bet-at-home.com

ANNUAL REPORT 2008

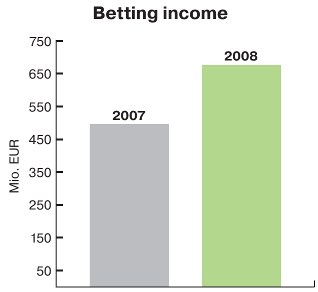
LIFE IS A GAME!

CONTENTS

EHC Liwest Black Wings Linz

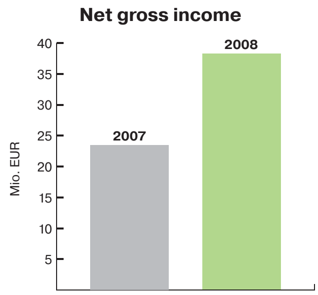
REPORT BY THE MANAGEMENT BOARD

Dear Equity Holders,



2008 was another very important year for our Group. Due to the special efforts of all our employees, we can look proudly back on a very successful financial year for the bet-at-home.com AG Group. As in the previous years, this year saw expansion and growth in the most varied operating segments. We were able, for example, to significantly increase betting income from EUR 494.2 million to EUR 674.5 million; this is an increase of 36.5%. ‚Net gross income' [gross income less variable and structural costs; Swiss tax law] also increased overproportionally from EUR 23.4 million to EUR 38.2 million (+63.4%). We were therefore able to further strengthen our competitive position in the eGaming market, an increasingly competitive environment.

As we continue to stand by our growth strategy, we invested heavily in our expansion plans during the year under review, with the bet-at-home.com brand being a central focal point.

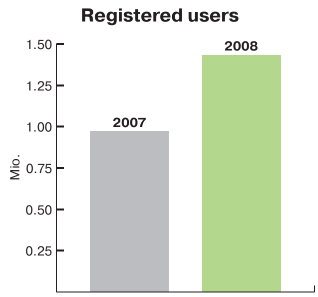


We strive to continuously expand our product portfolio, which in 2008 was reflected by expanding the Casino segment by introducing Livecasino, giving our customers the chance to experience a real Casino atmosphere.

Poker fans can enjoy an ever growing number of Poker tournaments with guaranteed high winnings and also regular freeroll tournaments.

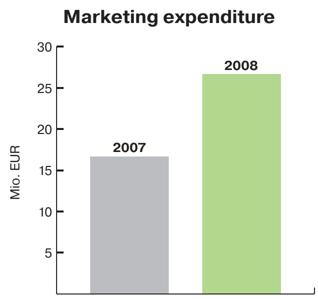
In the sports betting segment, particularly the amount of live bets on offer increased significantly.

By introducing new payment methods such as Giropay or Sofortueberweisung.de, our customers are given the choice of using other convenient, and at the same time secure, payment options.



The improvements to our bet-at-home.com product portfolio were completed by introducing improved quality assurance in our customer service segment, guaranteeing that also in future, customer queries will be handled in the customary reliable and efficient manner. In 2008, customer services profited from the introduction of the additional service languages French, Slovenian, Slovakian and Swedish.

All the above measures resulted in registered user numbers growing by 47% to more than 1.43 million.



In 2008, the main focus of our marketing activities was the European Soccer Championship in Austria and Switzerland. We significantly increased the advertising budget from EUR 16.6 million in 2007 to EUR 26.6 million in 2008, in order to exploit the opportunities of such a large-scale event. To give just a few examples, we entered into a cooperation agreement with the Bulgarian national soccer team and introduced a large-scale bonus scheme for our customers in the run-up to the European Championship. Already at the beginning of the year, bet-at-home.com was a sponsor for the Vier-Schanzen-Tournee [Four Hills Tournament], and we introduced the still very popular Porsche Wettcup. The success of these numerous marketing measures is confirmed by the rapid growth of our Group.

As it is our opinion that the above-average development of a service provider such as bet-at-home.com is only possible with the help of motivated and highly qualified staff, we also invested in this sector. Marketing and Service employees, who have country-specific knowledge and thus are able to ensure optimised care of our customers and also advertising partners, managed to expand into new markets and service existing markets. The IT Brain Pool was also increased by large numbers in order to effortlessly implement the expansion of our 2008 product portfolio. As at 31 December 2008, the total number of staff employed by the Group had risen to 83.

As customer numbers are rising, bet-at-home.com obviously has a growing responsibility to these people. We therefore take gambling protection within the meaning of the Responsible Gaming standards very seriously. We comply with the international standards for private eGaming providers by constantly monitoring the gaming behaviour of our customers in order to prevent gambling addiction, maintaining our own anti-fraud department so as to constantly improve technical security issues, and being a voluntary member of the European Gaming and Betting Association. We offer our customers the best possible security and therefore carefree gaming fun.

2009 will again offer bet-at-home.com great challenges. There are no large-scale sporting events in 2009 and the global financial crisis will make this a difficult financial year, particularly as Eastern European countries, one of bet-at-home.com's largest markets, currently carry large currency risks. The effects on the eGaming industry as a whole and our Group in particular cannot yet be foreseen. Despite the difficult environment, we look forward to a positive future and anticipate further growth of betting income and 'net gross income' [gross income less variable and structural costs; Swiss tax law]. This will be generated by sports betting, Casino, Poker, and particularly the fourth product sector Games, which will be launched at the beginning of summer 2009.

2008 was another highly successful year for bet-at-home.com AG. From our point of view, we were able to achieve all our economic targets despite a highly competitive environment and we would like to take this opportunity to thank all our equity holders for their trust in us. At bet-at-home.com, we aim to generate further growth, continue to develop existing markets and constantly expand our product portfolio.

Ing. Jochen Dickinger CEO	Dipl.-Ing. Franz Ömer CEO

Bulgarian National Soccer Team

REPORT BY THE SUPERVISORY BOARD

Dear Equity Holders,

In 2008, income from the Gambling and Betting segments continued to increase significantly. As in previous years, bet-at-home.com AG, including its two participating interests, bet-at-home.com Entertainment GmbH and its subsidiaries, and Racebets, which has been sold for profit during the current financial year, has achieved very satisfying results in the year under review. Betting income, customer numbers and the public profile of the bet-at-home.com brand all increased significantly.

The Supervisory Board was part of these positive developments. In the year under review, it carried out its responsibilities and duties in accordance with legislation and the articles of association and regularly monitored the work of bet-at-home.com AG's Management Board and also offered its advice and support. In the year under review, the Management Board provided us with regular information on current business developments, financial position, significant business transactions and important risks, in addition to the information provided after meetings.

At the end of February 2008, the Supervisory Board appointed Messrs. Franz Ömer and Jochen Dickinger as new members of the Management Board with effect from 1 March 2008. Mr. Guido Schmitt, who had been the sole member of the Management Board, handed over all business of the Management Board and retired after his contract expired at the end of May 2008. At the general shareholders' meeting on 25 August 2008, Mr. Schmitt was appointed to replace Mr. Reinfried Wiesmayer, who retired from the Supervisory Board, and who we wish to again thank for his work.

In the 2008 financial year, bet-at-home AG's Supervisory Board met on three occasions in Munich, Duesseldorf and Linz. Several resolutions were passed by circular resolution. Telephone conferences were also held. Committees were not established, as three members of the Supervisory Board were not in agreement.

During the meetings and telephone conferences, strategic developments, current business figures, cost structure, developments in the areas of gambling and betting law and current legal actions were the main focal points of discussion.

During these meetings, we were able to convince ourselves that business was conducted in an orderly fashion. During the periods between meetings, the Management Board regularly informed us of developments within the company and its affiliates.

As in previous years, at the general shareholders' meeting, PKF Fasselt Schlage Lang und Stolz Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Duisburg, was appointed to audit the financial statements, consolidated financial statements and Group Management Report of bet-at-home.com AG. After completing his audit, the auditor declared that it had not led to any reservations and that he had issued the financial statements, consolidated financial statements, including the accounting records and Group Management Report with an unqualified audit opinion.

The audited and verified 2008 financial statements of bet-at-home.com AG as well as the group financial statements and the Group Management Report were presented to the Supervisory Board. By resolution of the Supervisory Board dated 21 July 2009, we approved the financial statements, consolidated financial statements and Group Management Report and agreed with the auditor's report. In accordance with section 172 of the German Companies Act [Aktiengesetz - AktG], the 2008 financial statements are herewith adopted.

Due to the majority acquisition by Mangas Gaming SAS, Messrs. Guido Schmitt and Peter Aglas, both members of the Supervisory Board, retired from their offices with effect from 19 May 2009. The Supervisory Board wishes to thank them for their work. Upon application by the Management Board, the register court appointed Mr. Jean-Laurent Nabet and Ms. Isabelle Parize as members of the Supervisory Board (Duesseldorf District Court, resolution dated 9 July 2009).

We wish to extend our particular thanks to the Management Board of bet-at-home.com AG and all its members of staff. They have significantly contributed to the Group's success with their great initiative and excellent work.

We wish everybody much success for the challenges that 2009 will bring.

