4U offered 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. The revenue for the segment declined by 40.8 percent in 2015 to EUR 0.7 million (previous year: EUR 1.1 million) mainly because of C4U’s weaker performance and in connection with its reduced volume of business with third parties. EBIT for the segment fell correspondingly to EUR -158 thousand (previous year: EUR 580 thousand).

In connection with the stronger focus on the core segments Sports Betting and Casino, The Management Board took the decision to sell C4U. The sale will only take effect once various conditions precedent are met, which include in particular the approval of the Malta Financial Services Authority (MFSA) as the supervisory body responsible. Both parties to the contract expect the transaction to be completed in the second quarter of 2016. C4U will for the time being continue to provide all necessary payment transactions for mybet, on improved terms.

2.3 EARNINGS, FINANCIAL AND ASSETS POSITION

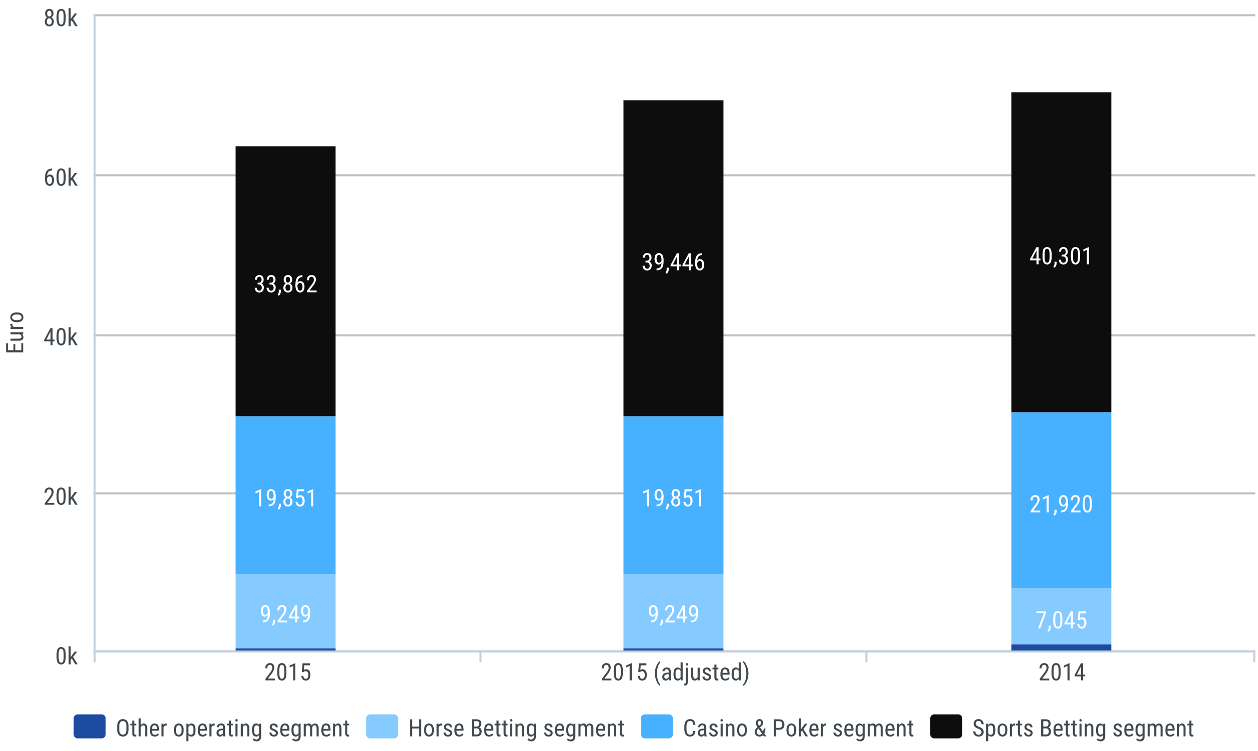
2.3.1 EARNINGS OF THE GROUP

For better comparability and to present the development in business operations, the relevant figures for the 2015 financial year that are connected to the contractual change for Ghana business are also shown adjusted in the following. Equally, for greater ease of comparison the 2015 business figures and those for the previous year are shown after the deconsolidation of C4U. Both effects were previously described under "Business progress".

mybet achieved revenue of EUR 63.0 million (previous year: EUR 69.3 million) in the 2015 financial year. Expressed in terms of adjusted revenue, despite the capital controls in Greece adversely affecting the Sports Betting and Casino & Poker segments the company registered merely a slight 1.6 percent drop in revenue, from EUR 70.4 million in the previous year to EUR 69.2 million. The absence of a major event in 2015 was almost made good by an increased level of customer loyalty measures and the resulting rise in customer value, plus the quality drive at the betting shops.

By segment, the largest portion of revenue in the 2015 financial year, or 53.2 percent (EUR 33.9 million), was generated by the Sports Betting area (previous year: 57.2 percent or EUR 40.3 million). Sports Betting's share of adjusted revenue was 57.0 percent. The Casino & Poker segment contributed 31.2 percent (EUR 19.9 million) (previous year: 31.2 percent or EUR 21.9 million). This represented 28.7 percent of adjusted revenue. The Horse Betting segment brought in 14.5 percent of revenue, or EUR 9.3 million (previous year: 10.0 percent or EUR 7.1 million). The share of adjusted revenue was 13.3 percent. The figure for the other operating segment was 672 thousand or 1.1 percent) (previous year: 1.5 percent or EUR 1.1 million). This represented 1.0 percent of adjusted revenue. The net gaming revenue (NGR) came to EUR 62.0 million (adjusted: EUR 67.5 million) in the 2015 financial year (previous year: EUR 68.3 million).

REVENUE PERFORMANCE



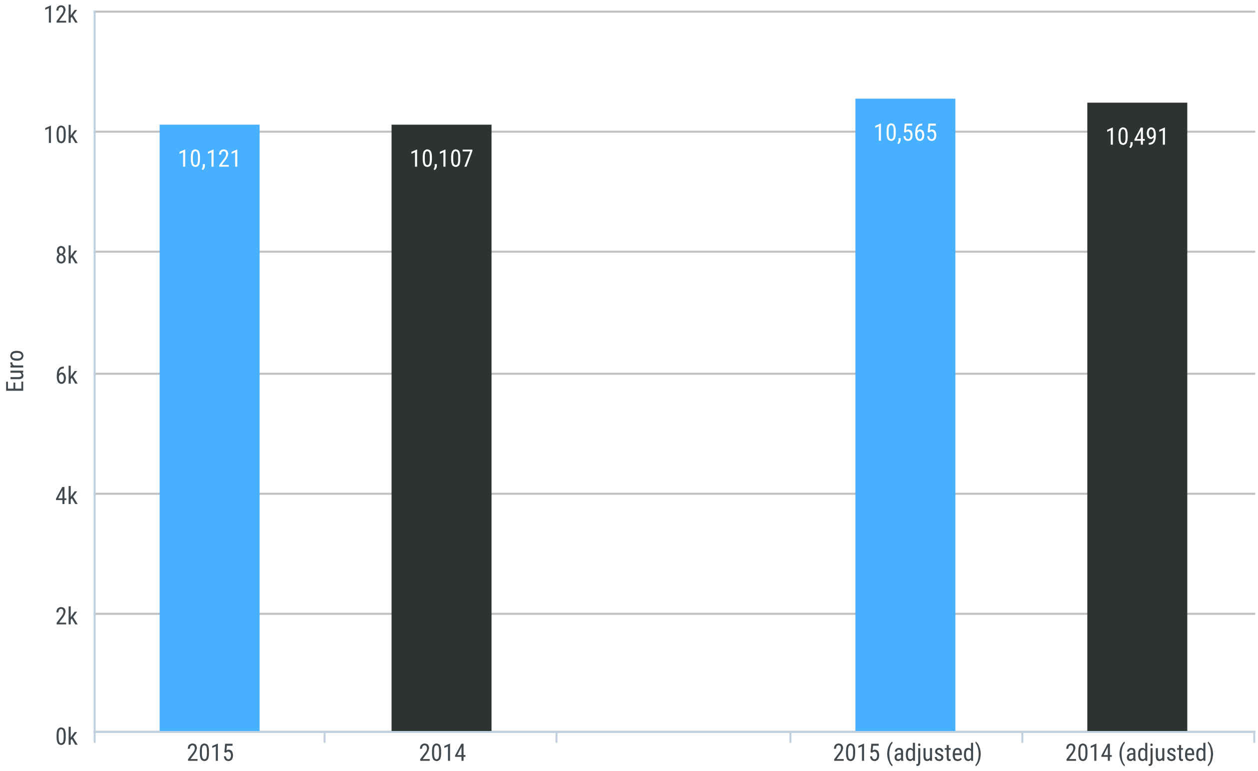
Production for own assets capitalised fell to EUR 2.0 million in the 2015 financial year, down from EUR 2.5 million in the previous year, as a result of the decision to switch to an entirely new platform. The other operating income, which declined to EUR 1.2 million in the reporting period (previous year: EUR 3.2 million), essentially comprises the costs incurred and rebilled by the group for betting shop operators (EUR 753 thousand, previous year: EUR 423 thousand). In the previous year, there was also other operating income attributable to non-recurring effects. These arose mainly in the form of income from the reversal of liabilities in the amount of EUR 673 thousand, as well as income from the deconsolidation of MYBET ITALIA S.R.L. in the amount of EUR 401 thousand and the disposal of shares in the amount of EUR 275 thousand.

Following the contractual change with a B2B partner in Ghana, since January 1, 2015 commissions to be passed on to the Ghanaian partner are now no longer reported under the cost of purchased materials, with the net amount of hold and commission charge reported as service proceeds.

The commission charges of EUR 29.4 million in the 2015 financial year were 15.9 percent down on the previous year's EUR 34.9 million. Without the change in reporting due to the contractual change for Ghana business, the adjusted commission charges total EUR 35.0 million. The development in commission charges is dependent on the development in revenue and is thus on a par with the previous year. The expenses for licence fees for casino software providers and poker networks as well as gaming tax were broadly unchanged from the previous year at EUR 4.0 million (previous year: EUR 4.1 million). On the other hand betting bonuses in the period under review climbed by 36.2 percent to EUR 5.7 million, up from EUR 4.2 million in the previous year. This development is above all attributable to reactivation measures for existing customers and measures to acquire new customers. The expense for payment processing comprises expenditure for customer-related payment transactions and came to EUR 2.4 million (previous year: EUR 3.1 million). After adjustment for the deconsolidation of C4U, the expense for payment transactions came to EUR 2.1 million compared with EUR 2.8 million in the previous year. Other cost of purchased materials, which mainly comprises expenditure for the purchasing of betting odds, rose by 11.7 percent in the 2015 reporting period to EUR 1.9 million (previous year: EUR 1.7 million). On the other hand the other cost of purchased materials after adjustment for the contractual change for Ghana business and the deconsolidation of C4U came to EUR 2.1 million, up from EUR 1.7 million in the previous year. Overall, the cost of purchased materials fell 9.5 percent from EUR 47.9 million to EUR 43.3 million. After adjustment for the reporting change to reflect the contractual change for Ghana business and the deconsolidation of C4U, the cost of purchased materials for the 2015 reporting period increased by 2.4 percent to EUR 48.9 million (previous year, adjusted: EUR 47.7 million).

The average number of employees in the 2015 financial year edged up from 168 to 172 because of specific recruitment for the teams in the Marketing and Product areas. Disregarding the employees of C4U, the average employee total in the 2015 financial year was 162 (previous year: 162). Personnel expenses in the period under review remained on a par with the previous year at EUR 10.1 million (previous year: EUR 10.1 million). After adjustment for the deconsolidation of C4U, personnel expenses rose by 0.7 percent to EUR 10.6 million (previous year, adjusted: EUR 10.5 million). The expenses per employee in the 2014 financial year amounted to EUR 63.6 thousand or, including C4U, EUR 62.5 thousand, while the expenses per employee in 2015 came to EUR 62.5 thousand or EUR 61.4 thousand including C4U. At the same time, revenue per employee in 2015 totalled EUR 388.7 thousand as compared with EUR 435.5 thousand in the previous year. Including C4U, revenue per employee in 2015 came to EUR 402.5 thousand as against EUR 418.8 thousand in the previous year. The personnel expenses ratio of 16.1 percent was above the level of the previous year (previous year: 14.6 percent). Taking C4U into account, the personnel expenses ratio increased to 15.3 percent, up from 14.9 percent in the previous year.

PERSONNEL EXPENSES (EUR ´000)



Depreciation and amortisation for the 2015 financial year amounted to EUR 8.1 million, a sharp increase on the reference (previous year: EUR 2.2 million). In addition to depreciation and amortisation of intangible assets and property, plant and equipment as well as internally produced software, the increase was prompted by special write-downs in the amount of EUR 5.3 million on the existing IT system following the planned introduction of the new IT platform in partnership with Amelco. In addition, there were write-downs on construction in progress that will no longer go into use. After adjustment for the deconsolidation of C4U, depreciation and amortisation for the period under review totalled EUR 8.2 million (previous year, adjusted: EUR 2.4 million). Other operating expenses fell by 5 percent compared with the previous year, from EUR 14.2 million to EUR 13.5 million. This was attributable to reductions in the costs incurred for marketing, legal consultancy and technical consultancy as part of a cost-cutting drive. After adjustment for the deconsolidation of C4U, the other operating expenses amounted to EUR 14.1 million, compared with EUR 15.0 million in the previous year.

PRINCIPAL EXPENSE ITEMS, EUR '000	2015	2015[1]	2014	2014[2]
Cost of purchased materials	43,344	48,892	47,896	47,742
of which commissions	29,361	35,048	34,899	35,000
Personnel expenses	10,121	10,565	10,107	10,491
Employees (average for the period)	162	172	159	168
Other operating expenses	13,482	14,094	14,192	14,933
of which marketing	4,233	4,233	5,091	5,091

[1]Figures from the 2015 financial year after adjustment for for the effect of the restructuring of contracts for Ghana business and the reclassification of C4U.
[2] Figures from the 2014 after adjustment for the effect of the reclassification of C4U.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) fell to EUR -749 thousand in the 2015 financial year (previous year: EUR 2.7 million). Including the profit contribution of C4U, EBITDA came to EUR –1.0 million, compared with EUR 2.9 million in the previous year. Due to the write-downs in the past financial year, earnings before interest and taxes (EBIT) fell correspondingly from EUR 459 thousand to EUR -8.8 million. Including the profit contribution of C4U, EBIT came to EUR -9.2 million, compared with EUR 500 thousand in the previous year. Earnings before tax for the 2015 financial year reached EUR -8.8 million (previous year: EUR 475 thousand). After adjustment for the deconsolidation of C4U, EBT totalled EUR -9.3 million (previous year: EUR 518 million).

The net loss for the 2015 financial year, after tax, was EUR -8.0 million (previous year: EUR 215 thousand). Taking account of the profit contributions from investments, this corresponds to diluted earnings per share of EUR -0.37 (previous year: EUR -0.01); the basic earnings per share figure is EUR -0.36 for the 2015 financial year (previous year: EUR -0.01).

IN EUR '000	2015	2015[1]	2014	2014[1]
EBITDA	-749	-1,025	2,666	2,871
EBIT	-8,818	-9,234	459	500
EBT	-8,842	-9,257	475	518
Net profit/loss for the period	-8,028	-8,028	215	215
Earnings per share (diluted, EUR)	-0.35	-0.37	-0.02	-0.01

[1] Figures including the profit contribution of the discontinued operations C4U.

The results achieved for 2015 fell short of the expectations originally expressed for the past financial year. The causes were primarily the burden imposed on business operations from capital controls in Greece from the start of the second half of 2015 and the write-downs on intangible assets associated with the strategic decision to introduce a new IT platform. After stripping out these two one-off factors, mybet's operating business would have held steady at approximately the previous year's level, even in the absence of any major sporting events. Considering the wider context, the Management Board therefore assesses the development of the earnings as neutral.

2.3.2 FINANCIAL AND ASSETS POSITION OF THE GROUP

Cash and cash equivalents declined from EUR 8.1 million at December 31, 2014 to EUR 6.8 million at December 31, 2015. Of this sum, EUR 3.2 million (previous year: EUR 2.7 million) is attributable to pferdewetten.de AG. The lower cash and cash equivalents are moreover attributable to the reporting change for C4U.

LIQUIDITY	31/12/2015	31/12/2014
Cash and cash equivalents (EUR ’000)	6,834	8,101
Liquidity ratio 2[1]	108%[2]	106%

[1] Liquidity ratio 2 describes the ratio between current assets (excl. inventories) and current liabilities.
[2] The items Assets held for sale and Liabilities were integrated into the calculation in 2015.

In the period under review the group was financed substantially by the cash flow from operating activities. Starting with a net loss for the period of EUR -8.0 million (previous year: EUR 215 thousand), the cash flow before changes in working capital is EUR -1.2 million (previous year: EUR 3.0 million). The cash flow from operating activities of EUR -59 thousand (previous year: EUR -63 thousand) results from the cash outflow for the liabilities as well as other equity and liabilities items amounting to EUR -122 thousand (previous year: EUR -3,303 thousand), a decrease in short-term accruals of EUR -459 thousand (previous year: EUR 179 thousand) and income taxes paid of EUR -285 thousand (previous year: EUR -182 thousand). Within inventories, receivables and assets not attributable to investing or financing activities, there was simultaneously a cash inflow of EUR 2.0 million (previous year: EUR 282 thousand).

The cash flow from investing activities of EUR -4.6 million overall was at the level expected, but the purchase price payment from the sale of the JAXX group in 2014 meant it was lower than in the previous year (previous year: EUR -1.0 million). Investment spending on fixed assets brackets together outgoings for software, licences, current working equipment such as computers and the technical infrastructure. The investment spending in the past financial year was above all for the improvement of the product range and quality in the betting shops.

The cash inflow from the successful placement of the convertible bond in the volume of EUR 5.0 million brought in a cash flow from financing activities of EUR 4.9 million (previous year: EUR 1.8 million). Other than the placement of the convertible bond, no financing measures were carried out in the 2015 financial year. The sale of C4U represents an important component of the financing measures for the 2016 financial year. Provided the funds from the sale of C4U are received in a timely manner, mybet considers itself to be in a position to continue to meet its payment obligations promptly.

The non-current assets at December 31, 2015 totalled EUR 15.0 million, compared to EUR 18.6 million at the reporting date of December 31, 2014. This figure comprised mainly intangible assets of EUR 11.1 million (previous year: EUR 16.3 million), property, plant and equipment of EUR 851 thousand (previous year: EUR 1.0 million), financial assets of EUR 489 thousand (previous year: EUR 0) and deferred taxes of EUR 2.6 million (previous year: EUR 1.3 million). The decrease is mainly attributable to the special write-downs. Other intangible assets fell by EUR 4.4 million and came to EUR 4.0 million at the balance sheet date (previous year: EUR 8.8 million). This item fell in the 2015 reporting period as a result of special write-downs on internally produced software and construction in progress in connection with the plans to introduce the new IT platform. The investment in the new platform affects the two segments Sports Betting and Casino, where the new IT system should improve the products and increase customer activity.

Current assets at December 31, 2015 rose from EUR 18.4 million at December 31, 2014 to EUR 19.1 million. Receivables and other assets fell to EUR 7.9 million (previous year: EUR 10.1 million). This change was prompted by the reporting switch for such items at C4U under “Assets held for sale”. In the previous year C4U had reported other financial assets of EUR 2.7 million. The current financial year has seen the other financial assets of C4U decline to EUR 1.4 million. This development is in connection with the reduced volume of third-party business. In addition, a guarantee deposit from the sold company MYBET ITALIA S.R.L. (Modena, Italy), was released (EUR 200 thousand) and the guarantee deposit for a poker licence was reduced by EUR 190 thousand. Furthermore, the payments in advance at the reporting date were lower than one year earlier.

In view of the negative result attributable to the special write-downs on existing software and the adverse effects of the capital controls introduced in Greece, shareholders’ equity capital fell by EUR 7.3 million compared to the balance-sheet date of December 31, 2014, to to EUR 11.7 million at December 31, 2015. Based on a balance sheet total of EUR 34.1 million (previous year: EUR 37.0 million), the equity ratio at December 31, 2015 declined to 34.2 percent due to the above non-recurring effects and the placement of the convertible bond, down from 51.2 percent at December 31, 2014. mybet therefore continues to enjoy a sound balance sheet structure.

The mybet group posted non-current liabilities amounting to EUR 4.9 million at December 31, 2015 (previous year: EUR 893 thousand). These resulted on the one hand from the placement of the convertible bond with a nominal volume of EUR 5.0 million and a carrying amount of EUR 3.8 million. On the other hand deferred tax liabilities of EUR 1.1 million (previous year: EUR 893 thousand) were reported. These originate from mybet Holding SE and SWS Service GmbH because of the difference in balance sheet items from the unilateral impairment of loans. The current liabilities grew by EUR 0.4 million to EUR 17.6 million at December 31, 2015 compared with EUR 17.2 million in the previous year. This is mainly attributable to the reporting of C4U as discontinued operations, because it contains current liabilities to the continuing operation of EUR 1.2 million that were consolidated in the previous year. There was an opposite development in the short-term accruals; in particular the accruals for personnel (EUR 0.2 million) and the accrual for settlements (EUR 0.3 million) are lower for the year under review than at the end of the previous year.

