ANNUAL REPORT 2013

bet-at-home.com

SPORTS - CASINO - GAMES - POKER

CONTENTS

FC Schalke 04

COMPANY PROFILE

bet-at-home.com AG group is an online gaming and sports betting company. With 3.6 million registered customers around the world, the listed company and its subsidiaries make up one of the most successful online gaming providers in Europe. The varied options offered on www.bet-at-home.com include sports betting, casino, games and poker. Currently there are some 23,000 bets offered on over 75 sports every day. bet-at-home.com has companies in Germany, Austria, Malta and Gibraltar. The successful development of the company can be attributed to its some 240 employees.

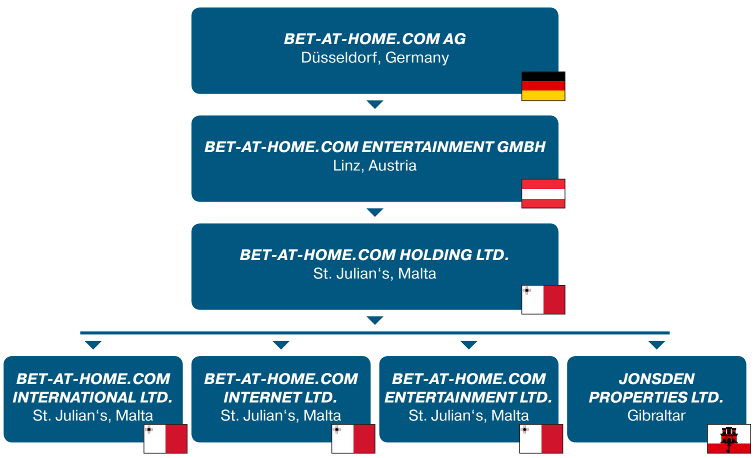
The company holds licences via its Maltese companies for online sports betting and gaming. The licences allow the company to organise and market online sports betting and online casinos.

bet-at-home.com was founded in 1999 in Wels, Austria, by Jochen Dickinger and Franz Ömer and was originally focused on online sports betting only. Thanks to an extensive growth strategy over the past years, bet-at-home.com AG and its subsidiaries recorded gross gaming revenue of EUR 85.6 million with a turnover of EUR 1,834.8 million in 2013. Shares in bet-at-home.com AG are traded in Frankfurt (Xetra) and Vienna.

bet-at-home.com AG Group structure in detail:

bet-at-home.com AG, Düsseldorf, is listed on the Frankfurt (XETRA) and Vienna stock exchanges. All operating activities are carried out exclusively by indirect and direct associates.

The company holds 100% of bet-at-home.com Entertainment Gbmh. The company based in Linz, Austria, is mainly responsible for the constant transfer of technology within the Group as well as for further developing its own software. The business in Malta is part of bet-at-home.com Holding Ltd. Since 2009, bet-at-home.com AG has been a member of the Betclic Everest SAS Group, a leading French group specialising in online gambling and sports betting. The following chart illustrates the corporate structure:



From the initial vision to a successful international company

Founded in 1999 as a German limited liability company, its capital was increased in 2004 and the company was transformed into a company limited by shares. In December of the same year the company was floated in the stock market. Further capital increases were made in the following years. Since April 2009, bet-at-home.com AG has been a significant part of the Betclic Everest Group, a leading French group specialising in online gambling and sports betting.

Fairness, trust, responsibility

Well-trained and highly motivated staff are the pivotal foundation for the future business success of this dynamic group. It is therefore not without reason that the core values guiding bet-at-home.com on a daily basis are fairness, trust, responsibility, respect and reliability. In order to retain staff in the long term, bet-at-home.com invests in training and further education measures to provide our staff with career development opportunities and enhance their company loyalty by joint internal activities.