Duesseldorf, July 2009

The Supervisory Board

Handball World Cup Croatia

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IFRS CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2008

bet-at-home.com AG, Duesseldorf

ASSETS

			Notes	31 December 2008		31 December 2007
			No.	EUR	EUR	EUR
A.	Non-current assets					
	1.	Intangible assets	(14)	462,317.96		303,075.06
	2.	Goodwill	(15)	1,775,910.82		1,613,756.28
	3.	Property, plant and equipment	(16)	354,888.28		354,696.30
					2,593,117.06	2,271,527.64
B.	Deferred tax assets		(17)		144,420.00	353,107.79
C.	Current assets					
	1.	Trade receivables	(18)	59,713.29		188,975.79
	2.	Receivables and other assets	(19)	3,490,571.11		3,676,654.88
	3.	Securities	(20)	1,702,115.22		2,112,151.15
	4.	Cash and cash equivalents	(21)	15,198,416.48		11,117,613.40
					20,450,816.10	17,095,395.22
D.	Deferred income		(22)		556,271.46	253,057.65
Total assets					23,744,624.62	19,973,088.30

EQUITY AND LIABILITIES

			Notes	31 December 2008		31 December 2007
			No.	EUR	EUR	EUR
A.	Equity					
	1.	Share capital	(23)	3,509,000.00		3,509,000.00
	2.	Capital reserve	(23)	10,875,000.00		10,875,000.00
	3.	Revaluation surplus	(23)	0.00		3,535.75
	4.	Consolidated net income		489,279.30		-92,883.06
	5.	Minority interest	(23)	307,145.99		183,062.90
					15,180,425.29	14,477,715.59
B.	Non-current liabilities					
		Employee benefits	(24)		15,933.88	14,627.27
C.	Deferred tax liabilities		(17)		111.53	372.00
D.	Current liabilities					
	1.	Trade payables	(25)	1,128,666.02		807,820.00
	2.	Loans and borrowings	(26)	1,134.87		57.28
	3.	Current provisions	(27)	1,063,316.66		415,202.48
	4.	Other liabilities	(28)	5,950,236.24		3,910,710.37
					8,143,353.79	5,133,790.13
E.	Deferred income		(29)		404,800.13	346,583.31
Total equity and liabilities					23,744,624.62	19,973,088.30

Nordic Ski World Cup Liberec

CONSOLIDATED STATEMENT OF INCOME

IFRS CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2008

bet-at-home.com AG, Duesseldorf

	Anhang Nr.	01.01. -31.12.2008 EUR	01.01. - 31.12.2007 EUR
Betting income / gaming / commissions	(1)	674,539,078.14	494,247,848.89
Prize payouts	(2)	-637,908,853.81	-471,740,583.52
Other gaming income	(3)	2,029,556.56	1,327,631.38
Betting fees	(4)	-468,113.41	-462,144.91
Net gaming income		38,191,667.48	23,372,751.84
Own work capitalised	(5)	170,440.11	70,628.52
Other operating income	(6)	1,376,985.86	655,517.50
Results from operating activities		39,739,093.45	24,098,897.86
Cost of purchased services	(7)	-309,706.41	-309,189.52
Personnel expenses	(7)	-3,613,085.58	-2,504,906.86
Advertising expenses	(8)	-26,552,248.94	-16,567,634.89
Other operating expenses	(8)	-7,440,150.76	-5,948,044.65
Earnings before interest, taxes, depreciation and amortisation		1,823,901.76	-1,230,878.06
Write-downs	(9)	-487,182.67	-487,966.97
Earnings before interest and taxes		1,336,719.09	-1,718,845.03
Finance income	(10)	564,759.32	568,939.86
Finance expenses	(11)	-702,212.51	-121,047.07
Profit before tax		1,199,265.90	-1,270,952.24
Income taxes	(12)	-492,764.85	308,125.53
Group profit (loss) for the year		706,501.05	-962,826.71
Profit (loss) carryforward		-144,554.84	818,271.87
Consolidated net income	(13)	561,946.21	-144,554.84

Attributable to:			
Equity holders of the Company		489,279.30	-92,883.06
Minority interests		72,666.91	-51,671.78

ATP Stuttgart

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2008

der bet-at-home.com AG, Duesseldorf

I. GENERAL INFORMATION AND PRINCIPLES

bet-at-home.com AG, with registered head office in Duesseldorf, Kronprinzenstrasse 82-84, registered at Duesseldorf District Court, file number HRB 52673 (holding company), prepared its consolidated financial statements as at 31 December 2008 in accordance with international accounting standards.

The consolidated financial statements as at 31 December 2008 of bet-at-home.com AG were prepared in accordance with the current version of the International Accounting Standards (IAS), also referred to as International Financial Reporting Standards (IFRS), while taking into consideration the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The 2008 Group Management Report was prepared in accordance with the provisions of the German Commercial Code [Handelsgesetzbuch - HBG].

When preparing the current consolidated financial statements, the same accounting and valuation principles as at the previous balance sheet date on 31 December 2007 were applied.

The following standards and interpretations had already been published at the time the consolidated financial statements as at 31 December 2008 were prepared, but their application was not yet mandatory:

Standard Interpretation	Title	Date of EU endorsement	Comes into force as at
IFRS 8	Operating segments	November 2007	1 January 2009
IAS 23	Borrowing costs	December 2008	1 January 2009
IFRS 2	Share-based payments	December 2008	1 January 2009
IAS 32 / IAS 1	Changes affecting puttable financial instruments and obligations arising on liquidation	January 2009	1 January 2009
IFRS 1 / IAS 27	Changes affecting the determination of the acquisition costs of participations	January 2009	1 January 2009
Improvements to IFRSs	List of 35 changes to various standards	January 2009	1 January 2009
IFRS 3 / IAS 27	Changes affecting business combinations that do not result in a 100% equity share	Not applicable	1 July 2008
IAS 39	Changes affecting hedge accounting	Not applicable	1 July 2009

IFRIC 11	Group and treasury share transactions	June 2007	1 March 2009
IFRIC 12	Service concession arrangements	March 2009	1 January 2008
IFRIC 13	Customer loyalty programmes	December 2008	1 July 2008
IFRIC 14	The limit on a defined benefit plan asset, minimum funding requirements and their interaction	December 2008	1 January 2008
IFRIC 15	Agreements for the construction of real estate	Not applicable	1 January 2009
IFRIC 16	Hedges of a net investment in a foreign operation	Not applicable	1 October 2008
IFRIC 17	Distribution of non-cash assets to owners	Not applicable	1 July 2009
IFRIC 18	Transfer of assets from customers	Not applicable	1 July 2009

The Company voluntarily applies IFRS 8. For the sake of segment reporting, operating segments have been established. bet-at-home.com AG does not expect that the application of these standards and interpretations will have any significant effects on the presentation of the future financial position, performance and changes in financial position. With exception of IFRS 8, the Company will not voluntarily apply these standards and interpretations before their effective dates.

The core business of the interests held by the holding company is the provision of sports bets and Casino and Poker games, exclusively via the internet (in more than 70 countries).

The consolidated financial statements have been prepared in Euros.

The consolidated statement of income has been prepared in accordance with total cost method.

II. CONSOLIDATED ENTITIES

General information

The consolidated financial statements include the Austrian subgroup of bet-at-home.com Entertainment GmbH, with registered head office in Linz, Austria, and a German subsidiary, in which bet-at-home.com AG, Duesseldorf, holds indirect majority voting rights. The subgroup accounts of bet-at-home.com Entertainment GmbH, Linz, includes five subsidiaries (sub-subsidiaries of bet-at.home.com AG, Duesseldorf), in which bet-at-home.com Entertainment GmbH holds all direct and indirect voting rights. bet-at-home.com AG, Duesseldorf holds all voting rights in bet-at-home.com Entertainment GmbH, Linz.

In the year under review, bet-at-home.com Holding Ltd., Sliema, Malta, acquired all equity in Jonsden Properties Ltd., Gibraltar, which afterwards was fully consolidated in the Austrian sub accounts. Apart from the Group parent bet-at-home.com AG, Duesseldorf, the following subsidiaries and sub-subsidiaries were fully consolidated during the financial year:

- Racebets GmbH, Duesseldorf (60% equity)
- bet-at-home.com Entertainment GmbH, Linz, Austria (100% equity)
- bet-at-home.com Holding Ltd., Sliema, Malta (100% equity)
- bet-at-home.com Entertainment Ltd., Sliema, Malta (100% equity)
- bet-at-home.com International Ltd., Sliema, Malta (100% equity)
- bet-at-home.com Internet Ltd., Sliema, Malta (100% equity)
- Jonsden Properties Ltd., Gibraltar (100% equity)

The Managing Directors of bet-at-home.com Entertainment GmbH, Linz, and members of the Management Board of bet-at-home.com AG, Duesseldorf, Franz Ömer and Jochen Dickinger, hold 1% equity in each of the four Maltese sub-subsidiaries in trust for bet-at-home.com Entertainment GmbH.