Furthermore, the other financial liabilities at December 31, 2015 amount to EUR 3.7 million compared with EUR 5.8 million at the reporting date of December 31, 2014. Here, too, the decrease is attributable to the change in reporting for C4U. Meanwhile the other accrued expenses of EUR 555 thousand (previous year: EUR 1.0 million) were below the level of the previous year. The debt ratio at December 31, 2015 climbed to 65.8 percent (previous year: EUR 48.8 percent), largely as a result of the negative result for the period and the convertible bond issued.

2.3.3 EARNINGS OF MYBET HOLDING SE

The revenue of the group parent mybet Holding SE came to EUR 454 thousand in the 2015 financial year (previous year: EUR 883 thousand) and resulted from income from charging affiliated companies for commercial, administrative and legal consultancy services. As a result of changes in the level of charges passed on within the group between mybet Holding SE and the group companies, revenue in 2015 almost halved. The other operating income of EUR 5.0 million (previous year: EUR 585 thousand) substantially comprises income from the write-up of investments in affiliated companies in the amount of EUR 4.4 million, income from charges passed on amounting to EUR 0.3 million and income from the reversal of accruals of EUR 0.3 million. In the previous year, other income consisted mainly of income from the sale of DIGIDIS S.L. (Madrid, Spain) and of DIGIDIS S.A. (Madrid, Spain). Personnel expenses for the holding company in the period under review came to EUR 1.8 million (previous year: EUR 1.7 million). The number of permanent employees averaged 17 (previous year: 15). The other operating expenses of EUR 11.1 million were higher than the previous year's figure of EUR 3.4 million) due to non-recurring effects from write-downs on receivables from affiliated companies totalling EUR 8.5 million. Other expenses in 2015 arose in the form of costs associated with the placement of the convertible bond as well as the sale of C4U, while the other operating expenses in the previous year included the impairment of the receivable of mybet Holding SE in respect of SWS.

Depreciation and amortisation amounting to EUR 44.9 thousand was applied for the 2015 financial year (previous year: EUR 35.0 thousand). This resulted from depreciation and amortisation of intangible fixed assets and of property, plant and equipment.

The financial result of EUR -3,069 thousand for the 2015 financial year (previous year: EUR 345 thousand) is dominated by non-recurring effects for expenditure from the write-down of investments in affiliated companies. Interest income from loans extended to subsidiaries work against this.

The net loss of mybet Holding SE in 2015 was EUR -10,704 thousand. In the previous year the holding company had posted a loss of EUR -3,346 thousand.

2.3.4 FINANCIAL AND ASSETS POSITION OF MYBET HOLDING SE

At December 31, 2015 the balance sheet total for the group parent mybet Holding SE was EUR 31.4 million (previous year: EUR 34.9 million). Fixed assets came to EUR 23.2 million, up on the previous year's level (previous year: EUR 18.0 million). The changes in fixed assets are attributable to the increase in the carrying amount for investments as a result of the allocation of capital to QED Ventures (EUR 4.9 million). mybet Holding SE injected capital in 2015.

The current assets of mybet Holding SE amounted to EUR 7.0 million at the balance sheet date (previous year: EUR 16.8 million) and consisted primarily of receivables and other assets (EUR 5.1 million) as well as cash and cash equivalents (EUR 1.9 million). The fall in current assets was prompted by the lower receivables from affiliated companies of EUR 4.9 million (previous year: EUR 12.9 million). Cash and cash equivalents declined to EUR 1.9 million (previous year: EUR 3.8 million).

The subscribed capital of mybet Holding SE at December 31, 2014 was unchanged from the previous year at EUR 25.6 million, while the additional paid-in capital grew to EUR 20.0 million. The net loss for 2015 came to EUR -10.7 million and is carried forward to new account in the next financial year. The loss carry-forward at EUR 31, 2015 is EUR -22.2 million. Shareholders' equity at December 31, 2015 thus came to EUR 23.4 million (previous year: EUR 32.9 million).

The liabilities of EUR 7.2 thousand at the 2015 balance sheet date were well up on the previous year's level (previous year: EUR 955 thousand). The increase resulted from the successful placement of the convertible bond with a volume of EUR 5.0 million. In addition to this, the liabilities in respect of affiliated companies also rose to EUR 1.8 million (previous year: EUR 805 thousand). This increase is attributable to the extending of a loan by pferdewetten.de AG in 2015.

2.3.5 GENERAL STATEMENT

Consolidated revenue for the 2015 financial year totalled EUR 63.0 million, compared with EUR 69.2 million in the previous year. After adjustment for the contractual change for Ghana business and the deconsolidation of C4U, the consolidated revenue of EUR 69.2 million is only slightly below the previous year's strong figure for a year that had benefited from the FIFA World Cup. Although it was largely possible to compensate for the capital controls in Greece, these nevertheless had a palpable negative impact on earnings in the Sports Betting and Casino & Poker segments. For business operations, as expected mybet posted negative earnings before interest and taxes (EBIT) of EUR -8.8 million (previous year: EUR 0.5 million). With liquidity of EUR 3.6 million, the group has an unsatisfactory liquidity position in spite of its low net debt, and this will only ease once the funds from the sale of C4U have been received. The equity ratio declined year on year because of the increased balance sheet total following the issuance of the convertible bond. Nevertheless, at 34.2 percent the Management Board believes it still constitutes a sound basis.

Over the past financial year mybet has made headway with the improvement process kicked off in 2014 with a view to optimising the product range and internal processes. The HERA project was launched in the first half of 2015 to provide an extra push for the broadening of the product range and the optimisation of the group's internal processes and structures. In deciding to introduce the new IT platform in partnership with the British software provider Amelco, mybet has given itself far-reaching scope for product development, marketing and sales. The new, high-performance IT platform is intended to promote the marketing of the product range and further add to customer values by holding the attention of our existing and new customers for longer. Because the measures taken in the 2015 financial year already started to have an effect in the period under review and have paved the way for sustained, profitable growth, the company looks to the future with optimism in a market environment that remains challenging.

3 REPORT ON POST-BALANCE SHEET DATE EVENTS

On March 8, 2016 the Cartel Panel of the Federal Supreme Court, following oral proceedings concerning the appeal of Westdeutsche Lotteriegesellschaft against the ruling of the Higher Regional Court of Düsseldorf of April 9, 2014 (File reference VI-U Kart 10/12) in the legal proceedings for damage brought by SWS Service GmbH, by decision set the date for the announcement of its ruling for June 7, 2016. In the ruling the Federal Supreme Court made no further statements in the matter itself.

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 risk manager reports to the Management Board on the group-wide risks. 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 earnings, financial and assets position of the group.

The Management Board of mybet Holding SE 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 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 earnings, financial and assets position, 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 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 the installation of the amended risk management system, it is not possible to quantify the risks presented here in terms of their probability and financial impact, in the absence of firm, specific evidence of the possible economic and legal or regulatory 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.

4.2 PRESENTATION OF OPPORTUNITIES AND RISKS

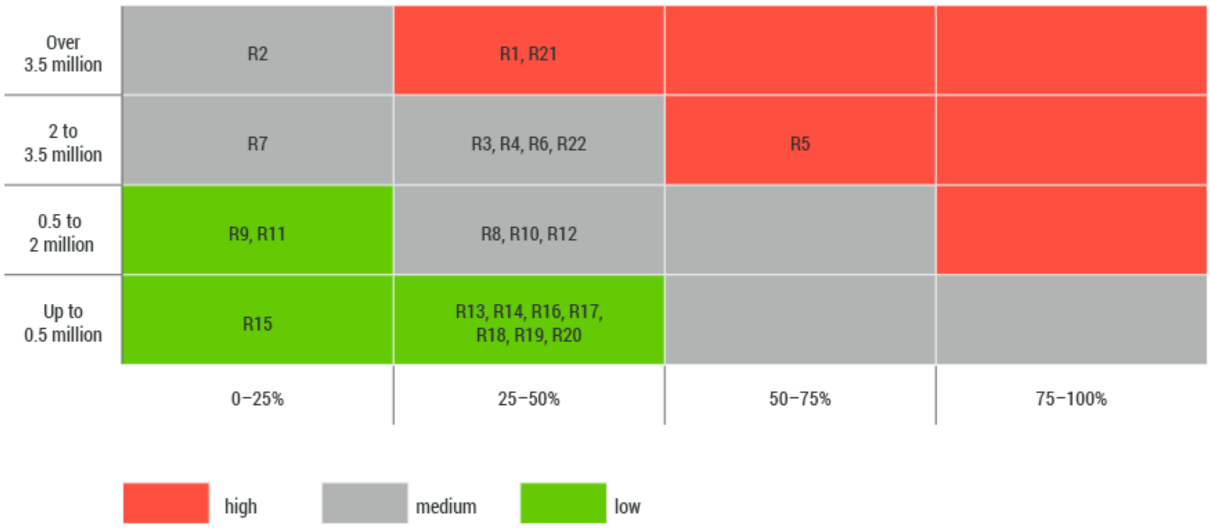
The categorisation of the principal opportunities and risks of the mybet group corresponds to the structure laid down internally for risk management purposes, and states the gross amounts:

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" (equivalent to 0 to 25 percent), "unlikely" (equivalent to over 25 to 50 percent), "likely" (equivalent to over 50 to 75 percent) and "very likely" (over 75 to 100 percent). 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 (up to EUR 0.5 million), moderate (over EUR 0.5 million to EUR 2.0 million), considerable (over EUR 2.0 million to EUR 3.5 million) and critical (over EUR 3.5 million) 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". Defined bandwidths are determined by the risk manager in consultation with the individual divisions. Risks carrying a high potential threat may endanger the company as a going concern. Furthermore, it cannot be ruled out that the accumulation or combining of moderate and low risks will equally take on a character that endangers the company's ability to continue as going concern.



An overview of the risks R1 to R22 that appear in the risk matrix can be found in the following table:

THE RISKS AT A GLANCE	
R1	VAT for Casino
R2	Sports betting monopoly situation in Germany
R3	Sale of C4U
R4	No customer acceptance of the new product range
R5	Loss of casino business in Germany
R6	False start for the platform
R7	Monopoly situation in Greece
R8	Loss of licences
R9	B2B contracts
R10	Shop sales structure / dependence on field representatives
R11	Market price change risks
R12	Failure of payment system providers
R13	Failure risk of Amelco
R14	Personnel risks
R15	Failure of payment service providers
R16	Expansion into liberalised markets
R17	Foreign currency risks
R18	Bookmaking risk
R19	Failure risk from cyber attack
R20	Failure risk of NYX
R21	Convertible bond
R22	Occurrence of letters of subordination and comfort

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:

4.2.1 OPERATING OPPORTUNITIES AND RISKS

4.2.1.1 MARKET AND COMPETITION OPPORTUNITIES AND RISKS

EXPANSION INTO LIBERALISED MARKETS (R16)

The launching of the mybet product range in Africa in conjunction with a licensed venture partner with local knowledge has developed swiftly into a relevant source of earnings. mybet will use this experience to further expand its B2B business in Africa in the short term. By selecting stable African markets and cooperating with licensed venture partners on the ground, mybet incurs only limited expenditure for start-up financing, so the expansion of such partnerships entails very low risks. The opportunities and risks of expansion into liberalised markets essentially relate to the impact on the Sports Betting segment.

SHOP SALES STRUCTURE / DEPENDENCE ON FIELD REPRESENTATIVES (R10)

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, and it would broadly affect the Sports Betting segment. The Management Board therefore views the sales structure risk in the shop sector as a medium risk.

B2B CONTRACTS (R9)

B2B business is currently limited to the contractually based cooperation with a venture partner in Ghana and a number of partners in Belgium. The partners operate a large number of the betting shops overall. The notice periods are at least six months. The probability of the partnerships being terminated is currently to be rated as very unlikely and the impact as moderate. The Management Board therefore currently assesses the risk of a loss of contract as low. If this were to occur, it would affect mainly the Sports Betting segment.

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

4.2.1.2 FINANCIAL OPPORTUNITIES AND RISKS

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

VAT ON CASINO (R1)

With the implementation of the EU Value Added Tax Directive 2008/8 with effect from January 1, 2015 the place of residence of the service recipient counts as the place of performance for other services rendered electronically. This means that the revenue of the Casino & Poker segment, particularly from German customers, are subject to value-added tax in the absence of tax exemption and therefore in the absence of implementation of Article 135 (1) letter i of the Value Added Tax Directive. The group subsidiary PNO Casino Ltd., Malta, is a provider of casino and poker games and has submitted advance VAT returns that take the hold from the games held as the basis for the fee value added tax purposes. On the other hand it cannot be excluded that the financial authorities in individual European countries will define the total of all stakes as the assessment basis. The probability is unlikely and the impact is to be classified as critical. At present the Management Board rates this risk overall as high.

SALE OF C4U (R3)

On October 2, 2015 mybet Holding SE and its subsidiaries reached agreement with a group of companies that is principally active in the financial services sector on the sale of the mybet group company C4U-Malta Ltd.

C4U is in possession of an e-money licence and performs the payment transaction services for the mybet Group and for third parties on the basis of service agreements. The selling price is EUR 3.3 million. The decision to sell it was taken in the context of the strategic decision to focus further on sports betting as mybet's core business activity. The sale will only take effect once the condition precedent of "approval of the Malta Financial Services Authority (MFSA)" has been met. Both parties to the contract expect the transaction to be completed by the end of April 2016. Receipt of the sales price is a key element of the group's financing.

In the event of the approval of the MFSA not being forthcoming, the contract as a whole will be null and void. The Management Board assesses the probability of this risk as unlikely and the impact as critical. This risk is consequently to be rated as moderate. In view of the significance of the funds from the sale of C4U, this risk is to be classified as potentially a threat to the mybet group as a going concern even though it is rated as a moderate risk.

The Management Board expects that the agreement concluded on October 2, 2015 on the sale of C4U can be completed once the approval of the Maltese supervisory authority has been received – and it is expected soon – with the result that the company will then be able to collect the purchase price.

If, contrary to expectation, the funds from the sale of C4U are not received, the Management Board has planned alternative scenarios to avert a potential threat to the company as a going concern. These include the realisation of assets that are not absolutely essential to the running of the business, such as the investment in pferdewetten.de AG, and additionally the implementation of financing measures on the capital market.

If it should not be possible to complete or implement both the sale and the alternative scenarios in a timely manner, the future of the parent company as a going concern would be endangered.

CONVERTIBLE BOND (R21)

On the basis of the rights offering published in the Federal Gazette on November 24, 2015, mybet Holding SE offered the shareholders the opportunity to acquire convertible bonds.

The collateralised and guaranteed convertible bond earning interest at 6.25 percent and with a term of five years was placed in full on the capital market through the rights offering followed by a private placement. A total of 50,000 convertible bonds were issued at a price of EUR 100.00 each, with a total nominal value of EUR 5 million. These debentures can within certain conversion periods be converted into arithmetically an initial 89.6619 registered ordinary shares of mybet Holding SE. The debentures not taken up by existing shareholders by virtue of their subscription right were taken up fully by institutional investors. mybet Holding SE thus accrued gross issuing proceeds of EUR 5 million on December 15, 2015.

The terms of the bond include a put option according to which, in the event that PNO Ventures Ltd does not accrue proceeds of EUR 3.0 million from the disposal of C4U by June 30, 2016, each bondholder shall have the right to demand within 30 calendar days of June 30, 2016 that the issuer buy back their debentures in the amount of the nominal value.

The Management Board considers that the features and risks of the put option are closely linked to those of the contract for the convertible bond. The put option consequently does not constitute an independent derivative financial instrument with the consequence of measurement as a hybrid financial instrument at fair value [IAS 39.11], and for that reason the put option is not to be separated from the host contract. Furthermore, the exercise price of the option constantly corresponds virtually to the amortised cost of the convertible bond, because new facts coming to light regarding the event that would make the put option possible would have no material effect on the value of the convertible bond. The advantages arising from the put option are not to be rated as significant, because the borrower receives merely compensation amounting to 101 percent of the nominal amount of the bond as well as the accumulated interest up to the time of exercising of the put option. As such, the mandatory buy-back offer does not compensate for the interest not received for the remaining useful life. According to the terms of the convertible bond, a put option may be exercised if the company does not accrue EUR 3 million from the sale of an investment (C4U) or a capital increase by June 30, 2016.

The Management Board rates the probability as unlikely and the impact as critical. The risk is therefore assessed as moderate. In view of the importance of the funds from the sale of C4U in combination with the put option that would cut in in the event of the cash inflow from the sale not materialising or the alternative possibility of a capital increase, this risk is to be rated as potentially a threat to the mybet group as a going concern even though it is classified as a moderate risk.

GAMBLING TAX IN GERMANY

Since July 1, 2012 a tax amounting to 5 percent of the sums spent by the customer for placing a bet has been levied on sports betting. The mybet group reports the tax monthly and pays the amounts to the tax office responsible for the matter nationwide. At the same time, mybet gives notice of opposition to the tax return. The mybet group has agreed with the relevant tax office Frankfurt am Main III to suspend the opposition proceedings initiated with regard to past and future tax returns until a ruling has been obtained in a pending test case before the tax court.

If the gambling tax should be deemed unlawful in the final instance of the test case, the exemption required will however then have no basis and sports betting could then fundamentally be subject to German value-added tax from January 1, 2015. It is not yet foreseeable what basis for value-added tax would then be taken.

In the event of the gambling tax being deemed unlawful, the mybet group would have a refund claim against the Frankfurt/Main III tax office in the amount of the sums paid of EUR 16.8 million. This would be partially offset by a value-added tax obligation for 2015 amounting to EUR 4.5 million, assuming the hold were to serve as the tax basis for the value-added tax.

The Management Board currently rates the prospects of a refund of the gambling tax paid as unlikely, and its impact as high. The opportunity is therefore assessed as moderate. The same applies to the risk of the value-added tax payment that would then be due for the period since January 1, 2015.

4.2.1.3 OPERATING OPPORTUNITIES AND RISKS

BOOKMAKING RISK (R18)

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 are adjusted to reflect the betting behaviour of the customer population.

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 them the risk of increased payouts of betting winnings. The occurrence of the risk described may affect both the Sports Betting segment and the Horse Betting segment.

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 Management Board rates the probability as unlikely and the impact as moderate. The risk is therefore assessed as low.

PERSONNEL RISKS (R14)

mybet takes the utmost care in selecting new employees and conducts personnel management responsibly. It can nevertheless not be excluded that a relevant number of employees will leave the mybet group within a short period. The recruitment process that this would necessitate could be time-consuming and costly. It cannot be excluded that operating business, in particular the IT area, will be undermined by such events. In mybet group a feedback process between employees and management was developed in the period under review with the aim of establishing the level of satisfaction of employees and identifying their goals.

Overall the Management Board estimates the probability of the personnel risk as unlikely and rates the impact as moderate. This consequently represents a low risk.

The opportunities and risks to operating business also affect the earnings, financial and assets position of mybet Holding SE via the evaluation for its investments.

4.2.1.4 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 CURRENCY RISKS (R17)

Foreign currency risks result from international business operations. These substantially consist of the rapidly expanding business in Africa. The receivables resulting from business operations are carefully monitored to ensure that they are settled within the maturity periods and that the risk can thus be limited temporally to the payment target. The Management Board currently assesses the probability of a drastic movement in exchange rates within the maturity periods as unlikely and the impact as moderate. The Management Board therefore rates this risk as low. As the impact of exchange rate fluctuations would be mainly related to sports betting products, that segment would be the one currently affected.

MARKET PRICE CHANGE RISKS (R11)

Market price changes are possible in the marketing area especially in the event of liberalisation of gaming. In the event of a price increase it cannot be ruled out that the planned new-customer figures will not be achieved on the existing budget, and that could in turn result in lower income. In the present circumstances that probability is considered very unlikely and the impact as considerable. The Management Board therefore rates this risk as moderate to low. The occurrence of this risk would affect all segments.

FAILURE OF PAYMENT SERVICE PROVIDERS (R15)

The mybet group operates with established partners in the financial services area. Even after the sale of C4U, the payment streams initially continue to be handled by that company. The technical failure or the resulting late receipt of payments by customers could have major effects on the free liquidity of the mybet group. The failure of inflows has never yet occurred; customer monies are normally received by the companies within the maturity periods. The probability can therefore be assumed to be very unlikely and the impact moderate. The Management Board therefore rates this risk as low. The occurrence of this risk would affect all segments.

FAILURE OF PAYMENT SYSTEM PROVIDERS (R12)

mybet offers its customers a range of different payment system providers. It cannot be excluded that individual payment system providers will have to terminate business relations with gaming providers in Germany – in other words, also the mybet group – due to official pressure and moreover obliged to prevent payment streams between German customers and providers (payment blocking).

The scope for enforcing payment blocking has often been discussed in the past. From a legal perspective there are major reservations in terms of both administrative law and data protection law about the enforceability of this measure. Experience in other European countries has moreover shown that there are major problems in the actual practical implementation of the measures this involves.

The probability of this risk is therefore rated as very unlikely and its impact is classified as critical. The Management Board consequently rates this risk as moderate. If it were to materialise, all segments would be affected.

4.2.1.5 RISKS TO FUTURE DEVELOPMENT

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

OCCURRENCE OF LETTERS OF SUBORDINATION AND COMFORT (R22)

Notwithstanding this, it is possible that the planning assumptions may fail to materialise and that 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, 2015 mybet Holding SE covers the losses hitherto accumulated by the subsidiaries through letters of subordination and comfort; an amount of EUR 120 thousand (previous year: EUR 21,260 thousand) is covered through letters of comfort and an amount of EUR 24,900 thousand (previous year: EUR 1,282 thousand) through letters of subordination. In addition, mybet Holding SE has given PEI Ltd. a commitment for up to EUR 5.0 million in connection with the licensing process in Germany to cover the starting capital in the event of that company's illiquidity. The failure of planning assumptions to materialise or further material losses by the subsidiaries could lead to mybet Holding SE being severely restricted in its development and in addition result in expected cash flows wholly or partially failing to be received, resulting in bottlenecks.

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

INTRODUCTION OF NEW TECHNOLOGY

The introduction of the new platform technology harbours both opportunities and risks, which mybet addresses through a soft launch by way of a precaution. Initially a selection of customers will be migrated to the new platform in order to evaluate all relevant processes in the new real-life conditions and then to optimise them as necessary. Following this extended test phase, the remainder of the online customers will then be transferred to the new software environment.

The new platform technology and the associated sports betting and casino modules will offer customers a wide array of new options. For example the number of sports betting products offered will quadruple, and there will be twice as many casino games. Meanwhile mybet will continue to add more components under its omnichannel strategy. To support the launch, mybet's online identity will be modernised. The new identity will enable mybet to close the gap on the market leaders and also provides an opportunity to extend customer life cycles, thus increasing overall profitability.

FALSE START FOR THE PLATFORM (R6)

Nevertheless, every software change of this scope harbours quite considerable risks. Despite careful planning and an extensive test phase, it is for example impossible to rule out altogether that the switch to the new technology will fail or at least be delayed. Furthermore, undetected software errors could cause economic harm to mybet. The Management Board assesses the probability of this scenario as unlikely and the effects as critical. This is consequently a moderate risk. If it were to materialise, all segments apart from Horse Betting would be affected.

NO CUSTOMER ACCEPTANCE OF THE NEW PRODUCT RANGE (R4)

Nor can it be altogether ruled out that a number of customers will not accept the new identity and extended product range of mybet and will turn to other providers. The probability of this is assumed to be unlikely and the impact is again to be classified as critical. Here, too, the risk is moderate. All segments apart from Horse Betting would be affected.

4.2.2 LEGAL AND REGULATORY OPPORTUNITIES AND RISKS

It is possible that new legal provisions will be interpreted differently by various parties with the result that it will once again be necessary to go through the courts at various instances in order to obtain the correct interpretation in a long drawn-out and expensive process.

LOSS OF CASINO BUSINESS IN GERMANY (R5)

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 these circumstances 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 licensing of sports betting in the core market Germany would imply a ban on casino games.

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 be found to meet the requirements of European law – lead to a loss of income in the core market Germany in the mybet group's highly profitable Casino & Poker segment. The Federal Supreme Court is expected to issue a ruling in July 2016 on a matter of competition law sought by a competitor that encompasses the lawfulness of the ban on casino and poker in the State Treaty on Gaming. It is currently not possible to predict conclusively the outcome of the proceedings. If the ruling is against their lawfulness, mybet could be obliged to limit its offering in Germany. 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.

SPORTS BETTING MONOPOLY SITUATION IN GERMANY (R2)

In October 2015 the Higher Administrative Court of Hesse halted the awarding of sports betting licences for the German market. Against the backdrop that it is now not possible to award the licences in the manner announced, the intention to liberalise sports betting for the core market Germany has once again become clouded by uncertainty. On February 4, 2016 the European Court of Justice had declared a core of German gaming regulation to be inapplicable until further notice in connection with the Ince case. For practical purposes the ECJ ruling means that the authorities may not ban the organising and arranging of sports betting in Germany by a provider licensed in another EU country, provided the now effectively failed licensing process for sports betting as envisaged in the State Treaty on Gaming does not meet the principles of European law in particular in terms of equal treatment, non-discrimination and transparency. Following the latest judicial rulings, there have been initial talks between the German federal states on amendments to the State Treaty on Gaming (GlüStV). In addition to a raising or lifting of the limit on the number of licences to be awarded, the complete rethink of the State Treaty on Gaming is also being considered. Such a rethink could result in the extensive opening up of the gaming market, including for other areas of gaming, but a return to the state monopoly in the sports betting area would also theoretically be conceivable. The outcome of these talks is not currently foreseeable. The Management Board estimates the occurrence of this risk as very unlikely and rates the possible effects as considerable. This risk is correspondingly to be rated as medium.

LOSS OF LICENCES (R8)

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 meet very high standards. The new technology platform will equally meet these high standards. The contractual arrangements with Amelco, the provider of the software platform, ensure that all statutory and regulatory requirements can be integrated into the software immediately by mybet at its own discretion.

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. If no other licence valid throughout Europe and already held within the mybet group could be used as a substitute, the company would need to secure a suitable licence. The occurrence of this risk is to be classified as very unlikely and the possible impact as critical. The Management Board currently rates this risk as moderate. Depending on the nature of the licence concerned, the risk could affect all segments or specifically the Sports Betting or Casino segment.

MONOPOLY SITUATION IN GREECE (R7)

mybet's operations in the Greek market are tolerated by the Greek government. The final tranche of the state monopoly was sold to the listed company Emma Delta Ltd. in October 2013. Emma Delta Ltd. thus holds the monopoly for sports betting until 2020 and the monopoly for lotteries until 2030. The company operates as a betting provider under the Greek name OPAP.

In December 2015 OPAP had sent a letter to the Greek government with the request to check whether the 24 providers that are in possession of a temporary licence meet the statutory requirements. It refers in particular to the need for a permanent establishment and to hold an additional licence valid in Europe.

The group subsidiary Personal Exchange International Ltd. (PEI) has had an official permanent establishment since 2011 and holds several licences valid in Europe. Nevertheless it cannot be ruled out that OPAP will succeed with its request and be able to assert its claim to a monopoly. The probability of this is currently regarded as unlikely and the effects as considerable. The Management Board currently rates the risk as moderate.

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

4.2.3 TECHNICAL OPPORTUNITIES AND RISKS

In the technical sphere the mybet group is exposed to a range of risks with possible effects that can be rated as critical. It cannot be excluded that deficiencies in software and hardware or in the service provided could result in recourse.

FAILURE RISK OF AMELCO (R13)

There 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 could severely restrict use despite the fact that data transfer concepts are becoming increasingly efficient. Operation of the software will be outsourced in the course of the 2016 financial year with the switch to the technology partner Amelco. Detailed service level agreements are specified in the contracts with Amelco, setting the priorities for the rectification of any malfunctions according to quality. If daily or monthly availability falls below 99.5 percent, refunds amounting to 5 percent of the licence fees are agreed.

According to the plan figures, failure of the sports betting range for 24 hours would entail a revenue loss of approx. EUR 400 thousand.

FAILURE RISK OF NYX (R20)

The casino product range of our venture partner NYX is connected to the new technology platform over an interface. Here too, the detailed service level agreements are contractually specified.

FAILURE RISK FROM CYBER ATTACK (R19)

In addition, mybet has limited the effects of technical malfunctions by taking out appropriate insurance cover e.g. for business interruption and cyber risks. The failure of operations as a result of a cyber attack can affect all segments.

At present the Management Board estimates the occurrence of these risks (R13, R20 and R19) as unlikely and rates the possible impact as moderate. These risks are therefore classified as low.

On the other hand mybet is participating in the sustained, sharp rise in demand for internet gaming products. mybet is preparing the way for its future infrastructural development with a new, modern software architecture and significantly increased hardware capacities. This forms the basis for strong, sustained growth along all sales channels.

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 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 the IFRS. pferdewetten.de AG constitutes an exception, 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.

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 earnings, financial and assets position 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 performance-related business processes that generate key information for the preparation of the Consolidated Financial Statements and Group Management Report;
- Präventive Kontrollmaßnahmen in operativen leistungswirtschaftlichen Unternehmensprozessen, die wesentliche Informationen für die Aufstellung des Konzernabschlusses sowie des Konzernlageberichts generieren;
- 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 appropriate and effective risk management 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 e.g. 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 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 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 non-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 2015 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.

Especially the forthcoming introduction of the new technology platform creates growth potential that will pave the way for sustained rises in earnings. The strategic decision to focus on sports betting and casino games draws together existing capacities and makes it possible to pursue this goal with rigour.

mybet regards all risks that it consciously takes to seize opportunities as controllable.

mybet proactively addresses risks that are a threat to the company as a going concern in order to limit their effects.

5 REPORT ON EXPECTED DEVELOPMENTS

The 2016 financial year to which the report on expected developments refers will be dominated by continuing efforts to further optimise the internal processes and technical infrastructure and to focus on the core segments Sports Betting and Casino.

In mybet's main sales market Germany and the defined target markets elsewhere in Europe and also in Ghana, the economic performance in the current financial year is likely to be above that of the previous year. The experts of the Kiel Institute for the World Economy are forecasting a strong rise in Germany's economic output of 2.2 percent, and 1.7 percent for the eurozone. The economists from the Economist Intelligence Unit expect Ghana to achieve GDP growth of 4.8 percent in 2016. We consider the expected economic market forecasts to offer a conducive environment for entrepreneurial growth in the current financial year. This environment offers opportunities and risks for the further operational development of mybet. Alongside these overall economic forecasts, the industry-specific and legal environments are crucial to our further operational development. Even if the process to award sports betting licences in Germany based on the current GlüÄndStV must be considered to have failed, we do not believe this has any direct legal consequences for the mybet sports betting range. No material changes to the legal framework that would affect business operations are expected for the current financial year. All in all, in the prevailing economic and regulatory context we therefore currently identify the conditions for operational development as stable in the current financial year.

It should however be kept in mind that the underlying assumptions behind the forecast can cease to be valid, thus influencing them accordingly.

FORECAST FOR THE SEGMENTS

We will steadily build on the significant role of the Sports Betting segment as revenue driver over the coming 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.

In the Casino & Poker segment, the Management Board expects the revenue and earnings development for the current year to be slightly up on the previous year following the normalisation of business in Greece. The product range in the Casino segment will moreover be revamped and significantly expanded, and the Management Board expects this to provide an additional positive impetus for the segment's income and earnings. In tandem, the company is examining whether to continue its business operations in the Poker area.

Against a backdrop of further-developed software and a focus on betting over online sales channels, the Management Board forecasts revenue growth of between 10 percent and 15 percent for the Horse Betting segment.

Following the sale of C4U at the end of 2015 and once Malta's supervisory authority has given its approval as expected, probably in the second quarter of 2016, the Other operating segment will be discontinued in the current financial year.

GENERAL STATEMENT

In systematically pressing ahead with its repositioning in the past year, the mybet group has provided a strong impetus for a sustained positive business performance. In 2016 mybet will retain the adopted strategy that places the operational focus on the core segments Sports Betting and Casino.

Through a bundle of measures codenamed HERA, we also continue to pursue the priority goal of making lasting improvements to the core processes and organisational structure of mybet. The measures now under way centre especially on improving the established products and increasing the value added generated by business involving existing customers. The repositioning and the implementation of the individual measures are scheduled for completion in the course of 2016.

In this connection, mybet continues to pursue the goal of consistently putting its omnichannel strategy into practice. Synchronising the online, mobile and offline sales channels is thus one of the mainstays of securing sustained growth in revenue and especially profit for the company. In particular, mybet would like to maintain the positive trend in the mobile sphere. It thus aims to handle 40 to 50 percent of all online revenue in the Sports Betting segment over mobile devices by the end of 2016. Meanwhile the average revenue per betting shop is to increase further.

With an eye to international expansion, the options available are continually being monitored and, where possible, realised. However the focus is on developing the core business successfully in the most important market Germany.

For the 2016 financial year, the Management Board anticipates that the measures taken in the previous financial year will result in clear profit growth in the current year. Based on the successful test run on a beta version of the new IT platform and the plans for the final platform to go live in the second quarter of 2016, the accompanying new and improved product range as well as the optimised core processes and organisational structures, the Management Board expects revenue growth of between 8 and 12 percent for the current year, with a slightly positive operating result before interest and taxes (EBIT) in the low seven-digit range that will therefore be a marked improvement on the previous year. Football's European Championship UEFA EURO 2016 will also aid this growth. In view of the planned investment spending and assuming that the purchase price from the sale of C4U is received, liquidity will be on a par with the previous year.

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 -0.2 million and EUR -0.5 million for the 2016 financial year, with a roughly balanced result for the period.

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”. 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) AND 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 percent, 15 percent, 10 percent, 5 percent and 3 percent 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 percent, 15 percent, 10 percent, 5 percent and 3 percent.

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 section (Note 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.

- 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.

1. 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).

2. 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.

3. 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.

4. 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 made use of the authorisation in 2015. In December 2015 the company successfully placed a collateralised convertible bond with an interest rate of 6.25 percent and a volume of EUR 5 million on the capital market. A total of 50,000 debentures were issued at a price of EUR 100.00 each, by way of a rights offering followed by private placement. The debentures of the convertible bond 2015/2020 (ISIN DE000A1X3GJ8) were included in over-the-counter trading at the Frankfurt Stock Exchange on December 11, 2015. Within certain conversion periods these debentures can be converted into arithmetically an initial 89.6619 registered ordinary shares of mybet Holding SE at an initial conversion price of EUR 1.1153 with a notional share of the capital stock of EUR 1.00 each.

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

a) The Management Board and – to the extent that members of the Management Board (including in their capacity as management members of affiliated companies) are affected – the Supervisory Board are authorised until June 4, 2020 to issue subscription rights, whether as a single transaction or in multiple transactions, to employees of the company, members of the Management Board as well as to the management and employees of entities affiliated to the company within the meaning of Sections 15 ff. of German Stock Corporation Act, with the entitlement to subscribe to up to 1,000,000 no par value shares with a total arithmetical nominal value of up to € 1,000,000.00.

   aa) Beneficiaries
   Subscription rights may only be granted to employees of the company, members of the Management Board and senior management as well as employees of entities affiliated to the company within the meaning of Sections 15 ff. of German Stock Corporation Act who are not under notice of the company or with an affiliated company. The persons in questions need not yet have commenced their activity on the behalf of the company or the affiliated company.

   bb) Allocation
   Of the aforementioned maximum number of subscription rights 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.

   cc) Issue periods and acquisition periods
   Subscription rights may be issued continuously during the period of the authorisation. Insofar as the change in the Conditional Capital pursuant to the following Letter f) has not yet been entered on the Commercial Register at the time of issuance, the contract of issue is to be placed under the condition precedent that the entry shall be made. Employees may acquire subscription rights 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 periods 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.

   dd) Waiting period
   The subscription rights may only be exercised after a waiting period of four years from the date of issue (vesting period).

   ee) Exercise periods, lapsing of the subscription rights
   The subscription rights may be exercised in the two years following expiry of the vesting period. Subscription rights not exercised shall lapse when six years from the time of their issue have elapsed. The stock options may be exercised in each case within a period of three weeks following the publication of the quarterly reports for the second and third 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 German Securities Trading Law (insider law).

   ff) Exercise price
   Each subscription right 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.

   gg) Performance target
   The options may only be exercised if the trading price at the time of exercise of the stock option 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.

b) The Management Board and Supervisory Board are authorised to determine the further details of the granting and exercise of subscription rights. The further details include in particular whether and, if so, in what manner the subscription right shall continue upon termination of the employment relationship and whether and, if so, in what manner the number of shares that can be subscribed to per subscription right and the exercise price are to be adjusted following reclassification of the capital stock, capital measures and profit distributions.

c) The capital stock of the company is conditionally increased by € 1,000,000.00 to service subscription rights, through the issuance of up to 1,000,000 registered ordinary shares with no par value (no par value shares), which have been granted and exercised pursuant to Letter a) of this resolution.
Issuance shall be at the exercise price determined according to Letter a) ff). The conditional capital increase shall only be implemented to the extent that the bearers of subscription rights exercise their rights to subscribe to shares. The new shares shall bear profit entitlements from the start of the financial year in which they are created. The Management Board and Supervisory Board are authorised to determine the further details of the conditional capital increase and its implementation.

The Supervisory Board made partial use of the authorisation. The options were granted to the Management Board members in 2015.

The Annual General Meeting on June 5, 2015 authorised the Management Board to increase the capital stock for cash:

a) The Management Board is, with the consent of the Supervisory Board, authorised to increase the capital stock during the period up until June 4, 2020 by up to € 2,119,963.00, whether as a one-off transaction or in multiple instalments, through the issuance for cash of up to 2,119,963 new no par value registered shares carrying an entitlement to profits from the start of the financial year of their issuance (Authorised Capital 2015/I).

b) The shareholders shall fundamentally have a right to subscribe. The shares may also be taken on by a bank or banking consortium with the obligation to offer these to the shareholders for subscription. The Management Board is however authorised, with the consent of the Supervisory Board, to exclude the shareholders' subscription right for residual amounts. The Management Board is furthermore authorised, with the consent of the Supervisory Board, to exclude the subscription right of the shareholders for an amount of up to 10 percent of the capital stock in existence at the time of issuance of the new shares, if the issuing price of the new shares does not significantly – as defined in Sections 203 (1) and (2), 186 (3) Sentence four of the German Stock Corporation Act – undercut the market price of the shares already listed of the same class and features at the time the issuing price is definitively determined by the Management Board.

c) The Management Board is authorised to determine the further terms of the share issue with the Supervisory Board.

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

PROPORTION OF WOMEN AT MANAGEMENT LEVEL ACCORDING TO SECTION 76 (4) OF GERMAN STOCK CORPORATION ACT

mybet Holding SE currently has 14 employees and only one management level below the Management Board, with a proportion of women of 25 percent at the time the target was defined. Taking into account the small number of employees and the relatively low number of women in the gaming and IT sector, on September 24, 2015 resolved to set a target of 25 percent for the proportion of women at the management level below the Management Board. This target is to be retained until June 30, 2017.

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 (Note 2.2.), stating the registered office, and also an office in Hamburg.

6.3 REMUNERATION REPORT

REMUNERATION OF THE MANAGEMENT BOARD

Members of the Management Board:

- Zeno Osskò (CEO), Economics Graduate (since August 1, 2015)
- Markus Peuler (CFO), Business Administration Graduate (since November 15, 2014)

Exited in 2015:

- Sven Ivo Brinck, Economics Graduate (BA), (from January 1, 2014 to July 31, 2015)

In addition to his activities as Management Board member of mybet Holding SE, since January 6/7, 2016 Mr Peuler has been carrying out control activities as a Supervisory Board member of pferdewetten.de AG, Düsseldorf.

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 2015.

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 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 remuneration for the 2015 financial year (STI 2015) is determined from the qualitative and quantitative targets based on EBIT.

To calculate the benchmark "EBIT", according to this agreement on STI for 2015, the EBIT figure according to the audited 2015 IFRS Consolidated Financial Statements of mybet Holding SE after adjustment for

a) the expense from any special write-downs for the changeover of platform;

b) the expense from the payment of a performance bonus to Mr Brinck, insofar as such payment exceeds EUR 33,333.33;

c) effects from the change in the LTI for the Management Board, and

d) 50 percent of the expense from performance-related payments to agents from the capital and financing measures

is decisive.

- Long-term variable pay (LTI): in 2014 the Management Board members were granted tranches of phantom stocks according to a rolling system and were able to redeem these in defined periods. An option plan was approved by the Annual General Meeting in the 2015 financial year. The option plan has retroactively partly replaced the existing virtual scheme based on phantom stocks. Under this scheme, the Management Board members are granted tranches of stock options according to a rolling system; these may be exercised by them in defined periods after a waiting period of four years and the attainment of pre-agreed performance targets. The tranches 2 and 3 of phantom stocks granted have been cancelled entirely for Mr Peuler and the 100,000 phantom stocks granted with tranche 1 were reduced to 50,000. In return Mr Peuler receives 200,000 subscription rights, tranche 1 comprising 50,000 subscription rights retroactively from the date of issue of November 15, 2014, and tranche 2 comprising 75,000 subscription rights on each of the dates of issue November 15, 2015 and November 15, 2016. Mr Osskó receives 400,000 subscription rights in three tranches under the option plan, one tranche each comprising 150,000 subscription rights on the dates of issue August 1, 2015 and August 1, 2016, and the third tranche comprising 100,000 subscription rights on August 1, 2017.

- Mr Brinck and Mr Peuler receive a contribution of EUR 8,400 per annum towards a pension scheme. The company furthermore contributes 50 percent towards the cost of private health and care insurance, but no more than the cost of statutory insurance cover. From January 1, 2016 Mr Osskó receives a contribution of EUR 8,400 gross per annum towards a private pension scheme.

OTHER BENEFITS

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. Mr Osskó likewise receives a car allowance / mobility allowance of EUR 1,200 gross per annum from January 1, 2016.