Changes in the group of consolidated entities

By agreement dated 14 January 2008, Starbet International Ltd. transferred the domains 'starbet.de' and 'starbet.com' (including all affected customer relationships) to bet-at-home.com Internet Ltd. In accordance with IFRS 3, this asset deal must be treated like a share deal. An initial consolidation in accordance with IFRS 3 was therefore carried out at the time of acquisition. Once the disclosed difference was allocated to identifiable assets, the remaining amount (EUR 162,000) was recognised as goodwill. During the period from 14 January to 31 December 2008, the users allocated to this operating unit (starbet users) generated betting and gaming income of EUR 5,997,000 and a pro rata Group profit (loss) of EUR 265,000. As at 31 December 2008, customer balances (betting accounts) allocated to these users amounted to EUR 143,000 (as at 14 January 2008: EUR 180,000).

By agreement dated 23 December 2008, bet-at-home.com Holding Ltd., Malta, acquired Jonsden Properties Ltd., Gibraltar. Jonsden Properties Ltd. entered into an agreement for shared conduct of business in accordance with IAS 31.3 with bet-at-home.com Internet Ltd. and bet-at-home.com Entertainment Ltd., according to which each partner manages its own assets, expenses and liabilities and procures its own finance; all economic activities, however, are managed as a joint venture. The difference of EUR 2,000 disclosed during the initial consolidation of Jonsden Properties Ltd. was recognised as goodwill and written-down unscheduled during the financial year, as the entity lacked identifiable assets. This change to the group of consolidated entities did not result in any increases in operations.

III. CONSOLIDATION PRINCIPLES

All financial statements included in the consolidated financial statements were prepared in accordance with the same accounting and valuation principles. The individual financial statements of the separately consolidated German and foreign entities and the Austrian sub accounts were all prepared as at the Group balance sheet date, audited and consolidated in accordance with the principle of a legal entity as stipulated under IFRS.

In the case of the Maltese sub-subsidiaries, which were included for the first time in the Austrian sub accounts in 2004, IFRS 3 'Business combinations' and the new versions of IAS 36 'Impairment of assets' and IAS 38 'Intangible assets' were applied voluntarily and retrospectively, referring back to 1 January 2004, in accordance with IFRS 3.85 (limited retrospective application). Capital was therefore consolidated pursuant to the revaluation method. The investment carrying amount is offset by the subsidiary's pro rata, remeasured equity (purchase accounting). The initial consolidation of the Maltese sub-subsidiary did not disclose any differences.

As at 31 December 2005, the Austrian subgroup was consolidated for the first time. The Austrian IFRS sub accounts disclosed all capitalisable hidden reserves. These financial statements were therefore consolidated at the amount of the subgroup's remeasured equity. The initial consolidation resulted in an asset-side balancing item of EUR 1,052,000. This was recognised as goodwill in the consolidated financial statements. There is no need for impairment.

Racebets GmbH, an associate until 31 December 2006, was initially consolidated as at 1 January 2007 in accordance with IFRS 3, as at the time of initial acquisition in 2006, interim financial statements were not available. The initial consolidation resulted in an asset-side balancing item of EUR 406,000, which has been recognised as goodwill in the consolidated financial statements. There is no need for impairment.

In order to consolidate IC payables and receivables, trade receivables, loans and other receivables are offset against corresponding liabilities and provisions between the entities included in the consolidated financial statements. Income and expenses were consolidated by offsetting all expenses and income from intercompany goods and services. Intercompany results of major importance from intercompany goods and services were eliminated. Discounts and other items affecting income were adjusted in the consolidated financial statements. Under consolidation entries affecting income, income tax implications were taken into account and deferred taxes capitalised.

IV. ACCOUNTING AND VALUATION PRINCIPLES

Discretionary valuation and future assumptions

The preparation of consolidated financial statements in accordance with IAS/IFRS requires that the Management Board carries out discretionary valuations, estimates and assumptions, which affect the application of accounting and valuation principles as well as asset and liability items, disclosures in the notes and the consolidated statement of income. These estimations and related assumptions are based on empirical values and other factors of influence, which are deemed to be appropriate under certain circumstances, and which serve as a basis for measuring the carrying amounts of assets and liabilities which cannot be derived from other sources. Actual results could differ from those estimates.

The estimations and underlying assumptions are regularly assessed. Adjustments of estimates are recognised in the period in which the adjustment is made, as long as the adjustment only affects the same or future periods.

The following list states important measurements carried out by Management under IFRS, which have a significant impact on the consolidated financial statements, and uncertainties when preparing estimates, which could incur the risk that within the following financial years it will become necessary to make significant adjustments to recognised assets and liabilities:

- The outcome of the current criminal and civil proceedings is assumed to be positive.
- The values of goodwill, customer base and software are measured on the basis of estimated future cash flows.
- The values of financial assets are measured on the basis of estimated future cash flows (identification of events as reason for impairment).
- Deferred tax assets were not recognised for the loss carryforwards amounting to EUR 408,000 in the Austrian subgroup, as it is presently unlikely that these losses will be realised within a justifiable period.
- Deferred tax assets were recognised for loss carryforwards amounting to EUR 269,000 (bet-at-home.com AG, Duesseldorf) and EUR 185,000 (Racebets GmbH, Duesseldorf), as, based on positive forecasts, it is likely that in future there will be taxable income against which the still unused tax losses can be offset.

Intangible assets and property, plant and equipment

Acquired and self-produced intangible assets and property, plant and equipment are measured at cost less write-downs.

Self-produced intangible assets are capitalised at the point in time when they can be technically executed, if these assets can be used to generate future economic gain and the costs for these assets can be reliably determined. As part of the further development of the software, the personnel expenses for each individual member of the project team were separately measured and capitalised as intangible assets (IAS 38). The production costs include direct costs. No further costs were capitalised.

Write-downs on assets subject to wear and tear are carried out using the straight-line method over the expected useful life of each asset. The following useful lives were applied for determining the assets' impairment rates:

	Years
Factory and office equipment	3 – 13
Customer base	2
Software	3

If during the financial year an asset is acquired and used for more than six months, the write-down is recognised at its full annual amount, in the case of a shorter period of use at half of the annual amount or the amount determined on a monthly basis, in the sub accounts. In the Austrian subgroup, assets costing less than EUR 400 are fully written-down in the year of acquisition and immediately recognised as disposals. In Germany, write-downs are carried out on a pro rata temporis basis. Assets costing less than EUR 150 are recognised in expenses at their full amount in the year of acquisition. Assets costing between EUR 150 and EUR 1,000 are written down in five equal annual instalments, and it is assumed that these assets are written off after five years.

In the case of intangible assets with finite lives and items of property, plant and equipment, impairment tests are carried out. In the case of impairment, the recoverable amount of the affected asset is determined. If this value is lower than the asset's carrying amount, it is written down.

Intangible assets with indefinite lives are tested for impairment on an annual basis or whenever there are indications of impairment. The carrying amount of the intangible asset is compared with its recoverable amount. If the asset it impaired, the corresponding expense is recognised in 'Impairments and Write-downs' in the income statement.

Goodwill

Goodwill has an indefinite useful life and is not regularly written down, but is subject to an annual impairment test (so-called impairment-only approach). If the asset's recoverable amount, which is the same as the higher of net realisable or utility value, is less than the carrying amount, an unscheduled write-down is carried out. Please refer to section 15 of the notes to the consolidated financial statements for further information.

Financial assets and liabilities

Financial assets and liabilities are initially recognised once the contractual rights or obligations have been fulfilled. The transactions are recognised as at the value date. They are derecognised if control over the contractual rights, which refer to the asset, no longer exists. This is normally the case when the asset is sold or all cash flows related to the asset are directly transferred to an independent third party.

Financial assets – current securities

In accordance with IAS 39, at initial recognition, securities are measured at cost and classified as ‘available for sale’ if their fair value can be derived from stock market prices. They are measured at fair value; with the exception of impairments, changes in value are recognised directly in equity (revaluation surplus) in the period in which they were incurred.

Cash and cash equivalents

bet-at-home.com AG treats cash in hand, demand deposits and time deposits with terms of up to three months as cash and cash equivalents.

Receivables and other assets

Receivables and other assets are recognised in ‘Loans and receivables’ at the lower of amortised cost or fair value less individual impairment allowances for anticipated irrecoverable amounts.

Other provisions

Other provisions are set aside when there is a legal or actual obligation to a third party due to a past event and it is probable that this obligation will result in a cash outflow. Provisions are recognised at the amount which seems the most reliable estimate when preparing the financial statements. If it is not possible to arrive at a reasonable estimate, a provision is not set aside and a disclosure is made in the notes.

Provisions for severance payments

Due to legal and individual contract obligations, bet-at-home.com Entertainment GmbH must offer employees a one-off severance payment if their contract is terminated or upon retirement. The amount is dependent upon the number of years in service and salary levels at the time of termination or retirement. A provision is set aside for this obligation. The calculation was carried out by an actuary in accordance with IAS 19 ‘Employee benefits’ and the value recognised in income. The corridor method was not used.

Trade payables

Trade payables are recognised at acquisition cost, which is the same as the repayment amount.

Revenue recognition

Betting income of the Maltese sub-subsidiaries is recognised at the amount already paid by gamers as at the balance sheet date if the underlying bets have already been settled. Betting fees which were deducted from customer accounts prior to the balance sheet date, but which are for pending bets due to the corresponding sports events taking place after the balance sheet date, are reclassified as deferred income. Betting fees are recognised in net gaming income.