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 2015 financial year, the following remuneration for the Management Board members was reported (prior-year figures in brackets):

Individualised details of overall remuneration for the Management Board members in office in the 2015 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
	EUR '000	EUR '000	PHANTOM STOCK (UNITS)	FAIR VALUE AT ISSUE (EUR '000)	STOCK OPTIONS (UNITS)	FAIR VALUE AT ISSUE (EUR '000)	EUR '000	EUR '000
Sven Ivo Brinck (until July 31, 2015)	102.7 (PY. 176)	46.7 (PY. 82.1)	0.0 (PY. 400,000)	0.0 (PY. 114.9)	0.0 -	0.0 -	7.7 (PY. 12)	157.1 (PY. 385)
Markus Peuler (since November 15, 2014)	176.0 (PY. 66)	100.0 (PY. 7.7)	0.0 (PY. 200,000)	0.0 (PY. 99.3)	200,000 (PY. 0)	50.1 (PY. 0)	29.2 (PY. 3.4)	355.3 (PY. 176.4)
Zeno Ossko (since August 1, 2015)	80.5[1] (PY. 0)	8.3 (PY. 0)	0.0 -	0.0 -	400,000 (PY. 0)	103.3 (PY. 0)	0.0 (PY. 0)	192.1 (PY. 0)
Total	**359.2 (PY. 242)**	**155.0 (PY. 89.8)**	**0.0 (PY. 600,000)**	**0.0 (PY. 214.2)**	**600,000 (PY. 0)**	**153.4 (PY. 0)**	**36.9 (PY. 15.4)**	**704.5 (PY. 561.4)**

[1] Includes the non-performance-related fixed pay from August 1, 2015 to December 31, 2015 amounting to EUR 72.5 thousand and the one-off joining bonus of EUR 8 thousand

Individual remuneration in compliance with the recommendation of Article 4.2.5 Para. 3 of the German Corporate Governance Code for the Management Board members in office in the 2015 financial year.

BENEFITS GRANTED	SVEN IVO BRINCK CHIEF EXECUTIVE OFFICER UNTIL JULY 31, 2015				MARKUS PEULER CHIEF FINANCIAL OFFICER SINCE NOVEMBER 15, 2014				ZENO OSSKÓ CHIEF EXECUTIVE OFFICER SINCE AUGUST 1, 2015			
EUR '000	2015	2014	MIN	MAX	2015	2014	MIN	MAX	2015	2014	MIN	MAX
Fixed pay	102.7	176.0	102.7	102.7	176.0	66.0[1]	176.0	176.0	80.5[4]	-	80.5	80.5
Fringe benefits	7.7	12.0	7.7	7.7	29.2	3.4	29.2	29.2	0.0	-	0.0	0.0
Total	110.4	188.0	110.4	110.4	205.2	69.4	205.2	205.2	80.5	-	80.5	80.5
Short-term variable pay (STI)	46.7	80.0	46.7	46.7	80.0	10.0	0.0	120.0	33.0	-	0.0	50.0
Long-term variable pay (LTI)												
Phantom stock bonus[2] tranche 1	0.0	71.8	-	-	0.0	49.6	-	-	-	-	-	-
Stock options[3] Tranche 1	-	-	-	-	5.8[5]	-	0.0	375.0	37.8	-	0.0	750.0
Stock options[3] Tranche 2	-	-	-	-	21.2	-	0.0	562.5	-	-	-	-
Total	157.1	339.8	157.1	157.1	312.2	129.0	205.2	1,262.7	151.3	0,0	80.5	880.5
Benefit expense	-	-	-	-	-	-	-	-	-	-	-	-
Overall remuneration	**157.1**	**339.8**	**157.1**	**157.1**	**312.2**	**129.0**	**205.2**	**1,262.7**	**151.3**	**0,0**	**80.5**	**880.5**

[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

[3] See table "Management Board stock options" for further details

[4]Includes the non-performance-related fixed pay from August 1, 2015 to December 31, 2015 amounting to EUR 72.5 thousand and the one-off joining bonus of EUR 8 thousand

[5] Retroactively from the date of issue of November 15, 2014 Mr Peuler received the first tranche comprising 50,000 subscription rights

REMUNERATION RECEIVED	SVEN IVO BRINCK CHIEF EXECUTIVE OFFICER UNTIL JULY 31, 2015		MARKUS PEULER CHIEF FINANCIAL OFFICER SINCE NOVEMBER 15, 2014		ZENO OSSKÓ CHIEF EXECUTIVE OFFICER SINCE AUGUST 1, 2015	
EUR '000	2015	2014	2015	2014	2015	2014
Fixed pay	102.7	176.0	176.0	66.0	80.5[1]	-
Fringe benefits	7.7	12.0	29.2	3.4	0.0	-
Total	110.4	188.0	205.2	69.4	80.5	-
Short-term variable pay (STI)	46.7	82.1	100.0	7.7	8.3	-
Long-term variable pay (LTI)						
Phantom stock bonus[1] tranche 1	0.0	0.0	0.0	0.0	-	-
Stock options[3] Tranche 1	-	-	0.0	-	0.0	-
Stock options[3] Tranche 2	-	-	0.0	-	-	-
Total	157.1	270.1	305.2	77.1	88.8	-
Benefit expense	-	-	-	-	-	-
Overall remuneration	**157.1**	**270.1**	**305.2**	**77.1**	**88.8**	**-**

[1]Includes the non-performance-related fixed pay from August 1, 2015 to December 31, 2015 amounting to EUR 72.5 thousand and the one-off joining bonus of EUR 8 thousand

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

[3] See table "Management Board stock options" for further details

MANAGEMENT BOARD PHANTOM STOCKS								
		GRANT DATE	FAIR VALUE ZUM GRANT DATE EUR	VESTING DATE	VESTING PERIOD MONTHS	SPECIFIED SERVICE PERIOD MONTHS	FV SPECIFIED SERVICE PERIOD MONTHS	FAIR VALUE AT DEC 31, 2015
Sven Ivo Brink	1st tranche (250,000 units)	01/01/2014	71,822.12	01.01.2017	36	24	17,968.97	27,015.08
Markus Peuler	1st tranche (50,000 units)	15/10/2014	24,818.96	15.11.2018	49	14	1,776.39	5,996.34

MANAGEMENT BOARD STOCK OPTIONS							
		GRANT DATE	FAIR VALUE AT GRANT DATE EUR	VESTING DATE	VESTING PERIOD MONTHS	SPECIFIED SERVICE PERIOD MONTHS	FV SPECIFIED SERVICE PERIOD EUR
Zeno Ossko	1st tranche (150,000 units)	08/07/2015	37,835.58	01.08.2019	49	6	4,484.22
	2nd tranche (150,000 units)	08/07/2015	40,283.21	01.08.2020	61	6	3,830.28
	3rd tranche (100,000 units)	08/07/2015	25,140.62	01.08.2021	73	6	1,996.73
Markus Peuler	1st tranche (50,000 units)	21/12/2015	5,812.92	15.11.2018	35	0,3	54.84
	2nd tranche (75,000 units)	21/12/2015	21,198.13	15.11.2019	47	0,3	148.76
	3rd tranche (75,000 units)	21/12/2015	23,066.43	15.11.2020	59	0,3	128.79

Further details of long-term incentive payments are provided in Note 7.8 of the Consolidated Financial Statements.

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 Mr Brinck and Mr Peuler 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 calculation basis.

In the event of early termination of Management Board service without good cause, the payments to the Management Board member to be agreed as appropriate, 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.

The entitlement of Mr Brinck to receive short-term variable remuneration (STI) and long-term variable remuneration (LTI) ended with his surrendering of office as a member of the Management Board of the company with effect from July 31, 2015. By way of settling a time proportional entitlement to an STI for the year 2015, the company paid Mr Brinck a sum of EUR 46,666.66 gross in 2015. With regard to the LTI, the principle applies that the tranche 1 granted to Mr Brinck on January 1, 2014 (250,000 phantom stocks) does not lapse, is heritable and Mr Brinck may redeem these at the end of the waiting period, insofar as the further conditions or redemption are met. On the other hand the tranche 2 granted on January 1, 2015 and the tranche 3 not yet granted lapse without substitution.

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. In the event of a change of control under takeover law, from the month following the change of control Mr Osskó shall already receive the fixed remuneration of EUR 18,766.67 per month agreed in the employment contract from January 1, 2017.

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:

- Dr Volker Heeg (Chairman), Hamburg, lawyer and tax consultant
  (since November 11, 2010, Chairman since October 1, 2013)
- Clemens Jakopitsch (Deputy Chairman), Ludmannsdorf (Austria),
  management consultant (since June 5, 2014, Deputy Chairman since June 5, 2015)
- Markus A. Knoss, Ludwigsburg, business development manager (since June 5, 2014)
- Patrick Möller, Fockbek, investor relations director (since June 5, 2014)
- Michael Otto, Hamburg, founder and managing director (since June 5, 2015)
- Maurice Reimer, Berlin, founder and managing director (since June 5, 2015)

Exited in 2015:

- Konstantin Urban, Gräfelfing, managing director (from November 11, 2010 to June 5, 2015)
- Marcus Geiß, managing director, Monza (Italy), (from July 18, 2013 to June 5, 2015, Deputy Chairman from October 1, 2013 to June 5, 2015)

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.

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. 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 2015 financial year, the following remuneration for the Supervisory Board members was recognised as an expense (prior-year figures in brackets):

SUPERVISORY BOARD REMUNERATION 2015	FIXED PAY* EUR '000	SHORT-TERM VARIABLE PAY* EUR '000	SHORT-TERM VARIABLE PAY* EUR '000	TOTAL* EUR '000
Dr Volker Heeg, Chairman	30,0 (30,0)	0.0 (1.8)	- (-)	30,0 (31,8)
Clemens Jakopitsch, since June 5, 2014 and Deputy Chairman since June 5, 2015	19,3 (8,75)	0.0 (1.1)	- (-)	19,3 (9,85)
Markus Knoss, since June 5, 2014	15,0 (8,75)	0.0 (1.1)	- (-)	15,0 (9,85)
Patrick Möller, since June 5, 2014	15,0 (8,75)	0.0 (1.1)	- (-)	15,0 (9,85)
Michael Otto, since June 5, 2015	8,6 (-)	0.0 (-)	- (-)	8,6 (-)
Maurice Reimer, since June 5, 2015	8,6 (-)	0.0 (-)	- (-)	8,6 (-)
Konstantin Urban, until June 5, 2015	6,4 (15,0)	0.0 (1.8)	- (-)	6,4 (16,8)
Marcus Geiß, Deputy Chairman until June 5, 2015	9,6 (22,5)	0.0 (1.8)	- (-)	9,6 (24,3)
Frank Motte, until June 5, 2014	- (6.25)	- (0,8)	- (-)	- (7.05)
Total	**112,5 (100,0)**	**0.0 (9.5)**	**- (-)**	**112,5 (109,5)**

* plus VAT where applicable

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 12 2016

Zeno Osskó (CEO)

Markus Peuler (CFO)

CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEET

ASSETS	NOTE	12/31/2015 EUR '000	12/31/2014 EUR '000
A. Non-Current Assets		**14,995**	**18,574**
I. Intangible assets	6.1.1	11,061	16,325
1. Goodwill		5,581	6,186
2. Other intangible assets		3,983	8,759
3. Construction in progress		1,498	1,380
II. Property, plant and equipment	6.1.2	851	989
1. Leasehold improvements		37	54
2. Other plant and equipment		814	935
III. Financial assets	6.1.3	489	0
1. Other receivables		489	0
VI. Deferred taxes	6.1.4	2,593	1,260
B. Current Assets		**19,120**	**18,404**
I. Inventories	6.2.1	165	177
II. Receivables and other assets	6.2.2	7,945	10,126
1. Trade accounts receivable / other receivables		3,536	2,235
2. Other financial assets		4,410	7,891
III. Cash and cash equivalents	6.2.3	6,834	8,101
IV. Assets held for sale	2.4	4,175	0
Total Assets		**34,114**	**36,978**

SHAREHOLDERS' EQUITY AND LIABILITIES	NOTE	12/31/2015 EUR '000	12/31/2014 EUR '000
A. Shareholders' Equity		**11,668**	**18,934**
I. Share capital	6.3.1	25,585	25,585
II. Additional paid-in capital	6.3.2	12,938	12,175
III. Retained earnings		-30,798	-21,549
Shareholders' equity attributable to the shareholders of mybet Holding SE		7,725	16,210
IV. Non-controlling interests	6.3.3	3,943	2,724
B. Non-Current Liabilities		**4,882**	**893**
1. Bonds	6.1.4	3,817	0
2. Deferred tax liabilities	6.1.4	1,065	893
C. Current Liabilities		**17,564**	**17,151**
1. Trade accounts payable / other liabilities	6.5	8,383	7,536
2. Tax liabilities	6.5	2,276	2,594
3. Other financial liabilities	6.5	3,747	6,637
4. Other accrued expenses	6.5	555	1,021
5. Income taxes	6.5	81	236
6. Liabilities directly in connection with assets held for sale	2.4	2,523	0
Total Shareholders' Equity and Liabilities		**34,114**	**36,978**

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD JANUARY 1 TO DECEMBER 31				
	NOTE	2015	2014	CHANGE
		EUR '000	EUR '000	%
Gross revenue		246,644	248,155	-0.6%
Payouts of winnings		183,673	178,909	2.7%
Revenue	4.1	**62,972**	**69,247**	**-9.1%**
Production for own assets capitalised	4.2	2,011	2,455	-18.1%
Other operating income	4.3	1,214	3,159	-61.6%
Cost of purchased materials	4.4	43,344	47,896	-9.5%
a) Commission charges		29,361	34,899	-15.9%
b) Licence fees, gambling taxes		4,032	4,076	-1.1%
c) Betting bonuses		5,665	4,159	36.2%
d) Payment transaction expenses		2,382	3,058	-22.1%
e) Other cost of purchased materials		1,903	1,704	11.7%
Personnel expenses	4.5	10,121	10,107	0.1%
a) Wages and salaries		8,868	8,911	-0.5%
b) Social insurance		1,253	1,197	4.7%
Depreciation and amortisation	4.6	8,069	2,207	265.6%
Other operating expenses	4.7	13,482	14,192	-5.0%
Operating profit/loss		**-8,818**	**459**	**n/a**
Other interest and similar income	4.8	4	49	-91.1%
Depreciation and amortisation of financial assets	4.8	7	0	n/a
Interest and similar expenses	4.8	21	32	-35.7%
Financial result		**-23**	**16**	**n/a**
Earnings before tax		**-8,842**	**475**	**n/a**
Income tax	4.9	-1,230	303	n/a
Net profit/loss for the period from continuing operations	4.10	**-7,612**	**173**	**n/a**
Net profit/loss for the period from discontinued operations		-416	42	n/a
Net profit/loss for the period		**-8,028**	**215**	**n/a**
Profit attributable to non-controlling interests		1,220	531	
Profit attributable to the shareholders of mybet Holding SE		-9,248	-317	
Earnings per share				
Earnings per share (basic, EUR)	8.1	-0.36	-0.01	
Earnings per share (diluted, EUR)	8.1	-0.37	-0.01	
Earnings per share – continuing operations				
Earnings per share (basic, EUR)	8.1	-0.35	-0.01	
Earnings per share (diluted, EUR)	8.1	-0.35	-0.02	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD JANUARY 1 TO DECEMBER 31			
	2015	2014	CHANGE
	EUR '000	EUR '000	%
Net profit/loss for the period	**-8,028**	**215**	**n/a**
Foreign currency translation gains and losses from the financial statements of foreign subsidiaries	0	0	
Overall result	**-8,028**	**215**	**n/a**
of which non-controlling interests	1,220	531	+129,8%
of which shareholders of mybet Holding SE	-9,248	-317	n/a

CASH FLOW STATEMENT

CASH FLOW STATEMENT FOR THE PERIOD JANUARY 1 TO DECEMBER 31	2015 EUR '000	2014 ADJUSTED EUR '000
Net profit/loss for the period	**-8,028**	**215**
Depreciation and amortisation of intangible assets and property, plant and equipment	8,210	2,370
Depreciation and amortisation of financial assets	7	0
Income tax	-1,230	206
Other interest and similar income	-4	-50
Interest and similar expenses	21	33
Other non-cash expenses and income	-213	187
Cash flow before changes to working capital	**-1,238**	**2,961**
Changes in inventories, receivables and other assets that are not investing or financing activities	2,044	282
Changes in liabilities and other items on the shareholders' equity and liabilities side that are not investing or financing activities	-122	-3,303
Increase/decrease in short-term accruals	-459	179
Income taxes paid	-285	-182
Cash flow from operating activities	**-59**	**-63**
Cash payments for investments in intangible assets and property, plant and equipment	-4,073	-4,106
Cash receipts from disposals of intangible assets and property, plant and equipment	0	161
Cash payments for investments in financial assets	-746	0
Cash receipts from disposals of financial assets	248	0
Cash receipts from purchase price from disposal of Jaxx Group	0	2,917
Interest received	4	50
Cash flow from investing activities	**-4,567**	**-978**
Cash payments for the redemption of bonds and loans	0	-71
Cash receipts from capital increase	4,894	1,868
Interest paid	0	-48
Cash flow from financing activities	**4,894**	**1,748**
Overall effective adjustment	269	707
Changes in cash and cash equivalents from exchange rate fluctuations and from discontinued operations	-1,536	3
Cash and cash equivalents at the start of the period	**8,101**	**7,391**
Cash and cash equivalents at the end of the period	**6,834**	**8,101**

STATEMENT OF MOVEMENTS IN EQUITY

STATEMENT OF MOVEMENTS IN EQUITY FOR THE PERIOD DECEMBER 31, 2013 TO DECEMBER 31, 2015 (SEE NOTES, SECTION 6.3)						
EUR '000	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	GROUP EQUITY GENERATED	SHAREHOLDERS OF PARENT COMPANY	NON-CONTROLLING INTERESTS	TOTAL
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 capi-tal		-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**	**18,935**
pferdewetten.de AG: recognition of share-based payments		45		45		45
mybet Holding SE: recognition of share-based payments		11		11		11
mybet Holding SE: equity capital compo-nent in convertible bond		707		707		707
Periodenergebnis			-9,248	-9,248	1,220	-8,028
Net profit/loss for the period			-9,248	-9,248	1,220	-8,028
Position at Dec 31, 2015	**25,585**	**12,938**	**-30,798**	**7,725**	**3,943**	**11,668**

IRFS NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2015 ACC. TO IFRS

1 GENERAL DISCLOSURES

mybet Holding SE, with registered office in Germany, Jägersberg 23, 24103 Kiel, is filed with the Commercial Register of the Local Court of Kiel (Entry No. 12361) and has prepared the Consolidated Financial Statements in accordance with international accounting standards at December 31, 2015.

The Consolidated Financial Statements of mybet Holding SE comprise the company and its subsidiaries (referred to collectively as the "group" or "mybet 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. In Greece, the offering is tolerated until licences have been awarded. 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. These Declarations 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, 2014 given the unqualified opinion, have been published in the electronic Federal Gazette.

The Consolidated Financial Statements at at December 31, 2015 of mybet Holding SE are in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the EU, as well as with the requirements of commercial law pursuant to Section 315a (1) of German Commercial Code.

The requirements of IFRS have been met in full and as a result provide a true and fair view of the earnings, financial and assets position 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.

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

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 12, 2016.

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 net assets at fair values is – following repeated examination of the valuations serving as the basis – recognised directly through profit and 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.

(II) SUBSIDIARIES

Subsidiaries are enterprises controlled by the parent. The group controls a company if it is exposed to fluctuating 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 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 Consolidated Financial Statements include 6 domestic (previous year: 6) and 15 foreign companies (previous year: 15) in which mybet Holding SE directly or indirectly holds a majority of voting rights.

The principal investments pursuant to Section 313 (2) of German Commercial Code are shown below

SUMMARY OF INVESTMENTS	REGISTERED OFFICE	NOMINAL CAPITAL EUR	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	2,450	100.0
PEI Ltd.	Malta	500	99.4
QED Software Systems GmbH	Vienna	18	99.4
Derrypark Ltd.	Gibraltar	2	99.4
QED Belgium s.p.r.l	Brussels	19	99.4
QED Network N.V.	Curacao	0	99.4
PCM Services Ltd.	Malta	5	99.4
pferdewetten-service.de GmbH	Düsseldorf	25	52.2
NetX International Ltd.	Malta	1	52.1
NetX Betting Ltd.	Malta	100	52.2
NetX Services Ltd.	Malta	5	52.2
NetX Casino Ltd. (in liquidation)	Malta	20	52.2
Accendere GmbH	Mülheim a. d. Ruhr	25	52.2

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.

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, 2014.

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

CONSOLIDATED BALANCE SHEET OF PFERDEWETTEN.DE AG AT DECEMBER 31		
EUR	2015	2014
Fixed assets	3,248	2,434
Current assets	7,479	4,861
Total assets	**10,727**	**7,295**
of which non-controlling interests (47.83 %)	5,131	3,489
Shareholders' equity	7,859	5,071
Accrued expenses	0	77
Liabilities	2,867	2,146
Total shareholders' equity and liabilities	**10,727**	**7,295**

CONSOLIDATED INCOME STATEMENT OF PFERDEWETTEN.DE AG FROM JANUARY 1 TO DECEMBER 31		
EUR	2015	2014
Revenue	9,276	5,320
Other operating income	324	362
Cost of purchased materials	3,336	1,562
Personnel expenses	1,523	1,266
Depreciation and amortisation	291	300
Other operating expenses	2,453	1,093
Operating profit/loss	**1,998**	**1,462**
Financial result	29	73
Taxes	-716	366
Consolidated earnings	**2,743**	**1,169**
of which non-controlling interests (47.83 %)	1,312	559

CONSOLIDATED CASH FLOW STATEMENT OF PFERDEWETTEN.DE AG FROM JANUARY 1 TO DECEMBER 31		
EUR	2015	2014
Cash flow from operating activities	2,916	1,335
Cash flow from investing activities	-2,364	-673
Cash flow from financing activities	0	0
Overall effective adjustment	**552**	**662**
Cash and cash equivalents at the start of the period	2,666	2,004
Overall effective adjustment	552	662
Cash and cash equivalents at the end of the period	**3,218**	**2,666**

2.3 CHANGES IN CONSOLIDATION

ACQUISITION TRANSACTIONS

No acquisition transactions were conducted in the 2014 and 2015 financial years.

DECONSOLIDATIONS

In the previous year 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.

The assets and liabilities of MYBET ITALIA S.R.L. removed from the Consolidated Balance Sheet upon deconsolidation were as follows:

EUR	2014
Assets	
Non-current assets	369
Current assets	90
Liabilities	
Non-current liabilities	-
Current liabilities	486

The deconsolidation of the company produced a profit of EUR 401 thousand in the 2014 financial year, which was reported under other operating income.

In the previous 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.

MERGER

In the previous year SWS Service GmbH, a subsidiary of QED Ventures Limited, Malta, was merged with FLUXX GmbH, Hamburg, in connection with the streamlining of the group structure 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 NON-CURRENT ASSETS CLASSIFIED AS AVAILABLE FOR SALE AND DISCONTINUED OPERATIONS

In September 2015 the management decided to sell C4U-Malta Ltd. The decision regarding its sale was taken in the context of the strategic decision to focus further on sports betting as the core business activity of the mybet group. To that extent, C4U-Malta Ltd. is a discontinued operation.

A discontinued operation is part of the group's business where the area of operations and cash flows can be clearly separated from the remainder of the group, and which:

- represents a separate, major line of business or a geographical area of operations,
- is part of a single, coordinated plan to dispose of a separate, major line of business or a geographical area of operations, or
- is a subsidiary acquired exclusively with a view to reselling it.

Classification as discontinued operations takes place upon disposal or as soon as the operations meet the criteria for classification as held for sale, if the latter occurs sooner (pursuant to IFRS 5.32).

If an area of operations is classified as a discontinued operation, the Income Statement for the comparative year is adjusted as if the area of operations had been discontinued from the start of the comparative year.

With the preparation of the disposal plan and the commencement of endeavours to sell the company, the Payment Transaction Services division, reported under the Other operating segment, was classified as discontinued operations. We also refer to the remarks in Note 3 (e) in this connection.

There were no impairment losses in connection with the first-time classification of the discontinued operations as held for sale.

The division was not classified as discontinued operations in the previous year. The prior-year figures in the Consolidated Statement of Comprehensive Income were adjusted accordingly to show the discontinued operations separately from the continuing operations.

RESULT FOR THE DISCONTINUED OPERATIONS C4U-MALTA LTD.		
EUR '000	**2015**	**2014**
Proceeds	747	1,177
Expenses	-1,163	-1,135
Result from operating activities	**-416**	**42**
Income taxes	0	0
Result from operating activities after tax	**-416**	**42**
Basic earnings per share (EUR)	-0.02	0.00
Diluted earnings per share (EUR)	-0.02	0.00

CASH FLOWS FOR THE DISCONTINUED OPERATIONS		
EUR '000	**2015**	**2014**
Net cash flow from operating activities	- 177	- 1,290
Net cash flow from investing activities	- 174	- 821
Net cash flow from financing activities	400	300
Net cash flow for the year	**49**	**- 1,811**

ASSETS AND LIABILITIES OF THE DISCONTINUED OPERATIONS	
THE DISCONTINUED OPERATIONS WERE REPORTED AT CARRYING AMOUNT AT DECEMBER 31, 2015 AND COMPRISE THE FOLLOWING ASSETS AND LIABILITIES.	
EUR '000	**2015**
Intangible assets	1,196
Property, plant and equipment	46
Other assets	2,935
Assets classified as held for sale	**4,176**
Accrued expenses	8
Trade accounts payable and other liabilities	2,515
Liabilities directly in connection with assets held for sale	**2,523**

The assets and liabilities include intangible assets acquired from affiliated companies in the amount of EUR 60 thousand, receivables from affiliated companies in the amount of EUR 2 thousand and liabilities to affiliated companies in the amount of EUR 1,551 thousand.

3 PRINCIPLES OF RECOGNITION AND MEASUREMENT

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

The group has consistently applied the following principles of recognition and measurement from 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

(A) INTANGIBLE ASSETS

Intangible assets acquired for consideration are recognised at cost.

Pursuant to IAS 38, research costs are recognised as current expense. Expenditure for the general acquisition of new findings constitutes research costs, while expenditure in connection with the specific application and practical implementation of the results obtained constitutes development costs.

Internally produced intangible assets are capitalised at cost if they can be reliably 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. If the conditions for capitalisation are not met, the expenditure is netted against income in the year in which it occurs.

Capitalised development costs comprise all direct costs and overheads directly attributable to the development process. The determination of overheads is performed on the basis of the hours attributable to the project, multiplied by the personnel costs for the employee per hour.

Intangible assets with an indefinite useful life exist in the mybet group in the form of 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 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 IN YEARS
Leasehold improvements	Term of lease
Other plant and equipment	3 – 10

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) INVENTORIES

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

(D) FINANCIAL ASSETS AND FINANCIAL LIABILITIES (FINANCIAL INSTRUMENTS)

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

- Loans and receivables
- Financial assets held for sale

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

(I) NON-DERIVATIVE FINANCIAL ASSETS AND FINANCIAL LIABILITIES – RECOGNITION AND DERECOGNITION

The group accounts for loans and receivables, bonds issued as well as trade accounts payable and other liabilities from the point in time when they arose.

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 as well as control of the asset are also transferred. 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.

(II) NON-DERIVATIVE FINANCIAL ASSETS – MEASUREMENT

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 reported 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.

(III) 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.

(IV) SHARE CAPITAL

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

(V) 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 debt 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 debt component. Directly attributable transaction costs are to be allocated in proportion to the carrying amounts of the debt and equity capital components of the financial instrument at the time of initial recognition.

Upon subsequent measurement, the debt 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.

(VI) 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.

IMPAIRMENT

(I) 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,
- granting by the lender or lenders to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, of a concession that the lender 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 this financial asset, 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.

(II) 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 (CGU). Goodwill acquired through a business combination is allocated to the CGU or groups of CGU 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 CGUs.

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, the intangible assets with an unlimited useful life have been allocated to CGUs. 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	31/12/2015	31/12/2014
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	0	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 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 key assumptions were made in estimating the fair value less the disposal costs:

	2015	2014
Capitalisation interest rate before tax (%)	13.46	13.79

The capitalisation interest rates are determined on the basis of the discounted cash flow (DCF) method using a risk-free interest rate of 1.50 percent (previous year: 1.75 percent), a borrowed-capital interest rate of 5.40 percent (previous year: 6.35 percent), an unlevered beta of 0.90 (previous year: 0.95 percent) and a market risk premium of 6.75 percent (previous year: 6.75 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 for the gaming market in Germany based on external studies. As in the previous year, no growth rate was assumed.

Based on steadily rising activity rates among customers in 2015, taking account of correlating customer acquisition costs in the 2016-2020 planning period, a positive, steadily 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. The fair value less the selling costs of the goodwill that is attributable to the QED subgroup and is determined based on the interest rates applied is well above the carrying amounts. On the other hand the fair value less the selling costs of the goodwill attributable to Anybet GmbH is below the carrying amounts and was therefore written off in full in the financial year. In respect of the goodwill attributable to the QED subgroup, there exists a risk that the planning assumptions for customer growth and activity rates will not be achieved or that the customer acquisition costs will rise significantly. 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.

Following on from this period a growth factor of 0.00 percent is assumed for the determination of future cash flows; this represents a cautious approach, in contrast to an exponential projection of the plans over beyond a time horizon of five years. Nevertheless, sustained growth in absolute terms even beyond the planning horizon considered can be assumed on the basis of the development of regulatory framework conditions, the forthcoming liberalisation of the gaming market in Germany and healthy market forecasts for the German gaming market.

PFERDEWETTEN.DE AG

The pferdewetten.de AG Group offers betting on horse races via its internet platform as well as through over-the-counter betting centres.

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. As the number of shares outstanding in relation to the total volume of shares issued is low, as is the trading volume, the trading price does not represent a meaningful market price. 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:

	2015	2014
Capitalisation interest rate before tax (%)	10.66	12.41

The capitalisation interest rates are determined on the basis of the discounted cash flow (DCF) method using a risk-free interest rate of 1.50 percent (previous year: 1.75 percent), a borrowed-capital interest rate of 4.20 percent (previous year: 5.15 percent), an unlevered beta of 0.90 (previous year: 1.00) and a market risk premium of 6.75 percent (previous year: 6.75 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 for the gaming market in Germany based on external studies. No long-term growth was assumed.

Based on steadily rising customer numbers and the high activity rates of customers in 2015, taking account of correlating customer acquisition costs in the 2016-2020 planning period, a positive, steadily rise in EBIT and thus a free cash flow are expected.

ANYBET GMBH

ANYBET GmbH develops products and technical solutions for gaming operations as well as for sports betting for the other companies of the mybet group.

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:

	2015	2014
Capitalisation interest rate before tax (%)	14.16	12.41

The capitalisation interest rates are determined on the basis of the discounted cash flow (DCF) method using a risk-free interest rate of 1.50 percent (previous year: 1.75 percent), a borrowed-capital interest rate of 4.20 percent (previous year: 5.15 percent), an unlevered beta of 0.90 (previous year: 1.00) and a market risk premium of 6.75 percent (previous year: 6.75 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 for the gaming market in Germany based on external studies. No long-term growth was assumed.

On the basis of ongoing charging for software development services as well as for other technical services in connection with operation of the Amelco platform to group companies based on specified project requirements, the management expects a constantly positive EBIT in the 2016-2020 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 remaining 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 could become likely.

(F) 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.

(G) 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 7.8.

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.

(H) FOREIGN CURRENCY TRANSLATION

BUSINESS TRANSACTIONS IN FOREIGN CURRENCY

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.

(I) 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 events organised, as well as payments from poker networks (rake)
Gambling fees	Net betting income (balance of betting stakes and winnings) for casino games
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.

(J) INCOME TAXES

The income tax expense represents the total of current tax expense 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, based on tax rates applicable at the closing date or applicable shortly, as well as all adjustments to the tax liability in respect of previous years.

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.

Deferred tax liabilities are generally accounted for in respect of all taxable temporary differences. 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 the deductible temporary differences can be utilised.

For taxable temporary differences arising from investments in subsidiaries or associates as well as from investments in joint ventures, deferred tax liabilities are formed unless the group can control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from temporary differences in connection with investments in subsidiaries or associates as well as investments in joint ventures are only recognised to the extent that it is probable that adequate taxable income will be available for making use of the entitlements based on the temporary differences. It must moreover be assumed that these temporary differences will reverse in the foreseeable future.

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 income 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 for corporation and trade tax is 31 percent (previous year: 32 percent).

(K) USE OF ESTIMATES AND DISCRETIONARY DECISIONS

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: 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 5.1 – 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, 2016 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 has specified a control framework concept for the determination of fair values. Valuation is the responsibility of the controlling team, which 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 brokers 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.

Key aspects of the valuation are reported to the Audit Committee.

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.

Further information on the assumptions made in determining fair values is provided in the following notes

- Note 3 (f) and 7.2 – Financial instruments
- Note 7.8 – Stock option plans[1]

as well as in 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 reported under this item were EUR 7,323 thousand at December 31, 2015 (previous year: EUR 7,927 thousand).

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. For further information, please refer to Note 5.9 – Income tax expense.

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

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. According to the audit order of November 6, 2015, the external audit for the assessment periods 2009 and 2012 for mybet Holding SE and Anybet GmbH started on December 4, 2015. So far, the external auditors have produced no findings. 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 on loss carry-forwards amounting to EUR 1,584 thousand (previous year: EUR 1,111 thousand) is affected.

CONVERTIBLE BOND

First-time recognition of the convertible bond as a liability is subject to critical assumptions and estimates in particular with regard to determination of the equity capital component. The conversion right is to be classified as equity capital within the meaning of IAS 32. Fair value measurement takes place on issuance. Reporting is under additional paid-in capital.

For simplicity, the value of the conversion right is determined retrogradely, as the difference between the proceeds of the issue and the present value of the debt component (bond) (residual value method). The present value is determined from the discounting of the contractually fixed future payments at the market rate for a comparable bond with no conversion right. Retrograde determination of the value of the conversion right is in particular subject to the reasonableness of the assumptions concerning the discount factor and the contractually specified future payments actually arising.

The terms of the bond include a put option according to which, in the event that PNO Ventures Ltd does not accrue the proceeds of EUR 3.0 million from the disposal of C4U by June 30, 2016, each bondholder shall have the right to demand within 30 calendar days of June 30, 2016 that the issuer buy back their debentures in the amount of the nominal value.

The Management Board considers that the features and risks of the put option are closely linked to those of the contract for the convertible bond. The put option consequently does not constitute an independent derivative financial instrument with the consequence of measurement as a hybrid financial instrument at fair value [IAS 39.11], and for that reason the put option is not to be separated from the host contract. Furthermore, the exercise price of the option constantly corresponds virtually to the amortised cost of the convertible bond, because new facts coming to light regarding the event that would make the put option possible would have no material effect on the value of the convertible bond. The advantages arising from the put option are not to be rated as significant, because the borrower receives merely compensation amounting to 101 % of the nominal amount of the bond as well as the accumulated interest up to the time of exercising of the put option. As such, the mandatory buy-back offer does not compensate for the interest not received for the remaining useful life. According to the terms of the convertible bond, a put option may be exercised if the company does not accrue EUR 3 million from the sale of an investment (C4U) or a capital increase by June 30, 2016.

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 – Current liabilities.

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 7.8 – Stock option plans.

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.

(L) CHANGES IN RECOGNITION AND MEASUREMENT PRINCIPLES

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, 2015.

STANDARD/ INTERPRETATION	TITLE OF THE STANDARD/INTERPRETATION OR AMENDMENT	FIRST-TIME ADOPTION[1]
IFRIC 21	Levies	Retroactively from June 17, 2014[2]
Improvements to IFRS 2011 – 2013	Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40	1/1/2015[3]

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

IMPROVEMENTS TO IFRS 2011 – 2013

IFRS 3 – BUSINESS COMBINATIONS

The amendment contains a clarification of the scope of the exceptions to IFRS 3. The standard does not apply to the formation of joint ventures or to business combinations in which entities or businesses under common control are involved.

The amendment has no effect on the Consolidated Financial Statements of mybet Holding SE.

IFRS – FAIR VALUE MEASUREMENT

In defining more closely the scope of paragraph 52 (portfolio exception) it was clarified that the portfolio exception defined in IFRS 13 includes all contracts accounted for within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” or IFRS 9 “Financial Instruments”. This applies regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 “Financial Instruments: Presentation”.

The amendment has no effect on the Consolidated Financial Statements of mybet Holding SE.

STANDARDS, INTERPRETATIONS AND AMENDMENTS PUBLISHED BUT NOT YET APPLIED.

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.

STANDARD/ INTERPRETATION	TITLE OF THE STANDARD/INTERPRETATION OR AMENDMENT	FIRST-TIME ADOPTION[1]
IFRS 9	Financial Instruments	1/1/2018[2]
IFRS 15	Revenues from Contracts with Customers	1/1/2018[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Joint Venture or Associate	1/1/2016[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	1/1/2016[5]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1/1/2016[6]
Amendments to IAS 1	Disclosure Initiative	1/1/2016[7]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1/1/2016[8]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	1/1/2016[9]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	1/7/2014[10]
Amendments to IAS 27	Equity Method in Separate Financial Statements	1/1/2016
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[11]
Improvements to IFRS 2012 – 2014	Amendments to IFRS 5, IFRS 7, IFRS 19 and IAS 34	1/1/2016[12]
IFRS 16	Leases	1/1/2019

[1] Financial years beginning on or after the date indicated.
[2] EU endorsement has not yet been obtained.
[3] EU endorsement has not yet been obtained.
[4] The IASB decided on December 17, 2015 to postpone the first-time adoption of this amended standard indefinitely.
[5] EU endorsement has not yet been obtained.
[6] EU endorsement obtained by the publication release date.
[7] EU endorsement obtained by the publication release date.
[8] EU endorsement obtained by the publication release date.
[9] EU endorsement obtained by the publication release date.
[10] Different effective date due to EU endorsement. Here: February 1, 2015.
[11] Different effective date due to EU endorsement. Here: February 1, 2015.
[12] EU endorsement has not yet been obtained.

IFRS 9 – FINANCIAL INSTRUMENTS

IFRS 9 Financial Instruments includes requirements for recognition and measurement, derecognition and general hedge accounting. The IASB published the final version of the standard following the completion of the various phases of its extensive project on financial instruments on July 24, 2014. Accounting for financial instruments previously dealt with under IAS 39: Financial Instruments: Recognition and Measurement is now replaced entirely by accounting under IFRS 9. The version of IFRS 9 now published supersedes all previous versions. The main requirements of the final IFRS 9 can be summarised as follows:

- Compared with the predecessor standard IAS 39 Financial Instruments: Recognition and Measurement, the requirements of IFRS 9 regarding scope, recognition and derecognition are largely unchanged.

- However the rules of IFRS 9 compared to IAS 39 envisage a new classification model for financial assets.

- The subsequent measurement of financial assets will in future be based on three categories with differing measures of value and different ways of recognising changes in value. Categorisation will be determined both by the contractual payment streams for the instrument and by the business model in which the instrument is held. These are thus fundamentally mandatory categories. However the enterprise may also use certain options.

- For financial liabilities, on the other hand, IFRS 9 has largely adopted the existing rules. The only material innovation concerns financial liabilities in the fair value option. For these, fair value fluctuations as a result of changes in an own credit risk are to be reported in the other result.

- IFRS 9 envisages three levels which in future determine the level of the losses to be reported and interest collected. Accordingly, expected losses amounting to the present value of an expected 12-month loss are already to be recognised upon addition (stage 1). If there is a significant rise in the credit risk, the risk provision is to be topped up to the amount of the expected losses for the entire remaining term (stage 2). If objective evidence of impairment appears, interest collection is to be based on the net carrying amount (carrying amount less risk provision) (stage 3).

- Alongside extensive transitional provisions, IFRS 9 also involves extensive disclosure requirements both upon transition and in ongoing adoption. Innovations compared to IFRS 7 Financial Instruments: Disclosures concern above all the rules on impairments.

The introduction of IFRS 9 may have a material effect on the Consolidated Financial Statements, in particular with regard to the measurement of financial liabilities and concerning disclosures in the Notes.

IFRS 15 – REVENUES FROM CONTRACTS WITH CUSTOMERS

IFRS 15 specifies when and in what amount a party preparing an IFRS report should report revenues. The parties preparing financial statements should moreover provide the users of the financial statements with more informative and more relevant disclosures than previously. IFRS 15 is fundamentally to be adopted for all contracts with customers. The following contracts are an exception:

- Leases that come under IAS 17, Leases;

- Financial instruments and other contractual rights or obligations that come under IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 Separate Financial Statements or IAS 28 Investments in Associates and Joint Ventures;

- Insurance contracts within the scope of IFRS 4 Insurance Contracts; and

- Non-financial swap transactions between enterprises in the same industry which have the purpose of facilitating sales to customers or potential customers.

Unlike the rules currently applicable, the new standard envisages a single, principle-based, five-stage model that is applicable for all contracts with customers. According to this five-stage model, first the contract with the customer is to be determined (step 1). In step 2 the independent service obligations in the contract are to be identified. Next (step 3), the transaction price is to be determined, with explicit rules envisaged for the treatment of variable consideration, financing components, payments to the customer and swap transactions. After the transaction price has been determined, the allocation of the transaction price to the individual service obligations is to be carried out in step 4. The individual selling prices of the individual service obligations serve as the basis here. Finally (step 5), the revenue can be recognised provided the service obligation was met by the enterprise. This is subject to transfer of control of the goods or service to the customer.

Upon conclusion of a contract, it must be established according to IFRS 15 whether the revenues resulting from the contract are to be recognised at a specific point in time or over a period of time. Applying specific criteria, it must first be clarified whether control of the service obligation is transferred over a period of time. If that is not the case, the revenues are to be recognised at the point in time when control passes to the customer. Indicators include for example legal passage of title, and transfer of the significant risks and rewards through formal acceptance. On the other hand if control is transferred over a period of time, realisation of the revenues over the period of time may only be used if the stage of completion can be reliably determined using input and output-oriented methods. As well as the general principles on the realisation of revenues, the standard contains detailed implementation guidance on matters such as sales with a right of return, customer options on additional goods or services, principal/agent relationships, and bill-and-hold arrangements. New guidance on the costs of fulfilling and acquiring a contract and on the question of when such costs are to be capitalised have also been included in the standard. Costs that do not meet the criteria stated are to be recognised as an expense at the time they arise.