Income tax

Deferred taxes are recognised for temporary differences of asset values as well as values of liabilities important for tax purposes. Deferred taxes are determined in accordance with IAS 12 ‘Income Taxes’ using the balance sheet liability method. Deferred tax assets are recognised for loss carryforwards at the amount that will probably be used within a reasonable period of time.

Financial result

The financial result includes all interest and similar expenses paid as well as all interest and similar income received on financial assets. Interest is accrued on the basis of time lapsed. The financial result also includes current income from securities, income from the sale of securities and expenses from the impairment of held securities (IAS 39.67).

V. COMMENTS ON THE INDIVIDUAL ITEMS OF THE STATEMENT OF INCOME, STATEMENT OF FINANCIAL POSITION, STATEMENT OF CASH FLOWS AND STATEMENT OF CHANGES IN EQUITY

The following sections describe the individual items of the statement of income, statement of financial position, statement of cash flows and statement of changes in equity. Previous year’s comparative figures were taken from the IFRS consolidated financial statements of bet-at-home.com AG, Duesseldorf, as at 31 December 2007.

V.1. COMMENTS ON THE INDIVIDUAL ITEMS OF THE CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2008

The statement of income was prepared using the total cost method.

(1) to (4) Net gaming income and segment reporting

The Group operates in the product and operating segments sports betting and eGaming. The eGaming segment includes Casino games, dog racing betting and Poker games. The Commissions segment comprises agency fees of Racebets GmbH bookmakers, which offer horse racing betting on the internet.

The operating segments correspond with the internal organisational and management structure as well as the internal financial reporting system.

Segment reporting is carried out for each operating segment in accordance with IRFS 8, which has been applied before its effective date.

bet-at-home.com AG, Duesseldorf
Segment reporting

	Operating segments					
2008	Sports betting	eGaming (Casino, Poker, dog racing betting)	Bookmakers' commissions (Racebets)	Unassig-ned items	Consoli-dation	Group total
	EUR x 1,000	EUR x 1,000	EUR x 1,000	EUR x 1,000	EUR x 1,000	EUR x 1,000
Betting income / gaming / commissions	173,318	498,131	3,090	0	0	674,539
Prize payouts	-156,425	-481,484	0	0	0	-637,909
Other gaming income	0	2,030	0	0	0	2,030
Betting fees / purchased services	-468	0	0	0	0	-468
Net gaming income	16,425	18,677	3,090	0	0	38,192
Own work capitalised	0	0	0	170	0	170
Other operating income	704	544	4	125	0	1,377
Segment total	17,129	19,221	3,094	295	0	39,739

Write-downs on non-current assets and current securities	-431	-91	-41	-601	0	-1,164
Income before tax	-932	3,790	452	-2,111	0	1,199
Segment assets	1,037	2,974	1,628	25,333	-7,227	23,745
Segment liabilities	2,852	458	860	8,549	-4,154	8,565
Segment investments	360	65	28	356	0	809

	Operating segments					
2007	Sports betting	eGaming (Casino, Poker, dog racing betting)	Bookmakers' commissions (Racebets)	Unassigned items	Consolidation	Group total
	EUR x 1,000	EUR x 1,000	EUR x 1,000	EUR x 1,000	EUR x 1,000	EUR x 1,000
Betting income / gaming / commissions	104,155	388,710	1,383	0	0	494,248
Prize payouts	-94,103	-377,638	0	0	0	-471,741
Other gaming income	0	1,328	0	0	0	1,328
Betting fees / purchased services	-462	0	0	0	0	-462
Net gaming income	9,590	12,400	1,383	0	0	23,373
Own work capitalised	0	0	0	71	0	71
Other operating income	229	228	0	198	0	655
Segment total	9,819	12,628	1,383	269	0	24,099
Write-downs	-191	-94	-39	-164	0	-488
Income before tax	303	165	-329	-1,410	0	-1,271
Segment assets	2,797	1,191	867	22,742	-7,624	19,973
Segment liabilities	2,442	1,202	410	5,993	-4,552	5,495
Segment investments	323	166	10	160	0	659

(5) Own work capitalised

'Own work capitalised' includes production costs for capitalised self-produced intangible assets (software).

(6) Other operating income

	2008	2007
	EUR x 1,000	EUR x 1,000
Customer refunds	728	463
Income attributable to other periods	563	66
Litigation and lawyer fees	0	23
Income from the reversal of provisions	0	7
Other	86	97
	1,377	656

The 2008 income attributable to other periods relates to the external audit of the Austrian sub-group during the same financial year, in which, among other things, input tax adjustments in connection with IC elimination were taken into consideration for the first time, whereas in previous years these had been treated as non-deductible amounts.

(7) Costs of purchased services, personnel expenses

Costs of purchased services comprise IT services and broadcasting fees.

The following list shows a breakdown of personnel expenses:

	2008	2007
	EUR x 1,000	EUR x 1,000
Salaries	2,945	1,949
Severance pay and staff provision fund	27	19
Statutory social security contributions, payroll-related taxes and compulsory contributions	619	520
Other social benefits	22	17
	3,613	2,505

Staff provision fund payments are payments made in accordance with the Austrian Act on Corporate Staff Provision [Betriebliches Mitarbeitervorsorgegesetz - BMVG] amounting to EUR 26,000 (previous year: EUR 19,000).

The following table shows the movement in staffing levels:

	Balance sheet date		Average	
	31 December 2008	31 December 2007	2008	2007
Salaried staff	83	62	77	51
Management Board of the Group parent and Managing Directors of bet-at-home.com Entertainment GmbH	2	3	2	3

(8) Advertising expenses and other operating expenses

These expenses include the following items:

	2008	2007
	EUR x 1,000	EUR x 1,000
Advertising expenses		
Sponsoring	1,533	1,825
Advertising expenses	17,245	10,983
Bonus payments, vouchers	7,774	3,574
Advertising bonuses, large customers	0	186
	26,552	16,568
Other operating expenses		
Supervisory Board emoluments	18	12
Archiving costs	15	0
Rent and leasing expenses	198	180
Insurances, contributions, fees	90	173
Repairs, maintenance	8	13
Vehicle expenses	21	16
Gifts, travel expenses	136	114
Commissions, purchased services	2,654	1,958
Legal, audit and accounting costs	870	989
Incidental bank charges	1,745	1,152
Annual report, general shareholders' meeting, stock exchange costs	81	0

Additions to allowances for receivables and uncollectible accounts	68	8
Other costs	1,536	1,333
	7,440	5,948

(9) Write-downs

	2008	2007
	EUR x 1,000	EUR x 1,000
Write-downs on intangible assets	280	243
Write-downs on fixed assets	188	216
Write-downs on minor-value assets	19	29
	487	488

(10) and (11) Financial result

	2008	2007
	EUR x 1,000	EUR x 1,000
Financial income		
Interest and similar income	550	444
from the disposal of current securities	15	125
	565	569
Finance expenses		
Interest and similar expenses	-12	-6
Write-downs on current securities	-677	0
Other	-13	-115
	-702	-115
	-137	448

(12) Taxes on income

German deferred taxes were calculated on the basis of the future trade tax rate of 15.58% and the future corporate tax rate of 15.00%, plus solidarity surcharge. Within the German Group, the calculation was based on a total tax rate of 31.40%.

Please refer to section 17 - Deferred taxes - for further information.

(13) Consolidated net income

The consolidated net income of EUR 562,000 (previous year: EUR -145,000) is divided between equity holders of the Group parent with a pro rata share of EUR 489,000 (previous year: EUR -93,000) and other third party equity holders with a pro rata share of EUR 73,000 (previous year: EUR -52,000).

V.2. COMMENTS ON THE ITEMS OF THE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2008

(14) and (15) Intangible assets and goodwill

2007	Self-produced software	Acquired software	Goodwill	Other intangible assets	Total
	EUR x 1,000	EUR x 1,000	EUR x 1,000	EUR x 1,000	EUR x 1,000
Acquisition costs:					
Balance as at 1 January 2007	605	350	1,052	120	2,127
Additions	71	20	561	83	735
Disposals	0	0	0	0	0
Balance as at 31 December 2007	676	370	1,613	203	2,862
Accumulated write-downs:					
Balance as at 1 January 2007	450	199	0	49	698
Write-downs	156	19	0	72	247
Balance as at 31 December 2007	606	218	0	121	945
Carrying amount as at 31 December 2007	70	152	1,613	82	1,917

2008	Self-produced software	Acquired software	Goodwill	Other intangible assets	Total
	EUR x 1,000	EUR x 1,000	EUR x 1,000	EUR x 1,000	EUR x 1,000
Acquisition costs:					
Balance as at 1 January 2008	676	370	1,613	203	2,862
Additions	170	25	164	243	602
Reclassifications	0	-66	0	66	0
Disposals	0	-12	-2	-31	-45
Balance as at 31 December 2008	846	317	1,775	481	3,419
Accumulated write-downs:					
Balance as at 1 January 2008	606	218	0	121	945
Write-downs	92	58	2	129	281
Reclassifications	-30	30	0	0	0
Write-downs on disposals	0	-21	-2	-22	-45
Balance as at 31 December 2008	668	285	0	228	1,181
Carrying amount as at 31 December 2008	178	32	1,775	253	2,238

Self-produced software

In the year under review, self-produced intangible assets amounting to EUR 170,000 (previous year: EUR 71,000) were capitalised. They have a useful life of three years.