Finally, the new standard contains new, more comprehensive rules in respect of disclosures to be made on revenues in the financial statements of a party preparing an IFRS report. In particular, qualitative and quantitative disclosures are to be made on each of the following points:

- Their contracts with customers,
- Significant discretionary decisions made in applying the revenue rules to these contracts,
- Any assets that result from capitalised costs for acquiring and fulfilling a contract with a customer.

The Management Board does not expect the adoption of IFRS 15 to have a material influence on the Consolidated Financial Statements. The companies of the mybet group to a great extent realise revenue from bets, online casino and poker which is considered to have been realised by the time the betting event occurs or the game has ended.

AMENDMENTS TO IFRS 10 AND IAS 28 SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS JOINT VENTURE OR ASSOCIATE

The amendments address a conflict between the rules of IAS 28 Investments in Associates and Joint Ventures and IFRS 10 Consolidated Financial Statements. They clarify that the degree of gain/loss recognition for transactions with an associate or joint venture depend on whether the sold or contributed assets constitute a business as defined by IFRS 3.

In the absence of transactions with associates or joint ventures, the Management Board assumes that the amendments to IFRS 10 and IAS 28 will have no effects on the Consolidated Financial Statements.

AMENDMENTS TO IFRS 10, IFRS 12 AND IAS 28 INVESTMENT ENTITIES: APPLYING THE CONSOLIDATION EXCEPTION

The amendments to IFRS IFRS 10, IFRS 12 and IAS 28 clarify that an enterprise may also apply the consolidation exception (IFRS 10.4) if its parent entity is an investment entity that measures its subsidiaries at fair value in agreement with IFRS 10.

The amendments furthermore clarify that an investment entity may only consolidate a subsidiary that performs services connected to the investment activity of the parent entity if the subsidiary is not itself an investment entity.

The Management Board does not anticipate that the amendments to IFRS 10, IFRS 12 and IAS 28 will affect the Consolidated Financial Statements because the group is not an investment entity, nor does it include holding companies, subsidiaries, associates or joint ventures that are to be qualified as investment entities.

AMENDMENTS TO IFRS 11 ACCOUNTING FOR ACQUISITIONS OF INTERESTS IN JOINT OPERATIONS

The amendments to IFRS 11 contain guidance on how to account for the acquisition of investments in a joint operation if it does not constitute a business within the meaning of IFRS 3. In that case all principles in respect of accounting for business combinations from IFRS 3 and other IFRS (e.g. IAS 12 in respect of recognising deferred tax at the time of acquisition and IAS 36 in respect of the impairment test for a cash-generating unit that has been assigned goodwill upon the acquisition of investments in a joint operation) are to be adopted unless they are in conflict with the guidance in IFRS 11.

The amendments are to be adopted for acquisitions of investments in an existing joint operation and for the acquisitions of investments in a joint operation upon its establishment provided the establishment of the joint operation does not go hand in hand with the establishment of the operation.

The amendments to IFRS 11 could have a significant influence on the Consolidated Financial Statements if such transactions occur in future.

AMENDMENTS TO IAS 1 DISCLOSURE INITIATIVE

The amendments to IAS 1 provide guidance on application of the materiality principle in practice as well as clarify the presentation of the assets position and the statement of comprehensive income.

The Management Board does not expect the amendments to IAS 1 to have material effects on the Consolidated Financial Statements.

AMENDMENTS TO IAS 16 AND IAS 38 CLARIFICATION OF ACCEPTABLE METHODS OF DEPRECIATION AND AMORTISATION

The amendment to IAS 16 clarifies that revenue-based methods of depreciation are not appropriate for property, plant and equipment. The amendments to IAS 38 introduce the rebuttable presumption that revenue does not constitute an appropriate basis for the depreciation and amortisation of intangible assets. This presumption can only be rebutted in the following two cases:

- If the intangible asset can be expressed as a measure of revenue. That would be the case, for example, if the contractual term of a licence to extract mineral deposits were tied not to a specific period but to the total revenue that extraction of the mineral deposits generates.

- If revenue and consumption of economic benefits are highly correlated.

The Management Board assumes that a linear depreciation and amortisation approach reflects the loss of value of the economic benefit most closely. It is therefore not assumed that the company will be affected by the amendments to IAS 16 and IAS 38.

AMENDMENTS TO IAS 16 AND IAS 41 AGRICULTURE: BEARER PLANTS

Along with the amendments, bearer plants that are used only to produce agricultural products are brought within the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. In order to remove bearer plants from that scope and into the scope of IAS 16, thus enabling enterprises to account for them at amortised cost or according to the revaluation model, the definition of a “bearer plant” is included in both standards.

Because the business model of the company is not based on bearer plants, no effects on the Consolidated Financial Statements of the company are expected from the amendment.

AMENDMENTS TO IAS 19 DEFINED BENEFIT PLANS: EMPLOYEE CONTRIBUTIONS

The amendments clarify how employee contributions or third-party contributions to defined benefit plans are to be accounted for. Accounting depends on whether or not the contributions are dependent on the number of years of service. Furthermore, a solution that facilitates accounting practice is permitted if the level of the contributions is independent of the number of years of service.

If the level of the contributions is independent of the number of years of service, the contributions may be recognised as a reduction in the service cost in the period in which the related service is rendered, or spread over the employee’s period of service using the projected unit credit method.

If the level of the contributions is independent of the number of years of service, the contributions must be allocated to the periods of service.

The company does not currently expect the amendments to IAS 19 to have material effects on the Consolidated Financial Statements.

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.

On the basis of EU endorsement, the amendments are to be adopted for the first time from financial years that begin on February 1, 2015 or later.

IMPROVEMENTS TO IFRS 2012 – 2014

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. There are in addition changes that affect disclosures. The standards affected are IFRS 5, IFRS 7, IAS 19 and IAS 34.

On the basis of EU endorsement, the amendments are to be adopted for the first time from financial years that begin on February 1, 2015 or later.

IFRS 16 – LEASES

In January 2016 the IASB published IFRS 16 Leases, containing extensive new rules on accounting for leases. The aim of the new standard is that fundamentally all leases and the associated rights and obligations are reflected on the balance sheet of the lessee. The distinction previously required between finance and operating leases will therefore no longer apply in future for the lessee. Accounting is simplified for short-term leases and low-value leased objects.

IFRS 16 envisages similar rules as the currently applicable IAS 17 for accounting for leases by the lessor. Here, leases continue to be classified as either finance or operating leases. The criteria of IAS 17 were adopted for classification according to IFRS 16. IFRS moreover contains a number of other rules on reporting and disclosures as well as on sale-and-leaseback transactions.

4 SEGMENT REPORTING

SEGMENT REPORTING 12M 2015 EUR'000	SPORTS BETTING	CASINO & POKER	HORSE BETTING	OTHER OPERATING SEGMENT*	TOTAL OPERATING SEGMENTS	MISCELLANEOUS	TOTAL SEGMENTS	INTRA-GROUP ENTRIES	TOTAL
Revenue	33,862	19,851	9,249	672	63,635	2	63,637	8	63,646
Other operating income/production for own assets capitalised	809	147	288	16	1,260	26	1,286	2,011	3,298
Expense (EBITDA costs)	-35,574	-19,119	-7,402	-550	-62,645	-5,327	-67,972	3	-67,968
EBITDA	**-903**	**879**	**2,135**	**139**	**2,250**	**-5,298**	**-3,048**	**2,023**	**-1,025**
Depreciation and amortisation	-284	-49	-443	-296	-1,072	-219	-1,292	-6,918	-8,210
EBIT	**-1,187**	**830**	**1,692**	**-158**	**1,178**	**-5,518**	**-4,340**	**-4,895**	**-9,235**
Other interest and similar income						4	4		4
Interest and similar expenses						-28	-28		-28
Earnings before tax									**-9,258**
Taxes						1,230**	1,230		1,230
Net profit/loss for the period (IFRS)									**-8,028**

* incl. discontinued operations

** Presentation of the tax expenses and income globally under Miscellaneous segment in absence of consideration at segment level.

SEGMENT REPORTING 12M 2014 EUR'000	SPORTS BETTING	CASINO & POKER	HORSE BETTING	OTHER OPERATING SEGMENT	TOTAL OPERATING SEGMENTS	MISCELLANEOUS	TOTAL SEGMENTS	INTRA-GROUP ENTRIES	TOTAL
Revenue	40,301	21,920	7,045	1,135	70,401	5	70,405	-44	70,361
Other operating income/production for own assets capitalised	465	989	399	479	2,331	881	3,213	2,463	5,675
Expense (EBITDA costs)	-41,153	-21,565	-5,702	-896	-69,316	-3,826	-73,142	-23	-73,166
EBITDA	**-387**	**1,343**	**1,742**	**717**	**3,416**	**-2,940**	**476**	**2,395**	**2,871**
Depreciation and amortisation	-320	-141	-444	-137	-1,043	-310	-1,352	-1,018	-2,370
EBIT	**-707**	**1,203**	**1,298**	**580**	**2,374**	**-3,250**	**-877**	**1,377**	**500**
Interest income						50	50		50
Interest expense						-33	-33		-33
Earnings before tax									**518**
Taxes						-303**	-303		-303
Net profit/loss for the period (IFRS)									**215**

SEGMENT REPORTING 12M 2015 EUR'000	SPORTS BETTING	CASINO & POKER	HORSE BETTING	OTHER OPERATING SEGMENT*	TOTAL OPERATING SEGMENTS	MISCELLANEOUS	TOTAL SEGMENTS	INTRA-GROUP ENTRIES	TOTAL
Revenue	39,446	19,851	9,249	672	69,219	2	69,221	8	69,229
Other operating income/production for own assets capitalised	809	147	288	16	1,260	26	1,286	2,011	3,298
Expense (EBITDA costs)	-41,157	-19,119	-7,402	-550	-68,229	-5,327	-73,554	3	-73,550
EBITDA	**-903**	**879**	**2,135**	**139**	**2,250**	**-5,288**	**-3,046**	**2,023**	**-1,023**
Depreciation and amortisation	-284	-49	-443	-296	-1,072	-219	-1,292	-6,918	-8,210
EBIT	**-1,187**	**830**	**1,692**	**-158**	**1,178**	**-5,518**	**-4,340**	**-4,895**	**-9,235**
Other interest and similar income						4	4		4
Interest and similar expenses						-28	-28		-28
Earnings before tax									**-9,258**
Taxes						1,230**	1,230		-1,227
Net profit/loss for the period (IFRS)									**-8,028**

* incl. discontinued operations

** Presentation of the tax expenses and income globally under Miscellaneous segment in absence of consideration at segment level.

SEGMENT REPORTING 12M 2014 EUR'000	SPORTS BETTING	CASINO & POKER	HORSE BETTING	OTHER OPERATING SEGMENT	TOTAL OPERATING SEGMENTS	MISCELLANEOUS	TOTAL SEGMENTS	INTRA-GROUP ENTRIES	TOTAL
Revenue	40,301	21,920	7,045	1,135	70,401	5	70,405	-44	70,361
Other operating income/production for own assets capitalised	465	989	399	479	2,331	881	3,213	2,463	5,675
Expense (EBITDA costs)	-41,153	-21,565	-5,702	-896	-69,316	-3,826	-73,046	-23	-73,166
EBITDA	**-387**	**1,343**	**1,742**	**717**	**3,416**	**-2,940**	**476**	**2,395**	**2,871**
Depreciation and amortisation	-320	-141	-444	-137	-1,043	-310	-1,352	-1,018	-2,370
EBIT	**-707**	**1,203**	**1,298**	**580**	**2,374**	**-3,250**	**-877**	**1,377**	**500**
Interest income						50	50		50
Interest expense						-33	-33		-33
Earnings before tax									**518**
Taxes						-303**	-303		-303
Net profit/loss for the period (IFRS)									**215**

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 as well as according to product areas. These product areas represent the cost units and therefore the segments, and serve as the basis on which the management reaches controlling decisions. The management bases its decisions primarily on the revenue performance of these product areas and on the costs directly associated with them.

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 presentation 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 basis for internal cost allocation was reviewed further, with the result that differentiated contribution accounting is now practised. The costs are 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 does not take account of either interest income and expense or assets and liabilities per segment, as those items are of no relevance for controlling decisions, financing of the group with borrowed capital 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 offers the odds paid on these. This segment includes 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 growth driver of revenue and new customer totals. It also accounts for the greater part of marketing expenses. To capitalise on its earnings-generating capacity, marketing activities to address customers are shared with the Casino & Poker segment. Revenue – after adjustment for the accounting effect of the activities in Ghana – was slightly down on the previous year (-2 percent). There were significant revenue losses as a result of the capital controls in Greece. The results for the segment are likewise down on the previous year.

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 major source of revenue for the group. However, customers are acquired predominantly through the activities of the Sports Betting segment. Due to capital controls in Greece, this segment too was unable to match the previous year's revenue figure; on the earnings side this is reflected in a decline in profitability.

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. The structure of this segment closely resembles that of the Sports Betting segment. Thanks to the quality focus on own business and the decision to decline low-margin third-party business, the result for the segment is up on the previous year.

Other operating segment: Mainly the revenue, costs and results from payment transaction services for the current year are reported here. In September 2015 the management decided to sell C4U-Malta Ltd. The decision regarding its sale was taken in the context of the strategic decision to focus further on sports betting as the core business activity of the mybet group.

Miscellaneous: This segment mainly comprises the holding activities that were not apportioned among the individual operating segments.

The consolidated transfers include entries from consolidation that cannot be attributed to the individual segments. These substantially comprise the elimination of intermediate gains and consolidating entries for receivables from and liabilities to affiliated companies.

5 NOTES TO THE CONSOLIDATED INCOME STATEMENT

5.1 REVENUE

Revenue includes the hold from sports and horse betting organised, gambling fees from casino games, commissions from the arranging of horse betting, service proceeds as well as other proceeds. With effect from January 1, 2015 mybet switched the contractual agreements with partners in Ghana to a B2B model. The revenue for the financial year is therefore shown net, i.e. less the commissions to be collected by mybet. By contrast, in the previous year the revenue was reported gross within the hold and the commissions were reported as cost of purchased materials.

REVENUE	2015 EUR'000	2014 EUR'000	CHANGE IN %
Hold	37,990	43,254	-12.2%
Gambling fees	19,714	21,741	-9.3%
Service proceeds	2,289	1,270	80.2%
Commissions	1,936	1,184	63.5%
Other	1,043	1,798	-42.0%
Total	**62,972**	**69,247**	**-9.1%**

5.2 PRODUCTION FOR OWN ASSETS CAPITALISED

The production for own assets capitalised relates exclusively to internally produced software totalling EUR 2,011 thousand (previous year: EUR 2,455 thousand). Until the changeover to the new IT system, essential development work was needed to optimise the IT structures and assure system stability. Meanwhile development work on the new platform commenced in the financial year. The software for betting terminals also underwent further development.

5.3 OTHER OPERATING INCOME

The other operating income comprises:

OTHER OPERATING INCOME	2015 EUR'000	2014 EUR'000
Income from rebilling to betting shop operators	753	423
Income from the reversal of liabilities	0	673
Other income	456	1,081
Income from foreign currency translation	5	41
Income from the disposal of fixed assets	0	251
Income from the deconsolidation of MYBET ITALIA S.R.L.	0	401
Income from the disposal of DIGIDIS S.L.	0	275
Income from value adjustment of bad debts	0	13
	1,214	**3,159**

5.4 COST OF PURCHASED MATERIALS

The cost of purchased materials is comprised as follows:

COST OF PURCHASED MATERIALS	2015 EUR'000	2014 EUR'000	CHANGE IN %
Commission charges	29,362	34,899	-15.9%
Licence fees, gambling taxes	4,032	4,076	-1.1%
Bonus expenditure	5,665	4,159	36.2%
Payment transaction expenses	2,382	3,058	-22.1%
Other cost of purchased materials	1,903	1,704	11.7%
Total	**43,344**	**47,896**	**-9.5%**

The commission charges include the commissions to be passed on to the Ghanaian partners; following the contractual change in 2015 the latter are reported within service proceeds, with the effect of reducing revenue.

5.5 PERSONNEL EXPENSES

The personnel expenses and personnel total developed as follows:

PERSONNEL EXPENSES	2015 EUR'000	2014 EUR'000	CHANGE IN %
Wages and salaries	8,781	8,587	2.3%
Share-based payment	56	187	-70.1%
Social insurance	1,253	1,196	4.8%
Settlements	31	137	-77.1%
Total	**10,121**	**10,107**	**0.1%**

TOTAL EMPLOYEES		REPORTING DATE		AVERAGE
	31/12/2015	31/12/2014	2015	2014
Salaried employees	164	168	171	166
Management Board of parent company	2	2	2	2
Total	**166**	**170**	**173**	**168**

5.6 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.

In addition, write-downs amounting to EUR 5,279 thousand were applied. These were caused by the reduced useful lives of software components that can no longer be used in the future as a result of the introduction of the new IT platform, or have not been taken into use.

An impairment test furthermore resulted in a write-down of the goodwill of Anybet in the amount of EUR 605 thousand.

5.7 OTHER OPERATING EXPENSES

OTHER OPERATING EXPENSES	2015 EUR'000	2014 EUR'000	CHANGE IN %
Marketing, sales, IR	4,233	5,091	-16.9%
Service and maintenance, hosting, technical services	2,430	2,942	-17.4%
Other consultancy costs	1,411	995	41.7%
Costs of premises	862	829	3.9%
Travel and entertainment costs	550	444	24.0%
Membership and other fees, insurance	546	210	>100.0%
Costs of annual accounts and audit	404	413	-2.1%
Other personnel expenses	356	299	19.0%
Non-deductible input tax	347	357	-3.0%
Legal consultancy costs	325	582	-44.2%
Telephone	257	251	2.5%
Vehicle costs	200	218	-7.8%
Supervisory Board remuneration	132	130	1.3%
Bad debt costs	129	318	-59.4%
Payment transaction costs	82	78	4.8%
Exchange differences on translation	79	159	-49.9%
Miscellaneous operating expenses	1,140	876	30.1%
Total	**13,482**	**14,192**	**-5.0%**

There was a change in the way other operating expenses were reported compared with the previous year. EUR 3 thousand (previous year: EUR 97 thousand) was reclassified from other tax to other operating expenses.

5.8 FINANCIAL RESULT

The other interest and similar income results from bank credit balances; the interest expense are in respect of amounts due to banks. The depreciation and amortisation of financial assets include impairment of a cash item.

5.9 INCOME TAX

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

PROGRESSION FROM ANTICIPATED TAX EXPENSE / INCOME TO REPORTED TAX EXPENSE / INCOME	2015 EUR '000	2014 EUR '000
Net profit/loss for the period before tax from continuing operations	**-8,842**	**475**
Anticipated income tax expense / income (31 % / previous year: 32 %)	-2,741	183
Non-deductible expenses	326	52
Realisation of tax losses not previously recognised	-180	-110
Corrected disclosure deferred tax assets	3,114	538
Tax-free income	-1,299	-4
Expense from differences in local tax rates	165	-11
Tax income / expense not relating to the period	-572	-109
Deconsolidation result	0	-223
Change in group tax rate	-9	0
Miscellaneous	-35	18
Tax expense / income	**-1,230**	**303**

INCOME TAX EXPENSE / INCOME BREAKDOWN	2015 EUR '000	2014 EUR '000
Current tax expense/income	301	193
of which from previous year	12	2
Current tax expense (+) / tax income (-)		
- from temporary differences	-732	-79
- from the use of tax loss carry-forwards	421	552
- from adjustment to previous year	-584	-110
- from capitalisation of loss carry-forwards	-1,222	-254
- from corrected disclosure for deferred tax assets	595	0
- Change in tax rate	-9	0
Total deferred tax expense / income	-1,531	109
Tax expense / income	**-1,230**	**303**

DEFERRED TAXES		2015		2014
EUR'000	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Intangible assets	1,452	447	754	516
Accrued expenses	3	30	0	0
Liabilities	0	2,256	0	2,553
Loss carry-forwards	2,806	0	2,682	0
Gross amount	**4,261**	**2,733**	**3,436**	**3,069**
Offsetting	-1,668	-1,668	-2,176	-2,176
Net amount	**2,593**	**1,065**	**1,260**	**893**

	OPENING LEVEL 01/01/2014		RECOGNISED IN INCOME THROUGH PROFIT AND LOSS	WITH NO EFFECT ON INCOME	CLOSING LEVEL 31/12/2014 / 01/01/2015		RECOGNISED IN INCOME THROUGH PROFIT AND LOSS	WITH NO EFFECT ON INCOME	CLOSING LEVEL 31/12/2015	
	ASSETS	LIABILITIES			ASSETS	LIABILITIES			ASSETS	LIABILITIES
Intangible assets	636	610	-212		754	516	767		1,452	447
Property, plant and equipment	4	0	4		0	0	0		0	0
Accrued expenses	19	0	19		0	0	-27		3	30
Liabilities	0	2,553	0		0	2,553	664	-367	0	2,256
Loss carry-forwards	2,961	0	298	-20	2,682	0	127	-3	2,806	0
Total	**3,619**	**3,163**	**109**	**-20**	**3,436**	**3,069**	**1,531**	**-370**	**4,261**	**2,733**

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.