(15) Goodwill

Goodwill contains the following components:

	31 December 2008	31 December 2007
	EUR x 1,000	EUR x 1,000
Take-over of Wetten-Schwechat operating unit	155	155
Take-over of Starbet International Ltd. operating unit	162	0
Take-over of Racebets GmbH, Duesseldorf	406	406

Take-over of bet-at-home.com Entertainment GmbH, Linz, Austria	1,052	1,052
	1,775	1,613

Take-over of Wetten-Schwechat operating unit

By agreement dated 1 July 2007, Betcompany s.a., Uruguay, transferred the customer base of the domains wetten-schwechat.at, wetten-schwechat.com and wetten-schwechat.de to bet-at-home.com Internet Ltd., Malta. When allocating the purchase price in accordance with IFRS 3, an asset (customer base for the depositing user) with a value of EUR 18,000 was determined, which will be written down over its anticipated useful life of two years. The remaining goodwill amounts to EUR 155,000. In accordance with IFRS 3, this goodwill does not need to be regularly written down but must be tested for impairment on an annual basis. It was not necessary to carry out any impairment.

Take-over of Starbet International Ltd. operating unit

By agreement dated 14 January 2008, Starbet International Ltd., Ta´Xbiex, Malta, transferred the domains starbet.de and starbet.com (and all related customer relationships) to bet-at-home.com Internet Ltd., Malta. In accordance with IFRS 3, this asset deal must be treated exactly like a share deal. Therefore, it was initially consolidated at the time of acquisition pursuant to IFRS 3. Once the disclosed difference was allocated to identifiable assets, the remaining amount (EUR 162,000) was recognised as goodwill. It was not necessary to carry out any impairment.

Take-over of Racebets GmbH, Duesseldorf

With effect from 1 January 2007, the equity share in Racebets GmbH was increased from 40% to 60%. Instead of being measured at equity as an associate, the entity will now be fully consolidated in accordance with IFRS 3. As no interim financial statements were available at the time of initial acquisition in 2006, Racebets GmbH was initially consolidated pursuant to IFRS 3 as at 1 January 2007 on the basis of the financial statements of Racebets GmbH as at 31 December 2006, without applying IFRS 3.58, for a successive merger. The entity was consolidated pro rata (60%), stating its newly measured equity. An asset-side balancing item of EUR 406,000, the result of the initial consolidation, was capitalised as goodwill. It was not necessary to carry out any impairment.

Take-over of bet-at-home.com Entertainment GmbH, Linz

As at 31 December 2005, bet-at-home.com Entertainment GmbH, including its subgroup, was included and consolidated for the first time. The Austrian IFRS sub accounts disclosed all capitalisable hidden reserves. These financial statements were therefore consolidated at the amount of the subgroup's remeasured equity. The initial consolidation resulted in an asset-side balancing item of EUR 1,052,000. This was recognised as goodwill in the consolidated financial statements. It was not necessary to carry out any impairment.

(16) Property, plant and equipment

2007	Mobile betting terminals	IT hardware	Office equipment, other BGA	Total
	EUR x 1,000	EUR x 1,000	EUR x 1,000	EUR x 1,000
Acquisition costs:				
Balance as at 1 January 2007	16	246	130	392
Additions	0	294	150	444
Disposals	0	0	-25	-25
Balance as at 31 December 2007	16	540	255	811
Accumulated write-downs:				
Balance as at 1 January 2007	5	175	45	225
Write-downs	2	182	73	257
Write-downs on disposals	0	0	-25	-25
Balance as at 31 December 2007	7	357	93	457
Carrying amount as at 31 December 2007	9	183	162	354

2008	Mobile betting terminals	IT hardware	Office equipment, other BGA	Total
	EUR x 1,000	EUR x 1,000	EUR x 1,000	EUR x 1,000
Acquisition costs:				
Balance as at 1 January 2008	16	540	255	811
Additions	0	129	78	207
Reclassifications	0	54	-54	0
Disposals	-16	0	-9	-25
Balance as at 31 December 2008	0	723	270	993

Accumulated write-downs:				
Balance as at 1 January 2008	7	357	93	457
Write-downs	7	163	38	208
Reclassifications	0	-6	6	0
Write-downs on disposals	-14	0	-13	-27
Balance as at 31 December 2008	0	514	124	638
Carrying amount as at 31 December 2008	0	209	146	355

(17) Deferred tax assets and liabilities

Temporary differences between the measurement bases used when preparing the consolidated statement of financial position and tax bases resulted in the following capitalised deferred tax assets and liabilities:

	31 December 2008	31 December 2007
	EUR x 1,000	EUR x 1,000
Recognised deferred tax assets from:		
Tax loss carryforward		
Racebets GmbH, Duesseldorf	58	200
bet-at-home.com AG, Duesseldorf	84	80
bet-at-home.com Entertainment GmbH, Linz	0	48
Adjustment of non-current assets		
bet-at-home.com AG, Duesseldorf	2	3
bet-at-home.com Entertainment GmbH, Linz	0	24
	2	27
Recognised deferred tax liabilities from:		
Adjustment of non-current assets of bet-at-home.com AG, Duesseldorf	0	-1
Adjustment of provisions for severance pay of bet-at-home.com Entertainment GmbH, Linz, personnel	0	-1
	0	-2
Total recognised deferred taxes	144	353

As at the 2008 balance sheet date, the Group had unused tax loss carryforwards amounting to EUR 269,000 (bet-at-home.com AG, Duesseldorf) and EUR 185,000 (Racebets GmbH, Duesseldorf) for offsetting against future anticipated income. It was not possible to recognise deferred tax assets for loss carryforwards of the Austrian subgroup's foreign subsidiaries (EUR 408,000), as it is not likely that they will generate profit in the near future.

Deferred tax assets due from the same tax authority are netted out.

In accordance with German tax law, there are no time limits for using the loss carryforward. Deferred taxes are not written down.

The following table shows the effect of changes in capitalised deferred taxes on recognised tax assets and liabilities:

	31 December 2008	31 December 2007
	EUR x 1,000	EUR x 1,000
Actual taxes:		
Current income tax during the year under review	-130	-2
Tax expenses / income in previous years, Austria	-149	2
	-279	0
Deferred taxes:		
Changes to deferred taxes from temporary differences recognised during the year under review:		
Austria	-74	30
Germany	-140	278
	-214	308
Tax expenses	493	308

(18) and (19) Receivables and other assets

All receivables and other assets have a remaining life of up to one year and comprise the following:

	31 December 2008	31 December 2007
	EUR x 1,000	EUR x 1,000
Trade receivables	60	189

Receivables from credit card companies	2,453	1,782
Receivables from Wirecard reserves	200	1,354
Receivables from customers	13	64
Tax receivables	145	290
Other receivables	680	187
	3,491	3,677

Other receivables comprise receivables from loans to the Managing Directors of bet-at-home.com Entertainment GmbH / Management Board of bet-at-home.com AG amounting to a total of EUR 408,000 (including accrued interest), bearing arm's length interest.

Gross receivables from customers of Racebets GmbH (EUR 81,000) were written down by EUR 68,000 due to anticipated uncollectibility.

(20) Current securities

	31 December 2008	31 December 2008
	EUR x 1,000	EUR x 1,000
Investment fund shares	719	2,102
Other securities	983	10
	1,702	2,112

Other securities are mainly debenture bonds.

All securities are classified as available for sale and measured at fair value. Changes in fair value are recognised directly in equity as revaluation surplus if they are not write-downs or currency translation gains/losses.

Impairments during the current financial year amounting to a total of EUR 677,000 must be recognised in income.

(21) Cash and cash equivalents

	31 December 2008	31 December 2008
	EUR x 1,000	EUR x 1,000
Cash at bank and in hand	15.198	11.118

(22) Prepayments and deferred items

Prepayments and deferred items mainly include prepayments from advertising and sponsoring agreements.

(23) Group equity

The following table shows the individual items of Group equity:

	31 December 2008	31 December 2007
	EUR x 1,000	EUR x 1,000
Share capital	3,509	3,509
Capital reserve	10,875	10,875
Revaluation surplus	0	4
Consolidated net income / loss	489	-93
Minority interest	307	183
	15,180	14,478

Please also refer to the Statement of Changes in Group Equity included in the consolidated financial statements for more information on Group equity.

The share capital is divided into 3,509,000 no-par-value bearer shares.

The capital reserve is the result of a capital increase in 2005 of 290,000 shares with an issue price of EUR 11.00 per share (total of EUR 2,900,000) and a further capital increase in 2006 of 319,000 shares with an issue price of EUR 26.00 per share (total of EUR 7,975,000). Until 29 May 2010, the Management Board is entitled to increase the share capital of bet-at-home.com AG, with the consent of the Supervisory Board, by issuing new bearer shares for cash or non-cash contributions once or repeatedly, but not exceeding the remaining total amount of EUR 841 as at 31 December 2008.

The revaluation surplus is the result of measuring securities at fair value.

Minority interests exclusively result from the full consolidation of Racebets GmbH, Duesseldorf (60%).