Deferred tax assets totalling EUR 2,806 thousand (previous year: EUR 2,682 thousand) are reported for unused loss carry-forwards of the mybet Holding Group amounting in total to EUR 9,052 thousand (previous year: EUR 8,417 thousand). At the balance sheet date there were loss carry-forwards for which no deferred tax is recognised in the amount of EUR 82,947 thousand (previous year: EUR 65,527 thousand) for corporation tax and similar income taxes as well as in the amount of EUR 59,980 thousand (previous year: EUR 58,860 thousand) for trade tax. The loss carry-forwards can be carried forward indefinitely.

6 CONSOLIDATED BALANCE SHEET

6.1 NON-CURRENT ASSETS

The breakdown of fixed assets and the development in the financial year are shown in the Consolidated Assets Movement Schedule.

6.1.1 INTANGIBLE ASSETS

The goodwill is comprised as follows:

GOODWILL	2015 EUR'000	2014 EUR'000
Anybet GmbH	0	605
QED Group	5,581	5,581
Total	**5,581**	**6,186**

In accordance with IFRS 3 this goodwill is not amortised. An impairment test resulted in a write-down of the goodwill of Anybet.

mybet Holding SE, Kiel, holds 52.17 percent of pferdewetten.de AG. Purchase price allocation pursuant to IFRS 3 indicated assets for acquired brands, acquired domains and an acquired customer base. There was no need for amortisation of the acquired brands and domains with indefinite useful life in the financial year. The customer base is amortised by the straight-line method over a useful life of ten years. The residual useful life at December 31, 2015 is two years.

INTANGIBLE ASSETS FROM ACQUISITION OF PFERDEWETTEN.DE	2015 EUR'000	2014 EUR'000
Acquired brands	1,138	1,138
Acquired domains	604	604
Acquired customer base	289	434
Total	**2,031**	**2,176**

6.1.2 PROPERTY, PLANT AND EQUIPMENT

The composition of property, plant and equipment and its development in the financial year are shown in the Assets Movement Schedule.

6.1.3 FINANCIAL ASSETS

Financial assets report the investments of pferdewetten.de AG in cash and cash equivalents.

6.1.4 DEFERRED TAXES

For disclosures concerning deferred taxes, please refer to Note 5.9.

DEVELOPMENT OF CONSOLIDATED FIXED ASSETS AT DECEMBER 31, 2015

	ACQUISITION AND MANUFACTURING COST						DEPRECIATION AND AMORTISATION							CARRYING AMOUNT	
EUR'000	01/01/2015	ADDITIONS	DISPOSALS	TRANSFERS	CHANGES IN CONSOLIDATION	31/12/2015	01/01/2015	ADDITIONS	IMPAIRMENT	DISPOSALS	TRANSFERS	CHANGES IN CONSOLIDATION	31/12/2015	31/12/2015	31/12/2014
Assets Movement Schedule	43,447	4,819	1,082	0	-1,645	45,539	26,133	2,186	5,884	825		-240	33,137	12,401	17,314
Intangible assets	36,958	3,698	704	-1	-1,544	38,407	20,633	1,744	5,884	694		-221	27,346	11,061	16,325
Licences, software, rights of use and customer base	9,000	800	704	965	-1,544	8,516	5,163	714		694		-221	4,962	3,554	3,837
Goodwill	11,867					11,867	5,681		605				6,286	5,581	6,186
Payments on account	796	170		-966		0								0	796
Internally produced software	13,897	1,231		962		16,090	9,771	1,030	4,861				15,661	429	4,126
Payments on account on internally produced software	1,398	780		-962		1,215	18		418				436	780	1,380
Payments on account for intangible assets		718				718								718	
Property, plant and equipment	6,489	375	128	1	-101	6,636	5,500	435		131		-19	5,785	851	989
Leasehold improvements	286					286	232	17					249	37	54
Other plant and equipment	6,203	375	128	1	-101	6,350	5,268	418		131		-19	5,536	814	935
Construction in progress															
Financial assets		746	250			496		7					7	489	
Investment securities		746	250			496		7					7	489	

DEVELOPMENT OF CONSOLIDATED FIXED ASSETS AT DECEMBER 31, 2014

	ACQUISITION AND MANUFACTURING COST						DEPRECIATION AND AMORTISATION							CARRYING AMOUNT	
EUR'000	01/01/2014	ADDITIONS	DISPOSALS	TRANSFERS	CHANGES IN CONSOLIDATION	31/12/2014	01/01/2014	ADDITIONS	IMPAIRMENT	DISPOSALS	TRANSFERS	CHANGES IN CONSOLIDATION	31/12/2014	31/12/2014	31/12/2013
Assets Movement Schedule	39,949	4,588	721		- 369	43,447	24,210	2,370		78		- 369	26,133	17,314	15,739
Intangible assets	33,662	3,763	144	43	- 366	36,958	19,205	1,794				- 366	20,633	16,325	14,457
Licences, software, rights of use and customer base	8,800	667	144	43	- 366	9,000	4,862	667				- 366	5,163	3,837	3,938
Goodwill	11,867					11,867	5,681						5,681	6,186	6,186
Payments on account	155	641				796								796	155
Internally produced software	10,879	2,455		563		13,897	8,662	1,109					9,771	4,126	2,217
Payments on account on internally produced software	1,961			-563		1,398		18					18	1,380	1,961
Property, plant and equipment	6,085	825	375	- 43	- 3	6,489	4,964	573		34		- 3	5,500	989	1,121
Leasehold improvements	278	8				286	217	15					232	54	61
Other plant and equipment	5,607	795	153	- 43	- 3	6,203	4,747	558		34		- 3	5,268	935	860
Construction in progress	200	22	222												200
Investment property	202		202				41	3		44					161

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 165 thousand (previous year: EUR 177 thousand).

6.2.2 RECEIVABLES AND OTHER ASSETS

All receivables and assets have a maturity of up to one year and are comprised as follows:

RECEIVABLES AND OTHER FINANCIAL ASSETS	2015 EUR'000	2014 EUR'000
Trade accounts receivable	3,536	2,235
Other financial assets	4,410	7,891
Total	**7,945**	**10,126**

The trade accounts receivable mainly comprise receivables from over-the-counter betting operations. This item in addition includes receivables of the continuing operations against the payment service provider C4U (EUR 1,151 thousand), which is presented as discontinued operations in the financial year.

There was a change in the way other operating financial assets were reported compared with the previous year. EUR 626 thousand (previous year: EUR 575 thousand) was reclassified from cash and cash equivalents to other financial assets. This concerns the reporting of restricted cash.

The other financial assets include:

OTHER FINANCIAL ASSETS	2015 EUR'000	2014 EUR'000
Receivables from payment service provider	995	2,947
Restricted cash	2,097	2,535
Other financial assets	448	704
Accounts payable in debit	238	378
Other receivables	632	1,328
Total	**4,410**	**7,891**

The trade accounts receivable and other receivables at December 31, 2015 are furthermore not overdue. Based on past payment behaviour and extensive analyses of the risk of default by customers, the Management Board assumes that all receivables are collectible.

6.2.3. CASH AND CASH EQUIVALENTS

At December 31, 2015 cash and cash equivalents amounted to EUR 6,834 thousand (previous year: EUR 8,101 thousand). Of this sum, EUR 3,218 thousand (previous year: EUR 2,665 thousand) is attributable to pferdewetten.de AG and is therefore not available group-wide. This item does not include liquid funds for the discontinued operations amounting to EUR 1,540 thousand, which are reported under assets available for sale in the 2015 financial year. In the previous year, liquid funds of C4U amounting to EUR 1,492 thousand were reported.

There was a change in the way cash and cash equivalents were reported compared with the previous year. EUR 626 thousand (previous year: EUR 575 thousand) was reclassified from cash and cash equivalents to other financial assets. This concerns the reporting of restricted cash.

6.3 SHAREHOLDERS' EQUITY

The group equity capital is comprised as follows:

GROUP EQUITY CAPITAL	2015 EUR'000	2014 EUR'000
Share capital	25,585	25,585
Additional paid-in capital	12,938	12,175
Group equity generated	-30,798	-21,549
Non-controlling interests	3,943	2,724
Total	**11,668**	**18,934**

Please refer to the group statement of changes in equity capital for the development of group equity capital.

6.3.1 SHARE CAPITAL

The share capital of mybet Holding SE amounts to an unchanged EUR 25,584 thousand and is divided into the same number of no par value shares.

AUTHORISED CAPITAL

The company has various authorised sums of capital amounting to up to EUR 12,792,462.00 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.

With regard to the Authorised Capital 2015/I, the Management Board is, with the consent of the Supervisory Board, authorised to increase the capital stock during the period up until June 4, 2020 by up to EUR 2,119,963.00, whether as a one-off transaction or in multiple instalments, through the issuance for cash of up to 2,119,963 new no par value registered shares carrying an entitlement to profits from the start of the financial year of their issuance. The shareholders shall fundamentally have a right to subscribe.

CONDITIONAL CAPITAL

a) Convertible bonds

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 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). The authorisation was used in 2015 and a collateralised convertible bond in a volume of EUR 5 million was placed on the capital market.

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 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) Employee options

There exist several Conditional Capitals for the issuance of subscription rights to the management and employees of the company, and to affiliated companies.

The Conditional Capital 2010/I amounting to EUR 550,000.00 was available until June 9, 2015, was not utilised and was cancelled by the 2015 Annual General Meeting.

The Conditional Capital 2015/I amounting to EUR 1,000,000.00 was approved by the 2015 Annual General Meeting.

At December 31, 2015 600,000 subscription rights were issued to the Management Board with no dilutive effect in the year under review. 400,000 of the stock options from Conditional Capital 2015/I are available until June 4, 2020.

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 12,938 thousand (previous year: EUR 12,175 thousand) made up essentially of additional payments from capital increases and the equity capital portion of the convertible bonds issued. The change results from the issuance of stock options (EUR 11 thousand), the changes in value of stock options (EUR 45 thousand) and the issuance of new convertible bonds in the amount of the value of the conversion right to acquire shares (EUR 1,183 thousand), less the directly allocable transaction costs arisen in connection with issuing the convertible bond (EUR 106 thousand) and the attributable deferred tax liabilities (EUR 367 thousand).

6.3.3 NON-CONTROLLING INTERESTS

Non-controlling interests in the share capital and the additional paid-in capital are reported here. 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.

MINORITY INTEREST	2015 EUR'000	2014 EUR'000
pferdewetten.de AG	3,984	2,721
QED Ventures Ltd.	-41	3
Position at Dec 31	**3,943**	**2,724**

6.4 NON-CURRENT LIABILITIES

The non-current liabilities are broken down as follows by maturity:

NON-CURRENT LIABILITIES		2015		2014
EUR'000	1-5 YEARS	>5 YEARS	1-5 YEARS	> 5 YEARS
Convertible bond	3,817	0	0	0
Deferred tax liabilities accrual	1,065	0	893	0
Total	**4,882**	**0**	**893**	**0**

The liability from the convertible bond issued on December 11, 2015 is shown under the bonds at the reporting date. The convertible bond is divided into 50,000 bearer debentures of EUR 100.00 each (convertible bond 2015/2020). The issuing price was EUR 100.00 per debenture. The gross issuing proceeds thus came to EUR 5,000,000.00. The convertible bond pays interest at 6.25 % p.a. The maturity date of the bond is December 11, 2020.

The terms of the bond include a put option according to which, in the event that PNO Ventures Ltd does not accrue the proceeds of EUR 3.0 million from the disposal of C4U by June 30, 2016, each bondholder shall have the right to demand within 30 calendar days of June 30, 2016 that the issuer buy back their debentures in the amount of the nominal value.

The Management Board rates the probability as unlikely and the impact as critical. The risk is therefore assessed as moderate. In view of the importance of the funds from the sale of C4U in combination with the put option that would cut in in the event of the cash inflow from the sale not materialising or the alternative possibility of a capital increase, this risk is to be rated as potentially a threat to the mybet group as a going concern even though it is classified as a moderate risk.

For disclosures concerning deferred taxes, please refer to Note 5.9.

6.5 CURRENT LIABILITIES

The current liabilities are comprised as follows:

CURRENT LIABILITIES	2015 EUR'000	2014 EUR'000
Trade accounts payable and other liabilities	8,383	7,536
Tax liabilities	2,276	2,594
Other financial liabilities	3,747	5,763
Tax accruals	81	236
Other accrued expenses	555	1,021
Liabilities directly in connection with assets held for sale	2,523	0
Total	**17,564**	**17,151**

There was a change in the way other operating financial liabilities were reported compared with the previous year. EUR 2,276 thousand (previous year: EUR 2,594 thousand) was reclassified from other financial liabilities to tax liabilities.

LIABILITIES AND OTHER LIABILITIES

The trade accounts payable are secured by retention of title to the customary extent.

The other financial liabilities item contains:

OTHER FINANCIAL LIABILITIES	2015 EUR'000	2014 EUR'000
Player liabilities	1,840	3,169
Accounts receivable on credit side	0	608
Derivative liabilities from bets outstanding	172	226
Other liabilities	1,735	1,760
Total	**3,747**	**5,763**

OTHER ACCRUED EXPENSES AND TAX ACCRUALS

Other accrued expenses developed overall as follows:

GROUP ACCRUED EXPENSES SCHEDULE AT DECEMBER 31, 2015 EUR '000	01/01/2015	CONSUMED	REVERSED	ALLO-CATED	CHANGES IN CONSOLIDATION	31/12/2015
Personnel expenses	634	461	153	454	-8	466
Settlements	272	164	108	0	0	0
Litigation costs	105	27	55	0	0	23
Other tax accruals	11	11	0	66	0	66
Total	**1,021**	**662**	**316**	**520**	**-8**	**555**

7 OTHER INFORMATION

7.1 EARNINGS PER SHARE

ERGEBNIS JE AKTIE		2015		2014
	TOTAL	CONTINUING OPERATIONS	TOTAL	CONTINUING OPERATIONS
Profit for period attributable to the shareholders of mybet Holding SE (EUR '000)	-9,248	-8,832	-317	-359
Weighted average number of ordinary shares outstanding during the period under review (units)	25,584,924	25,584,924	24,463,881	24,463,881
Basic earnings per share (EUR)	**-0.36**	**-0.35**	**-0.01**	**-0.01**
Dilutive shares from options and bonds (units)	0	0	0	0
Dilution of result from pferdewetten.de AG (EUR '000)	-100	-100	-24	-24
Interest payments saved (EUR '000)	0	0	0	0
Consolidated earnings (EUR '000) + opposite dilutive effect (EUR '000)	-9,348	-8,932	-341	-383
Number of dilutive shares (units)	25,584,924	25,584,924	24,463,881	24,463,881
Diluted earnings per share (EUR)	**-0.37**	**-0.35**	**-0.01**	**-0.02**

The profit for the period from discontinued operations is attributable to the shareholders of mybet Holding SE.

Earnings per share are influenced slightly by the dilutive effect of pferdewetten.de AG.

On the other hand earnings per share at the balance sheet date are influenced neither by potential dilutive effects from the convertible bond issued in December 2015 nor by potential dilutive effects from employee options.

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

CAPITAL STOCK	31/12/2015	31/12/2014	31/12/2013
Capital stock on Jan 1	25,584,924	24,257,373	24,217,183
Weighted total of new shares			
- from bonds		-	4,019
- from capital increase		1,327,551	-
Number of shares outstanding during the period under review	25,584,924	24,463,881	24,219,416

7.2 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.

DECEMBER 31, 2015					CARRYING AMOUNT						FAIR VALUE		
EUR '000	NOTE	HELD FOR TRADING	MEASURED AT FAIR VALUE	FAIR VALUE - HEDGES	HELD TO MATURITY	LOANS AND RECEIVABLES	AVAILABLE FOR SALE	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets measured at fair value													
Assets held for sale	2.4						4,175		4,175				
		0	**0**	**0**	**0**	**0**	**4,175**	**0**	**4,175**				
Financial assets not measured at fair value													
Trade and other receivables	6.2.2					3,536			3,536				
Other financial assets	6.2.2					4,410			4,410				
Cash and cash equivalents	6.2.3					6,834			6,834				
		0	**0**	**0**	**0**	**14,779**	**0**	**0**	**14,779**				

DECEMBER 31, 2015					CARRYING AMOUNT						FAIR VALUE		
EUR '000	NOTE	HELD FOR TRADING	MEASURED AT FAIR VALUE	FAIR VALUE - HEDGES	HELD TO MATURITY	LOANS AND RECEIVABLES	AVAILABLE FOR SALE	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial liabilities measured at fair value													
Liabilities directly in connection with assets held for sale	2.4						2,523		2,523				
Other financial liabilities	6.5							172	172	-	172	-	172
		0	**0**	**0**	**0**	**0**	**2,523**	**172**	**2,695**				
Financial liabilities not measured at fair value													
Convertible bonds – debt component	6.4							3,817	3,817				
Trade accounts payable/other liabilities	6.5					8,383			8,383				
Tax liabilities	6.5							2,276	2,276				
Other financial liabilities	6.5							3,575	3,575				
		0	**0**	**0**	**0**	**8,383**	**0**	**9,668**	**18,051**				

DECEMBER 31, 2014 EUR '000	NOTE	CARRYING AMOUNT HELD FOR TRADING	MEASURED AT FAIR VALUE	FAIR VALUE - HEDGES	HELD TO MATURITY	LOANS AND RECEIVABLES	AVAILABLE FOR SALE	OTHER FINANCIAL LIABILITIES	TOTAL	FAIR VALUE LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets not measured at fair value													
Trade and other receivables	6.2.2					2,235			2,235				
Other financial assets	6.2.2					7,891			7,891				
Cash and cash equivalents	6.2.3					8,101			8,101				
		0	**0**	**0**	**0**	**18,227**	**0**	**0**	**18,227**				

DECEMBER 31, 2014 EUR '000	NOTE	CARRYING AMOUNT HELD FOR TRADING	MEASURED AT FAIR VALUE	FAIR VALUE - HEDGES	HELD TO MATURITY	LOANS AND RECEIVABLES	AVAILABLE FOR SALE	OTHER FINANCIAL LIABILITIES	TOTAL	FAIR VALUE LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial liabilities measured at fair value													
Other financial liabilities	6.5							226	226	-	226	-	226
		0	**0**	**0**	**0**	**0**	**0**	**226**	**226**				
Financial liabilities not measured at fair value													
Convertible bonds – debt component	6.4								0				
Trade accounts payable/other liabilities	6.5					7,536			7,536				
Tax liabilities	6.5							2,594	2,594				
Other financial liabilities	6.5							5,537	5,537				
		0	**0**	**0**	**0**	**7,536**	**0**	**8,131**	**15,667**				

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. Because there is no difference between the fair value and the carrying amounts of the financial assets and liabilities at the reporting date, no profit or loss effects from these were recognised in the Consolidated Income Statement.

7.3 OTHER FINANCIAL OBLIGATIONS

The company must spend EUR 3,472 thousand (previous year: EUR 3,885 thousand) in the future for rent, leases, contracts for services and similar obligations.

7.4 CONTINGENT LIABILITIES

In December 2015 the company successfully placed a collateralised convertible bond with an interest rate of 6.25 percent and a volume of EUR 5 million on the capital market. To collateralise all claims of the bondholders to payment of capital and interest, the issuer pledges firstly in 1,450,307 no par value bearer shares in pferdewetten.de AG in its possession and secondly a further 360,000 no par value bearer shares in pferdewetten.de AG that are currently pledged to pferdewetten.de AG itself.

7.5 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Companies of the mybet group are parties to 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.

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 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.

By way of supplementary information, we refer to the remarks on estimates under Note 3 (m).

7.6 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 151 thousand in the financial year (previous year: EUR 289 thousand), and the expense from tenancy agreements EUR 539 thousand (previous year: EUR 539 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 7.3).

TENANCY AND LEASE AGREEMENTS	2015 EUR'000	2014 EUR'000
Tenancy agreements		
Maturity up to 1 year	573	489
Maturity 1 to 5 years	927	915
Lease agreements		
Maturity up to 1 year	114	107
Maturity 1 to 5 years	107	123

7.7 RELATED PARTIES

The following table shows the amounts due to related parties which diminished the result for the period under review. The amounts concerned are in respect of consultancy services.

RELATED PARTIES	2015 EUR'000	2014 EUR'000
Behördenengineering Jakopitsch, Clemens Jakopitsch (member of the Supervisory Board)	0	12
Franz Frhr. von Brackel, lawyer (Managing Director of SWS Service GmbH, Berlin, until May 31, 2014)	118	151
BankM, indirect shareholder Markus Knoss (member of the Supervisory Board)	3	66
Volker Rohde (CEO of C4U Malta, Ltd.)	113	144
Total	**234**	**373**

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 Franz Frhr. von Brackel for EUR 8 thousand at the closing date. There were no other outstanding liabilities to related parties at the closing date.