Earnings per share

In accordance with IAS 33, basic earnings per share must be calculated by dividing profit or loss attributable to ordinary equity holders of the Group parent by the weighted average number of ordinary shares outstanding during the year under review.

$$\frac{\text{Profit or loss attributable to equity holders of the Group parent}}{\text{Weighted average number of shares Aktien}} = \frac{582{,}162.36}{3{,}509{,}000} = \text{EUR } 0.165905$$

(Previous year) (EUR -0.25966)

(24) Non-current liabilities

	31 December 2008	31 December 2007
	EUR x 1,000	EUR x 1,000
Provisions for employee benefits	16	15

In order to calculate provisions for severance payments in accordance with IAS 19, using the project unit credit method, the expert opinion of an actuary was obtained which is based on a discount rate of 5.8% (previous year: 5.25%) and an annual growth rate of 2.5%. The corridor method was not used.

(25) to (29) Current liabilities and deferred items

The following table shows the items included in Current liabilities and deferred items:

	31 December 2008	31 December 2007
	EUR x 1,000	EUR x 1,000
Trade payables	1,129	808
Liabilities to banks	1	0
Current provisions	1,063	415
Other current liabilities	5,950	3,911
	8,143	5,134
Deferred items	405	347
	8,548	5,481

V.3. COMMENTS ON THE STATEMENT OF CASH FLOWS

Cash and cash equivalents recognised in the statement of cash flows exclusively comprises the line item 'Liquid funds'.

(30) Acquisition of subsidiaries

In the previous year, payment was made for the acquisition of equity in Racebets GmbH as at 1 January 2008.

V.4. NOTES TO CHANGES IN IFRS GROUP EQUITY

Changes in group equity are presented in the statement of changes in group equity.

VI. OTHER DISCLOSURES

VI.1. FINANCIAL INSTRUMENTS

Primary financial instruments

We refer to the consolidated statement of financial position for further details on primary financial statements. The group does not trade in derivatives and only holds shares in investment funds (mostly money market funds), debentures, cash and cash equivalents.

Liquidity exposure

Liquidity risk reflects the risk that the Group will have insufficient resources to meet its financial liabilities as they fall due. The Group's liquidity exposure is limited due to its low level of debt. The Group is in a position to cover its current liquidity requirements with existing cash and cash equivalents.

Credit risk

Credit risk (default risk) is understood to represent the risk that one party to a financial instrument may cause the other party to incur a financial loss by failing to meet a financial obligation. The amounts stated on the assets side (debtors and other assets) are equal to maximum credit and default risk as there are no netting arrangements. Provisions have been made for anticipated reversals arising from credit card refunds. Default risk relating to bank balances must be considered very minor as the lending institutions concerned are A-rated banks. The default risk associated with investment fund shares and other securities must also be considered minor due to the issuer's credit rating. Allowances for existing default risk refer to trade and other receivables and amount to EUR 24,000 (previous year: EUR 24,000) and EUR 68,000 (previous year: EUR 0), respectively.

Market price risk

Market price risk may arise from current investments. Investment fund shares and debentures with limited price risk compared to investments in equities were held as at the reporting date. Nonetheless, securities dropped in price considerably in 2008 as a result of recent market developments. The risk of further price declines is considered low.

Interest rate risk

Interest risk associated with investments is considered insignificant. Interest on bank balances is dependent on market interest rates in relation to maturities. All other financial instruments (assets and liabilities) are current and non-interest bearing.

Foreign currency and exchange risk

Foreign currency and exchange risk is caused by fluctuations in exchange rate. Despite the Group's international orientation most cash flows are denominated in Group currency (euros). In 2008, all material currency risk was related to transactions denominated in Polish zloty. Any transactions in other currency are of secondary importance. There are no hedges of foreign currency risk.

A 10% appreciation (depreciation) in value of the Polish zloty would have increased (decreased) income for the period, or equity, by about EUR 69,000 (previous year: EUR 50,000); the change in this risk parameter was based on the portfolio of financial instruments as at the reporting date.

Fair Value

The fair value of securities is equal to their carrying amount. Due to their short maturities, the fair value of other financial instruments (receivables, liabilities) is almost equal to their carrying amount. Therefore, fair values were not determined for such assets and liabilities.

Legal risks

For details on legal risks see Section VI.3 of these Notes to the Consolidated Financial Statements.

Risk management

The parent company's Board of Directors is responsible for establishing risk management policies. Compliance with these policies is monitored by the managing directors and department heads of subsidiaries. Also part of the basic components of risk management are general principles for risk prevention, such as functional separation and the principle of dual control for important internal control procedures.

Also part of this risk management system are provisions for the use of financial instruments. The Group does not hold any derivatives. The Board of Directors does not intend to use such financial instruments in the future.

We refer to Section VI.3 of these Notes to the Consolidated Financial Statements for any associated legal risks.

VI.2. RELATED PARTY TRANSACTIONS

Current and former members of the Board of Management of bet-at-home.com AG, Duesseldorf:

- Mr. Franz Ömer, Dipl.-Ingenieur [graduate engineer], Ansfelden, Austria (from 1 March 2008)
- Mr. Jochen Dickinger, engineer, Linz, Austria (from 1 March 2008)
- Mr. Guido Schmitt, qualified bank clerk, Duesseldorf (until 31 May 2008)

In 2008, emoluments of the Board of Management totalled EUR 250,000 (previous year: EUR 120,000).

During the 2008 financial year, Mr. Ömer and Mr. Dickinger were both active as managing directors of the subgroup bet-at-home.com Entertainment GmbH, Linz. At that subgroup, the emoluments of the managing directors totalled EUR 280,000 in 2008 (previous year: EUR 280,000). For legal reasons, each managing director holds 1% in the Maltese sub-subsidiary in a fiduciary capacity for bet-at-home.com Entertainment GmbH, Linz.

During the year under review, members of the Board were granted loans on bona fide arm's length terms. As at 31 December 2008, the loan total was EUR 408,000 (previous year: EUR 0).

There were no other significant related party transactions.

VI.3. OTHER COMMITMENTS AND CONTINGENT LIABILITIES

Other commitments

Future commitments based on rental and lease agreements total EUR 1,033,000 (previous year: EUR 955,000) over the next five years. Of this amount, EUR 207,000 (previous year: EUR 191,000) falls due within one year, primarily in rent for office space in Linz, Sliema (Malta) and Duesseldorf. As the current tenancy of the offices in Linz, which represents most of these commitments, can be terminated after a waiver of the right to terminate a period of 48 months at the end of each month with three months' notice, the total commitment under this tenancy cannot be more specifically ascertained due to the indefinite contract period.

Regulatory developments and general legal conditions

In Austria and Germany, betting and gambling providers are under legal attack by government entities and private competitors in an effort to entice them to suspend their activities as reflected by pending litigation on gambling in a range of areas. bet-at-home.com Entertainment GmbH (subgroup) is involved in two of these proceedings. The present status of pending litigation is as follows:

- According to a Cologne Higher Regional Court (Court of Appeal) ruling of 14 September 2007, the action by Westdeutsche Lotterie GmbH & Co. oHG, Muenster against both bet-at-home.com Holding Ltd., Sliema (Malta) and members of the Board, in particular the managing directors Mr. Franz Ömer and Mr. Jochen Dickinger, was sustained and the court of first instance's ruling upheld, by barring defendant from offering and soliciting sports bets. However, the appeal was allowed for other claims and regarding action against bet-at-home.com AG, Duesseldorf and its former Board member, Mr. Guido Schmitt. Appeal on points of law on which appeal was denied was expressly allowed. An appeal was lodged on 18 October 2007 and legal grounds provided in April 2008. So far, the German Federal Court of Justice (BGH) has not released a date for a judicial hearing.

- Criminal proceedings on the grounds of gambling pursuant to Section 168 of the Austrian Criminal Code [StGB] are pending before the Linz District Court against the two Board members of bet-at-home.com AG and managing directors of bet-at-home.com Entertainment GmbH, Mr. Jochen Dickinger and Mr. Franz Ömer, as individuals, and against bet-at-home.com Entertainment GmbH as a legal entity within the meaning of the Austrian Corporate Criminal Liability Act [Verbandsverantwortlichkeitsgesetz]. During the main hearing on 21 October 2008 before the Linz District Court the Board members were questioned in their capacity as Managing Directors and the decision was made by the Linz District Court to submit the case to the European Court of Justice for a preliminary ruling. In particular, the preliminary hearing will focus on compatibility of Section 168 StGB with basic liberties under European law, specifically the freedom to provide services.

Negative outcomes to these proceedings could have significant adverse effects on the Group's financial position, performance and changes in financial position.

On 1 January 2008, the German government introduced a (new) gambling treaty which generally prohibits private entities from offering online gambling. Even before this government treaty came into force, German authorities prohibited private gambling providers (eGaming or eGambling) from offering their services in Germany due to the government's monopoly on gambling. In the opinion of the Management Board, the German government treaty on gambling does not alter the legal view that under the given circumstances and European law, private providers from other EU member states are permitted to offer their services across European borders, and therefore also in Germany.

In its most recent ruling dated 14 February 2008, the German Federal Court of Justice confirmed that in the case of gambling law (sports betting) EU law takes precedence over national law, in principle. In January 2008, the European Commission brought action against Germany for breach of contract, as in its opinion the German government treaty on gambling, providing it with a monopoly, violates European law.

The Board of Directors expects the gambling market in Germany and Austria, and also the rest of Central Europe, to be liberalised in the medium term, as under European law and administration of justice gambling monopolies can no longer be maintained in individual EU countries.

However, the risk remains that individual countries – such as Italy at present – prohibit customers from participating in private foreign gambling offers by imposing provider blocks.

The company's expansion in business operations to Gibraltar in 2008 may open up additional opportunities for the Group, but also bears additional – primarily regulatory – risks.

VI.4. MATERIAL EVENTS AFTER THE BALANCE SHEET DATE

By agreement dated 2 March 2009, the company sold its shares in Racebets GmbH with effect from 1 January 2009. IFRS 5 was not applied, as Racebets GmbH's business operations are not among the Group's major lines of business.

By agreement dated 5 March 2009, Mangas Gaming SAS, Paris, France, acquired a majority interest in the Group parent. The Management Board anticipates very positive development opportunities for the Group by merging the bet-at-home.com Group with this Group and joining the Mangas Gaming network.

There were no other events materially impacting the Group's business development and financial position in the period between the end of the 2008 financial year and preparation of the consolidated financial statements.

Duesseldorf, 4 May 2009

Jochen Dickinger, engineer CEO	Franz Ömer, graduate engineer CEO

Wisla Krakow

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2008

bet-at-home.com AG, Duesseldorf

		Notes	2008	2007
		No.	EUR x 1,000	EUR x 1,000
	Group profit/loss for the year		706	-963
+	Write-downs on non-current assets	(9)	488	488
+/-	Increase/decrease in provisions		649	147
+/-	Other non-cash expenses/income		690	115
-/+	Increase/decrease in trade receivables and other assets not attributable to investing or financing activities		220	-2,426
+/-	Increase/decrease in trade payables and other liabilities, not attributable to investing or financing activities		2,419	1,878
=	Cash flows from operating activities		5,172	-761
-	Cash outflows for asset additions (excluding investments)		-809	-659
-	Cash outflows for the acquisition of subsidiaries	(30)	0	-45
-	Cash outflows for the investment of funds for short-term cash management		-283	-8
=	Cash flows from investing activities		-1,092	-712
+	Minority interests	(23)	0	236
=	Cash flows from financing activities		0	236
=	Net change in cash and cash equivalents		4,080	-1,237
+	Cash and cash equivalents at the beginning of the year		11,118	12,355
=	Cash and cash equivalents at the end of the year	(21)	15,198	11,118

Handball World Cup Croatia

STATEMENT OF CHANGES IN IFRS GROUP EQUITY

STATEMENT OF CHANGES IN GROUP EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008, IN ACCORDANCE WITH IFRS

bet-at-home.com AG, Duesseldorf

	Nominal capital	Capital reserve	Revaluation reserve	Consolidated net income/loss
	EUR	EUR	EUR	EUR
As at 1 January 2007	3,509,000.00	10,875,000.00	3,817.81	818,271.87
Measurement of securities at market price	0.00	0.00	-282.06	0.00
Profit/loss for the period	0.00	0.00	0.00	-911,154.93
Total recognised gains and losses	0.00	0.00	-282.06	-911,154.93
Minority interest	0.00	0.00	0.00	0.00
Capital increase	0.00	0.00	0.00	0.00
As at 31 December 2007	3,509,000.00	10,875,000.00	3,535.75	-92,883.06

As at 1 January 2008	3,509,000.00	10,875,000.00	3,535.75	-92,883.06
Measurement of securities at market price	0.00	0.00	-3,535.75	0.00
Profit/loss for the period	0.00	0.00	0.00	582,162.36
Total recognised gains and losses	0.00	0.00	-3,535.75	582,162.36
Minority interest additions	0.00	0.00	0.00	0.00
Capital increase	0.00	0.00	0.00	0.00
As at 31 December 2008	3,509,000.00	10,875,000.00	0.00	489,279.30

	Total	Minority interest	Total equity
	EUR	EUR	EUR
As at 1 January 2007	15,206,089.68	0.00	15,206,089.68
Measurement of securities at market price	-282.06	0.00	-282.06
Profit/loss for the period	-911,154.93	-51,671.78	-962,826.71
Total recognised gains and losses	-911,436.99	-51,671.78	-963,108.77
Minority interest	0.00	234,734.68	234,734.68
Capital increase	0.00	0.00	0.00
As at 31 December 2007	14,294,652.69	183,062.90	14,477,715.59

As at 1 January 2008	14,294,652.69	183,062.90	14,477,715.59
Measurement of securities at market price	-3,535.75	0.00	-3,535.75
Profit/loss for the period	582,162.36	124,338.69	706,501.05
Total recognised gains and losses	578,626.61	124,338.69	702,965.30
Minority interest additions	0.00	-255.60	-255.60
Capital increase	0.00	0.00	0.00
As at 31 December 2008	14,873,279.30	307,145.99	15,180,425.29

WTA Generali Ladies Linz

GROUP MANAGEMENT REPORT

2008 GROUP MANAGEMENT REPORT
for bet-at-home.com AG, Duesseldorf

A) BUSINESS DEVELOPMENT IN 2008

Sector development

The eGambling sector again grew rapidly in 2008, with the online segment demonstrating the largest gains. Both the Group's Management and research companies covering the sector anticipate further growth in the medium term.

Financing measures

Financing measures were not required during the 2008 financial year.

Turnover and financial performance

bet-at-home.com AG, Duesseldorf is a holding company and as such does not have business operations beyond managing its own associates. All operational activities are carried out by indirect and direct associates.

Group turnover and financial performance in 2008:

Business development was very satisfactory overall. All divisions reported sharp growth during the 2008 financial year. During the 2008 financial year, the Group's overall performance (betting turnover and commissions) increased by just under 37% (previous year: 48%) to EUR 674 million. Group profit for the year totalled EUR 0.707 million (group loss for the previous year: EUR 0.963 million).

bet-at-home.com Internet Ltd., which offers sport betting via the www.bet-at-home.com platform, was able to increase its betting turnover by 66.4% to EUR 173 million during the 2008 financial year (previous year: EUR 104 million).

bet-at-home.com Entertainment Ltd., which offers casino and poker games as well as dog betting via the www.bet-at-home.com platform, was able to increase its gaming turnover by 28.2 % to EUR 498 million during the 2008 financial year (previous year: EUR 389 million).

During the 2008 financial year, the Group was able to further strengthen its position, and in particular that of the bet-at-home.com brand, especially in Eastern and Southern Europe. The number of registered customers was increased to well over 1,400,000 (previous: 975,000).

Racebets GmbH has demonstrated positive growth and has been profitable since the fourth quarter of 2007. While losses of EUR 0.328 million were still reported for the 2007 financial year, significant profits (EUR 0.453 million) were achieved during the 2008 financial year, as expected.

Human resources and social security

During the 2008 financial year, the average number of staff (excluding the Board) employed by the Group rose to 77 (previous year: 51). The Group employed 83 staff (previous year: 62) as at the 2008 reporting date.

Material events during the financial year

By agreement dated 23 December 2008, the Group acquired all of the shares in Jonsden Properties Ltd., Gibraltar, which had no operating activities between its establishment in January 2008 and the date of acquisition. The purpose of this acquisition is to take advantage of major synergies in the marketing area – starting in 2009 – by purchasing bundled marketing services via the acquired company step by step and across the group.

During the financial year, Jonsden Properties Ltd., Gibraltar also initiated joint ventures with bet-at-home.com Entertainment Ltd., Malta and bet-at-home.com Internet Ltd., Malta, respectively, for the joint implementation of sports betting and eGaming.

B) FINANCIAL PERFORMANCE INDICATORS – FINANCIAL POSITION, PERFORMANCE AND CHANGES IN FINANCIAL POSITION

As at 31 December 2008, the Group's financial position and performance were at follows:

Assets	31 December 2008	31 December 2007
	EUR x 1,000	EUR x 1,000
Non-current assets	2,593	2,272
Deferred tax assets	144	353
Current assets		
Receivables, other assets and deferred items	4,107	4,118
Securities	1,702	2,112
Cash and cash equivalents	15,198	11,118
	23,744	19,973

Equity and liabilities	31 December 2008	31 December 2007
	EUR x 1,000	EUR x 1,000
Group equity	15,180	14,478
Non-current liabilities (provisions)	16	15
Current liabilities (payables, provisions, deferred items)	8,548	5,480
	23,744	19,973

The Group's equity ratio declined from 72.5% during the 2007 financial year to 63.9% during the 2008 financial year. This drop is mainly attributable to the increase in current liabilities and associated increase in total assets. The increase in current liabilities is primarily the result of a rise in other liabilities and corresponding increase in sales revenue.