7.8 STOCK OPTION PLANS

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

MYBET HOLDING SE

SUBSCRIPTION RIGHTS

Subscription rights 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 subscription rights 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. Subscription rights may be issued continuously.

Each subscription right 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 subscription rights 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 subscription rights may only be exercised after a waiting period of four years from the date of issue (vesting period). The subscription rights may be exercised in the two years following expiry of the vesting period. Subscription rights not exercised shall lapse when six years from the time of their issue have elapsed.

After the vesting period has ended, the subscription rights 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.

The stock options granted in respect of Conditional Capital 2010/I remained fully available for issuance up until June 9, 2015. No issuance took place.

Of the maximum number of 1,000,000 subscription rights to be issued under the 2015 plans, 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.

Each subscription right 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 subscription rights may only be exercised after a waiting period of four years from the date of issue (vesting period). The subscription rights may be exercised in the two years following expiry of the vesting period. Subscription rights not exercised shall lapse when six years from the time of their issue have elapsed. The subscription rights 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).

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.

Exclusively options were issued to the Management Board in the current financial year from the 2015 stock option plan.

The fair value of the options was determined using a Monte Carlo simulation. This makes it possible to consider the share price at the time of exercise as an average share price and the relative performance target compared with the SDAX. In addition, it is straightforward to take into account the payment caps and the absolute performance target for mybet shares (115 %) as conditions in the simulated scenarios. The underlying parameters are shown in the following table.

EVALUATION VARIABLES	ZENO OSSKÓ	MARKUS PEULER
Evaluation date	8/7/2015	21/12/2015
mybet share price at evaluation date	EUR 0.83	EUR 0.84
SDAX index at evaluation date	8,481.96	8,892.52
Time to end of waiting period on Evaluation date	Tranche 1: 4.07 years (1/8/2019) Tranche 2: 5.07 years (1/8/2020) Tranche 3: 6.07 years (1/8/2021)	Tranche 1: 2.91 years (15/11/2018) Tranche 2: 3.91 years (15/11/2019)
Remaining term of tranches at Evaluation date	Tranche 1: 6.07 years (maturity 31/7/2021) Tranche 2: 7.07 years (maturity 31/7/2022) Tranche 3: 8.07 years (maturity 31/7/2023)	Tranche 1: 4.91 years (maturity 15/11/2020) Tranche 2: 5.91 years (maturity 15/11/2021) Tranche 3: 6.91 years (maturity 15/11/2022)
Exercise price (3 months before the dates of issue)	Tranche 1: EUR 0.97 simulation* (issued 1/8/2015) Tranche 2: EUR 0.83 simulation* (issued 1/8/2016) Tranche 3: EUR 0.82 simulation* (issued 1/8/2017)	Tranche 1: EUR 1.39 (issued 15/11/2014) Tranche 2: EUR 0.93 (issued 15/11/2015) Tranche 3: EUR 0.84 simulation* (issued 15/11/2016)
SDAX start value (3 months before the dates of issue)	Tranche 1: 8,743.32 simulation* (issued 1/8/2015) Tranche 2: 8,446.90 simulation* (issued 1/8/2016) Tranche 3: 8,389.41 simulation* (issued 1/8/2017)	Tranche 1: 6,780.23 (issued 15/11/2014) Tranche 2: 8,587.39 (issued 15/11/2015) Tranche 3: 8,910.25 simulation* (issued 15/11/2016)
Expected volatility of mybet shares	Tranche 1: 50 % Tranche 2: 56 % Tranche 3: 55 %	Tranche 1: 48 % Tranche 2: 50 % Tranche 3: 53 %

Expected volatility of SDAX	Tranche 1: 16 % Tranche 2: 16 % Tranche 3: 18 %	Tranche 1: 16 % Tranche 2: 16 % Tranche 3: 16 %
Expected correlation of mybet shares to SDAX	Tranche 1: 18 % Tranche 2: 27 % Tranche 3: 26 %	Tranche 1: 18 % Tranche 2: 18 % Tranche 3: 17 %
Expected dividend rate of mybet shares	0%	0%
Risk-free interest rate	Tranche 1: 0.3 % Tranche 2: 0.5 % Tranche 3: 0.6 %	Tranche 1: 0.0 % Tranche 2: 0.2 % Tranche 3: 0.3 %
Redemption cap per stock option	EUR 5.00	EUR 7.50
* (Risk-neutral) expectation for share price on date of issue, calculated on evaluation date		

At the evaluation dates no options or instruments with the character of an option were traded on mybet shares. The historical volatility over a period that corresponds to the remaining term of the options in question was therefore calculated for evaluation purposes. The estimate of volatility for the SDAX, the correlation of the SDAX to mybet shares and the estimate of the risk-free interest rate are equally performed in the same way for the remaining term.

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

		2015		2014
	TOTAL	AVG. EXERCISE PRICE	TOTAL	AVG. EXERCISE PRICE
Stock options outstanding at January 1	0	EUR 0.00	270,000	EUR 1.62
Granted in the period (Management Board member Zeno Osskó)	400,000	EUR 0.88	0	EUR 0.00
Granted in the period (Management Board member Markus Peuler)	200,000	EUR 1.01	0	EUR 0.00
Lapsed in the period (employees)	0	EUR 0.00	270,000	EUR 1.62
Forfeited in the period (Management Board)	0	EUR 0.00	0	EUR 0.00
Exercised in the period	0	EUR 0.00	0	EUR 0.00
Stock options outstanding at December 31	600,000	EUR 0.92	0	EUR 0.00
Exercisable stock options at December 31	0	EUR 0.00	0	EUR 0.00

For the stock options with equity settlement, the fair value at the grant date is distributed over the vesting period according to IFRS 2.10-13. The total salary expenses arising from the granting of the options was reflected in the amount of EUR 11 thousand in the personnel expenses (previous year: EUR 0), comprising EUR 10 thousand for Mr Osskó and EUR 1 thousand for Mr Peuler.

PHANTOM STOCKS

In the previous year the Management Board members were granted tranches of phantom stocks according to a rolling system and may redeem these in defined periods. The maximum number granted was 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 EUR 2 million per Management Board member. In the financial year the phantom stock programme was partly replaced by the stock option plan described above. The tranches 2 and 3 of phantom stocks granted (each 50,000) have been cancelled entirely for Mr Peuler and the 100,000 phantom stocks granted with tranche 1 were reduced to 50,000. Furthermore Management Board member Sven Ivo Brinck surrendered office with effect from July 31, 2015. With regard to the LTI, the principle applies that the tranche 1 granted to Mr Brinck on January 1, 2014 (250,000 phantom stocks) does not lapse, is heritable and Mr Brinck may redeem these at the end of the waiting period, insofar as the further conditions or redemption are met. On the other hand the tranche 2 granted on January 1, 2015 and the tranche 3 not yet granted lapse without substitution.

The grant dates of the phantom stocks that still exist are shown in the following table.

SVEN IVO BRINCK		MARKUS PEULER	
250,000	1/1/2014	50,000	15/11/2014

In previous year:

SVEN IVO BRINCK		MARKUS PEULER	
250,000	1/1/2014	100,000	15/11/2014
75,000	1/1/2015	50,000	15/11/2015
75,000	1/1/2016	5,000	15/11/2016

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

SVEN IVO BRINCK		MARKUS PEULER	
250,000	1/1/2017 to 31/12/2017	50,000	15/11/2018 to 14/11/2019

In previous year:

SVEN IVO BRINCK		MARKUS PEULER	
250,000	1/1/2017 to 31/12/2017	100,000	15/11/2018 to 14/11/2019
75,000	1/1/2018 to 31/12/2018	50,000	15/11/2019 to 14/11/2020
75,000	1/1/2019 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 before 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, 2015 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 were measured at market price and using the numerical method of the Monte Carlo simulation. The following parameters were taken into account in the calculation using the above model:

PARAMETERS	SVEN IVO BRINCK	MARKUS PEULER
Share price at reporting date	EUR 0.76 (PY: EUR 1.27)	EUR 0.76 (PY: EUR 1.27)
Average exercise price	EUR 1.07 (PY: EUR 1.00)	EUR 1.36 (PY: EUR 1.36)
Volatility	49 % (PY: 41.38%)	47 % (PY: 41.38%)
Vesting period	1 (PY: 2)	3 (PY: 4)
Risk-free interest rate	-0.3 % (PY: 2.50%)	-0.1 % (PY: 2.50%)

The expected volatility was calculated from the historical prices over a period that corresponds to the remaining term of the options in question.

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

MYBET HOLDING SE		2015		2014
	TOTAL	AVG. EXERCISE PRICE	TOTAL	AVG. EXERCISE PRICE
Phantom stocks outstanding at January 1	350,000	EUR 1.10	0	EUR 0.00
Granted in the period (Sven Ivo Brinck)	0	EUR 0.00	250,000	EUR 1.07
Granted in the period (Markus Peuler)	0	EUR 0.00	100,000	EUR 1.36
Lapsed / forfeited in the period (Markus Peuler)	50,000	EUR 1.36	0	EUR 0.00
Exercised in the period	0	EUR 0.00	0	EUR 0.00
Expired in the period	0	EUR 0.00	0	EUR 0.00
Phantom stocks outstanding at December 31 (Sven Ivo Brinck)	250,000	EUR 1.07	250,000	EUR 1.07
Phantom stocks outstanding at December 31 (Markus Peuler)	50,000	EUR 1.36	100,000	EUR 1.36
Exercisable phantom stocks at December 31	0	EUR 0.00	0	EUR 0.00

For the phantom stocks with cash settlement, the fair value at the reporting date is distributed over the vesting period according to IFRS 2.30-33. At the reporting date, accrued expenses amounting to EUR 20 thousand (previous year: EUR 150 thousand) had been created for this purpose. Of this amount, EUR 18 thousand relates to Sven Ivo Brinck and EUR 2 thousand to Markus Peuler.

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. Subscription rights may be issued continuously during the period of the authorisation.

Employees may acquire subscription rights 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 subscription rights may only be exercised after a waiting period of four years from the date of granting (vesting period). The subscription rights may be exercised in the two years following expiry of the vesting period. Subscription rights not validly exercised thus expire.

The subscription rights may be exercised after expiry of the vesting period in each case within a period of three weeks following the publication of the quarterly reports for the second and third 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).

Each subscription right 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 subscription rights have been granted in compensation of employee services in future periods. To that extent the fair value of the total subscription rights 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 parameters for the options to be reported pursuant to IFRS 2 are shown below.

PARAMETERS	
Date of granting	17/5/2012
Share price at grant date	EUR 1.14
Exercise price	EUR 1.11
Expected volatility	50.46%
Vesting period (in years)	4
Risk-free interest rate	1.00%
Fair value	EUR 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:

		2015		2014
	UNITS	**AVG. EXERCISE PRICE**	**UNITS**	**AVG. EXERCISE PRICE**
Options outstanding at January 1	360,000	EUR 1.11	360,000	EUR 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	EUR 1.11	360,000	EUR 1.11
Options exercised	0		0	
Exercisable options	0		0	

The total salary expenses arising from the granting of options (Management Board and employees) amounting to EUR 45 thousand (previous year: EUR 44 thousand) were included in personnel expenses.

7.9 MANAGEMENT OF FINANCIAL RISKS AND DISCLOSURES ON CAPITAL MANAGEMENT

FINANCIAL RISK

In respect of its business operations and planned transactions, the mybet group is exposed to diverse risks, in particular from exchange rate movements, stock 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 e.g. 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 e.g. with betting shop operators are limited by prepaid methods and, in the event of delayed payment, 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 credit risk in the online and offline areas is considered to be low, in particular based on experience of payment behaviour by customers (online) and the billing methods for the shops (offline). A concentration of credit risks may exist for receivables from venture partners and payment service providers. The maximum credit risk is reflected by the carrying amounts of the financial assets reported in the balance sheet (cf. also remarks under Note 3 and Note 6.2.2).

Liquidity risks are monitored operationally on the one hand with the help of liquidity statistics with 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; 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. Because all trade accounts receivable and other receivables are always current and no overdue receivables exist at the reporting date, the Management Board does not expect any liquidity risks from the settlement of these receivables within the next two months. The positive payment experience with customers and venture partners as well as regular billing of the latter furthermore do not point to any liquidity risks in this respect at the balance sheet date. A concentration of liquidity risks for the group only arises if wins by favourites lead to a high cumulative payout. Other than this, no risk concentrations are in evidence. The terms are indicated under Notes 6.4 and 6.5.

The liability from the convertible bond issued on December 11, 2015 is shown under the bonds at the reporting date. The term of the convertible bond ends on December 11, 2020. Interest is payable half-yearly in arrears on June 11 and December 11 of each year. The first interest payment is due on June 11, 2016. The interest run of the bonds ends with the close of the day immediately preceding the day on which the bonds are due for repayment. The bonds are repaid on the maturity date at their nominal amount plus the interest accrued on the nominal amount, provided they have not been repaid or bought back or the bondholders have not exercised their conversion right.

The terms of the bond include a put option according to which, in the event that PNO Ventures Ltd does not accrue the proceeds of EUR 3.0 million from the disposal of C4U by June 30, 2016, each bondholder shall have the right to demand within 30 calendar days of June 30, 2016 that the issuer buy back their debentures in the amount of the nominal value.

The Management Board rates the probability as unlikely and the impact as critical. The risk is therefore assessed as moderate. In view of the importance of the funds from the sale of C4U in combination with the put option that would cut in in the event of the cash inflow from the sale not materialising or the alternative possibility of a capital increase, this risk is to be rated as potentially a threat to the mybet group as a going concern even though it is classified as a moderate risk.

On October 2, 2015 mybet Holding SE and its subsidiaries reached agreement with a group of companies that is principally active in the financial services sector on the sale of the mybet group company C4U-Malta Ltd.

C4U is in possession of an e-money licence and performs the payment transaction services for the mybet group and for third parties on the basis of service agreements. The selling price is EUR 3.3 million. The decision to sell it was taken in the context of the strategic decision to focus further on sports betting as mybet's core business activity. The sale will only take effect once the condition precedent of "approval of the Malta Financial Services Authority (MFSA)" has been met. Both parties to the contract expect the transaction to be completed by the end of April 2016. Receipt of the sales price is a key element of the group's financing.

In the event of the approval of the MFSA not being forthcoming, the contract as a whole will be null and void. The Management Board assesses the probability of this risk as unlikely and the impact as critical. This risk is consequently to be rated as moderate. In view of the significance of the funds from the sale of C4U, this risk is to be classified as potentially a threat to the mybet group as a going concern even though it is rated as a moderate risk.

The Management Board expects that the agreement concluded on October 2, 2015 on the sale of C4U can be completed once the approval of the Maltese supervisory authority has been received – and it is expected soon – with the result that the company will then be able to collect the purchase price.

If, contrary to expectation, the funds from the sale of C4U are not received, the Management Board has planned alternative scenarios to avert a potential threat to the company as a going concern. These include the realisation of assets that are not absolutely essential to the running of the business, such as the investment in pferdewetten.de AG, and additionally the implementation of financing measures on the capital market.

If it should not be possible to complete or implement both the sale of C4U-Malta Ltd. and the alternative scenarios in a timely manner, the future of mybet Holding SE as a going concern would be endangered.

INVESTMENT RISKS

The group invested just under EUR 4.8 million (previous year: EUR 4.6 million) in fixed assets in 2015. 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 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 respective 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 2015 (previous year: USD 0.4 million). An exchange rate movement of up to +/- 10 percent within one month would lead to foreign exchange gains and losses of up to EUR 40 thousand. In view of the strength of the USD in 2015, the mybet group suffered exchange rate losses.

Interest rate risks are not evident and may therefore exist in individual cases, 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 25 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 at December 31, 2015 amounted to EUR 11,668 thousand (previous year: EUR 18,934 thousand). The equity ratio is currently 34.2 percent (previous year: 51.2 percent). The return on equity in 2015 was -68.8 percent (previous year: 1.1 percent) due to the negative result. 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 of 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:

RATIO OF NET LIABILITIES TO SHAREHOLDERS' EQUITY	2015 EUR'000	2014 EUR'000
Total current liabilities	17,564	17,151
Less cash and cash equivalents	-6,834	-8,101
Net liabilities	10,730	9,050
Total shareholders' equity	11,668	18,934
Net liabilities to shareholders' equity	0.92	0.48

7.10 CORPORATE BODIES

MEMBERS OF THE MANAGEMENT BOARD:

- Sven Ivo Brinck, Economics Graduate (BA), Hamburg (until July 31, 2015)
- Zeno Osskó, Economist, Berlin (from August 1, 2015)
- Markus Peuler, Business Administration graduate, Berlin
  In addition to his activities as Management Board member of mybet Holding SE, since January 0 6/7, 2016 Mr Peuler has been carrying out control activities as a Supervisory Board member of pferdewetten.de AG, Düsseldorf.

MEMBERS OF THE SUPERVISORY BOARD:

- Dr Volker Heeg (Chairman), Hamburg, lawyer and tax consultant
  (since November 11, 2010, Chairman since October 1, 2013)
- Clemens Jakopitsch, Ludmannsdorf (Austria), management consultant
  (since June 5, 2014, Deputy Chairman since June 5, 2015)
- Markus A. Knoss, Ludwigsburg, business development manager
  (since June 5, 2014)
- Patrick Möller, Fockbek, investor relations director
  (since June 5, 2014)
- Michael Otto, Hamburg, founder and managing director
  (since June 5, 2015)
- Maurice Reimer, Berlin, founder and managing director
  (since June 5, 2015)

Exited in 2015:

- Konstantin Urban, Gräfelfing, management board member (from November 11, 2010 to June 5, 2015)
- Marcus Geiß, managing director, Monza (Italy),
  (from July 18, 2013 to June 5, 2015, Deputy Chairman from October 1, 2013 to June 5, 2015)

7.11 TOTAL REMUNERATION OF MANAGEMENT BOARD AND SUPERVISORY BOARD

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	
	2015	2014	2015	2014
Benefits due short-term	551	347	113	110
Termination benefits	0	0	0	0
Other long-term benefits	0	0	0	0
Post-employment benefits	0	0	0	0
Share-based payment / phantom stocks	11	150	0	0
Total	**562**	**497**	**113**	**110**

The supplementary disclosures under Section 314 (1) No. 6 of HGB are given in the following table:

TOTAL REMUNERATION OF ACTIVE DIRECTORS		
EUR '000	2015	2014
Management Board	705	561
Supervisory Board	113	110
Total	**818**	**617**
Total remuneration of former directors and their surviving dependants		
Management Board	150	0

The members of the Management Board were granted stock options for 600,000 shares in mybet Holding SE in the year under review (previous year: 0) with a fair value at the time of granting of EUR 153 thousand. In the previous year the Management Board members had been granted 600,000 phantom stocks 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 Combined Management Report.

7.12 INDEPENDENT AUDITORS' FEE

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

INDEPENDENT AUDITORS' FEE	2015 EUR'000	2014 EUR'000
Auditing of the financial statements	173	160
Additional audit costs, previous period	87	124
Other assurance services	0	13
Other services	5	7
Total	**265**	**304**

7.13 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On March 8, 2016 the Cartel Panel of the Federal Supreme Court, following oral proceedings concerning the appeal of Westdeutsche Lotteriegesellschaft against the ruling of the Higher Regional Court of Düsseldorf of April 9, 2014 (File reference VI-U Kart 10/12) in the legal proceedings for damage brought by SWS Service GmbH, by decision set the date for the announcement of its ruling for June 7, 2016. In the ruling the Federal Supreme Court made no further statements in the matter itself.

Kiel, April 12, 2016

Zeno Osskó

Markus Peuler

AUDIT CERTIFICATE

We have audited the Annual Financial Statements – comprising the Balance Sheet, Income Statement as well as the Notes – including the accounting records and the Combined Management Report of mybet Holding SE, Kiel, for the financial year from January 1 to December 31, 2015. The accounting and the preparation of the Annual Financial Statements and Management Report in accordance with the requirements of German commercial law is the responsibility of the Management Board of the company. Our task is to assess the Financial Statements including the accounting records and the Management Report on the basis of the audit conducted by us.

We conducted our annual audit 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 material misstatements or violations, which have a significant impact on the presentation of the company's assets, financial and earnings position conveyed by the Financial Statements, based on the accounting standards to be applied, and also the Management Report, it can be identified with reasonable assurance. 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 Financial Statements and Management Report are examined predominantly on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Management Board as well as evaluating the overall presentation of the Financial Statements and 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.

According to our assessment, formed on the basis of the knowledge gained during the audit, the Financial Statements conform to the legal regulations and, in accordance with the accounting standards to be applied, give a true and fair view of the assets, financial and earnings position of the company. The Management Report is in agreement with the Financial Statements and on the whole provides a suitable understanding of the company's situation and suitably presents the opportunities and risks of future development.

Without limiting the assessment, we do point to the explanations in the Management Report in section 4.2.1.2. There, it is stated that the future of the parent company as a going concern would be endangered, if it should not be possible to complete or implement both the sale of the subsidiary C4U-Malta Ltd. and the alternative scenarios in a timely manner.

Hamburg, April 12, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Haußer	Küntzel
Independent auditor	Independent auditor

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Design and Layout: EQS Group AG
Editorial: cometis AG, Wiesbaden