During the 2008 financial year, the Group's **earnings position** was as follows:

	2008	2007
	EUR x 1,000	EUR x 1,000
Net gaming income	38,192	23,373
Operating income	39,739	24,099
EBT (Earnings Before Taxes) *)	1,200	-1,271
EBIT (Earnings Before Interest and Taxes) **)	1,337	-1,719
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) ***)	1,824	-1,231

*) corresponds to earnings before taxes in the statement of income

**) EBT plus interest expenses in the statement of income

***) EBIT plus write-downs in the statement of income

Marketing expenses (promotional expenses plus sponsoring) rose by EUR 9,984,000, from EUR 16,568,000 during the 2007 financial year to EUR 26,552,000 during the 2008 financial year.

Personnel expenses rose by EUR 1,108,000, from EUR 2,505,000 during the 2007 financial year to EUR 3,613,000 during the 2008 financial year.

The increase in expenses is the direct result of expansion in turnover.

C) MAIN RISKS OF FUTURE DEVELOPMENTS

Risk management

The Group parent's Management Board is responsible for establishing risk management policies. Compliance with these policies is monitored by the Managing Directors and department heads of subsidiaries. Also part of the basic components of risk management are general principles for risk prevention, such as functional separation and the principle of dual control for important internal control procedures. Varying, partly automated, software systems are used as well.

In order to manage risks, for example, credit ratings and risk system audits in form of credit card checks, disbursement controls and analyses of gaming behaviour are carried out on an ongoing basis.

Reputable legal advisors are used in order to reduce the legal risks and considerations arising in the complex regulatory environment.

Legal risks

Particularly in Germany and Austria, betting and gambling providers are under legal attack by government entities and private competitors in an effort to entice them to suspend their activities in a wide range of pending litigation on gambling. We assume that in the medium term, the gambling market in Germany will become more liberal, as European law and jurisdiction does not provide any reasons for maintaining gambling monopolies in individual EU states. There is the additional risk that individual states - such as Italy at present - will ban foreign customers from participating in gambling offers by imposing a provider block.

On 1 January 2008, the German government introduced a (new) gambling treaty which generally prohibits private entities from offering online gambling. Even before this treaty came into force, German authorities prohibited private gambling providers (eGaming or eGambling) from offering their services in Germany due to the government's monopoly on gambling. In the opinion of the Management Board, the German gambling treaty does not alter the legal view that under the given circumstances and European law, private providers from other EU member states are not prohibited from offering their services on an international basis, and therefore also in Germany.

In its judgement dated 14 February 2008, the German Federal Court of Justice [Bundesgerichtshof - BGH] has reconfirmed that in the case of gambling law (sports betting), EU law takes precedence over national law. In January 2008, the European Commission brought an action for breach of contract against Germany, as in its opinion, the German treaty on gaming monopolies contravenes European law.

The following is a summary of the situation in the current legal proceedings against a Group entity and the Management Board:

- According to a Cologne Higher Regional Court (Court of Appeal) ruling of 14 September 2007, the action by Westdeutsche Lotterie GmbH & Co. oHG, Muenster against both bet-at-home.com Holding Ltd., Sliema, Malta, and members of the Management Board Messrs. Franz Ömer and Jochen Dickinger, was sustained and the court of first instance's ruling upheld, by barring the defendant from offering and soliciting sports bets. However, the appeal was allowed for other claims and as regards action against bet-at-home.com AG, Duesseldorf and its former Board member, Mr. Guido Schmitt. Appeal on points of law on which appeal was denied was expressly allowed. An appeal was lodged on 18 October 2007 and legal grounds provided in April 2008. So far, the German Federal Court of Justice [BGH] has not released a date for a judicial hearing.

- Criminal proceedings on the grounds of gambling pursuant to Section 168 of the Austrian Criminal Code [StGB] are pending before the Linz District Court against the two Board members of bet-at-home.com AG and Managing Directors of bet-at-home.com Entertainment GmbH, Messrs. Jochen Dickinger and Franz Ömer, as individuals, and against bet-at-home.com Entertainment GmbH as a legal entity within the meaning of the Austrian Corporate Criminal Liability Act [Verbandsverantwortlichkeitsgesetz]. During the main hearing on 21 October 2008 at the Linz District Court the Board members, in their roles as Managing Directors, were questioned and Linz District Court decided to present the case to the European Court of Justice for a preliminary ruling. The preliminary hearing will focus on the compatibility of section 168 StGB with basic freedom, particularly freedom to provide services, granted under European law.

Negative outcomes to these proceedings could have significant adverse effects on the financial position, performance and changes in financial position of the Group.

Market risks

We anticipate deregulation, which could result in large gambling and media groups encroaching into the (continental) European market, so that our Group could potentially lose market shares.

Due to changes in law and judicial decisions in the eGambling sector, restrictions could be imposed on individual submarkets right up to abolition of these markets for private betting providers.

However, due to the decisions of the European Court of Justice and measures taken by the EU Commission (proceedings for breach of contracts against EU member states, Germany among others), we deem these risks to be of minor importance.

Tax risks

New (adverse) tax laws could be introduced which could have significant effects on the Group's financial position, performance and changes in financial position.

Technical risk

The products and services provided by the Group require the reliable functionality of numerous technical systems. Serious malfunctions of the IT systems, particularly through negative external influences such as hacker attacks, DDos attacks etc., could therefore significantly affect the Group's financial position, performance and changes in financial position. The steeply rising business volume places increasing demands on the accounting systems of associated entities.

We assume that all possible measures have been taken to minimise these risks. The Management Board and executive staff regularly analyse the risk environment and evaluate new and alternative measures for the prevention and reduction of risks.

Operational risks

Acquired software (Casino, Poker) could incur specific risks due to hardware and software errors. In addition, bookmakers could estimate betting rates wrongly, resulting in higher payments to customers. A multitude of backup systems and the continuous monitoring of betting rates by comparing them with the market minimise this risk. The IT project team continues to develop all required software, providing a competitive product in the betting market. All measures necessary to minimise these risks have been implemented.

D) USE OF FINANCIAL INSTRUMENTS

Freely available funds have been invested in time deposits and investment fund shares. The Management Board only invests in securities with positive income and growth forecasts and if their issuers have a flawless credit rating.

E) FUTURE DEVELOPMENT

Innovative marketing strategies are used to further develop the bet-at-home.com brand in the international market at low costs. Expansion activities will continue to mainly focus on Eastern and Southern Europe.

In the 2009 financial year, the number of staff employed by the Group will probably rise to around 110 as at the balance sheet date on 31 December 2009.

From a current point of view, we anticipate an increase in income of at least EUR 800 million in the 2009 financial year, and we aim to at least break even.

F) RESEARCH AND DEVELOPMENT

One of the most important assets of the Group is functioning, up-to-date software. We are continuously reprogramming and developing this software.

G) SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

By agreement dated 2 March 2009, the equity in Racebets GmbH was sold with effect from 1 January 2009.

By agreement dated 5 March 2009, Mangas Gaming SAS, Paris, France, acquired a majority interest in the Group parent. By merging the bet-at-home.com Group with this Group and by joining the Mangas Gaming network, the Management Board anticipates very positive development opportunities for the Group.

Duesseldorf, 4 May 2009

Jochen Dickinger Franz Ömer

FK Austria Vienna

AUDITOR'S REPORT

„Auditor‘s Report

We have audited the consolidated financial statements - consisting of the statement of financial position, statement of income, statement of changes in equity, statement of cash flows and notes - and the Group Management Report of bet-at-home.com AG, Duesseldorf for the year ended 31 December 2008. The Group‘s legal representatives are responsible for preparing the consolidated financial statements and Group Management Report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315a (1) of the German Commercial Code [Handelsgesetzbuch - HGB]. Our responsibility is to express an opinion on the consolidated financial statements and on the Group Management Report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of German Public Accountants [Institut der Wirtschaftsprüfer - IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the financial position, performance and change in financial position in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group Management Report are detected with reasonable assurance. Knowledge of the Group‘s business activities and its economic and legal environment and expectations of possible misstatements is taken into account in the determination of audit procedures. The effectiveness of the internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group Management Report are examined primarily on a test basis within the framework of the audit.

The audit includes assessing the annual financial statements of the entities included in the consolidated financial statements, the definition of the entities included in the consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives as well as evaluating the overall presentation of the consolidated financial statements and Group Management Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315a (1) HGB, and give a true and fair view of the financial position, performance and change in financial position of the Group in accordance with these requirements. The Group Management Report is consistent with the consolidated financial statements, as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.

Without further qualifying this opinion, we refer to the ‚legal risks‘ presented in the notes to the consolidated financial statements and in the Group Management Report.“

Duisburg, 24 June 2009

PKF FASSELT SCHLAGE LANG UND STOLZ
Partnerschaft
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Schöneberger	Görtz
Auditor	Auditor

Nordic Ski World Cup Liberec

IMPRINT

CONTACT
bet-at-home.com AG
Kronprinzenstrasse 82-84
40217 Duesseldorf
GERMANY
Phone: +49-211-179 34 770
Fax: +49-211-179 34 757
Email: ir@bet-at-home.com

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TEXT
bet-at-home.com AG, Duesseldorf

The individual financial statements of bet-at-home.com AG are available to the public at our Duesseldorf office.

bet-at-home.com AG
Kronprinzenstrasse 82-84
40217 Duesseldorf
GERMANY

Phone: +49-211-179 34 770
Fax: +49-211-179 34 757

E-Mail: ir@bet-at-home.com

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