Responsible gaming: fair, conscientious, reliable

Of course, as customer numbers continue to rise, so does bet-at-home.com's responsibility towards them. The developments during the 2013 financial year have shown that bet-at-home.com is on the right track with its responsible gaming measures. In order to ensure maximum fairness for gamers, bet-at-home.com carries out extensive and voluntary product testing at regular intervals. bet-at-home.com has always supported its customers with various measures to gamble responsibly and therefore have had a partnership with the Institut Glücksspiel und Abhängigkeit (Gambling and Dependency Institute) for many years. In addition, the ever-growing anti-fraud department investigates the gaming behaviour of customers in order to prevent gambling addiction. Voluntary membership in the ESSA and EGBA associations, which were established to promote fair competition for providers offering online gambling, combined with annual voluntary compliance audits by the auditing association for the gambling sector – eCogra – round off our measures in this area.

Management

- Franz Ömer, CEO
- Michael Quatember, CEO

- Martin Arendts, President of the Supervisory Board
- Isabelle Andres, Member of the Supervisory Board
- Jean-Laurent Nabet, Member of the Supervisory Board

bet-at-home Open Hamburg

REPORT BY THE MANAGEMENT BOARD

Dear Sir/Madam,
Esteemed shareholders,

For the bet-at-home.com AG Group, 2013 was another extremely successful year, one which will further strengthen the company's financial performance. This is the second time in a row that a dividend of EUR 0.60 per share was paid out. As a result of increased efficiency in the area of marketing and the constant intensification of cost control, the bet-at-home.com AG Group was able to improve its financial performance considerably in comparison with the previous year. Group EBITDA was up by EUR 13.2 million to EUR 15.0 million in the 2013 financial year. Even with significantly lower marketing expenses in the 2013 financial year, gross betting and gaming income saw a slight increase in comparison with the previous year to reach a record high. Moreover, the bet-at-home.com AG group was able to further strengthen its position as one of the top players in the European eGaming market. bet-at-home.com has undoubtedly developed into a strong brand that is very well known across Europe. Once again, staff have made a significant contribution towards this development.

At home across Europe: 3.6 million clients trust in bet-at-home.com

In the 2013 financial year, the bet-at-home.com AG Group generated betting and gaming revenue of approximately EUR 1,834.8 million (2012: EUR 2,039.8 million), whereby the European Football Championship held in 2012 led, as expected, to higher revenues than in a year like 2013 without a major sports event. In addition, unprofitable markets were closed in the 2013 financial year, which likewise led to lower revenues than in the previous year. Furthermore, now that sports betting in Germany is subject to a 5% tax on stakes under the new law introduced in summer 2012, revenues in the 2013 financial year were likewise negatively affected that charge was passed on to the German customers. There was also a slight increase in gross earnings (hold), the most important performance figure in the eGaming market, to EUR 85.6 million in spite of the lower revenue (2012: EUR 85.5 million). Continuing customer growth is a key indicator for the company to know that the bet-at-home.com AG Group is on the right track. More than 3.6 million registered customers have given their trust already.

As a result of carefully chosen and targeted measures to increase efficiency and the analysis of marketing measures, marketing expenses were reduced by EUR 15.7 million to EUR 34.3 million in 2013 in comparison with the previous year. The carefully implemented measures have therefore made a great contribution to the excellent financial performance and thus the higher consolidated profit in the year under review. 240 members of staff work on improving efficiency, driving innovations and continuously expanding and optimising the product portfolio every day.

Ongoing innovation combined with reliable customer service

The extensive product portfolio provides customers with many entertainment opportunities in their spare time. The product range has also been expanded in all segments in the year under review. Ongoing innovation combined with reliable multiple award-winning customer service in

17 languages have further improved customer satisfaction and confidence and continuously strengthened the international competitive position.

In the sports betting segment alone, up to 23,000 bets were offered on average per day in more than 75 sports online. Live betting is becoming increasingly popular, enticing the company to continuously improve its range of services. Therefore, customers had the opportunity to participate in 8,000 games by simply clicking on “take a seat in the stadium”. Furthermore, a bonus campaign was run for sports betting in March and April which was warmly received by the customers.

The Multi-Currency Casino was also very popular during the 2013 financial year. The casino bonus campaigns run in June and December 2013 were also a complete success. In addition, Live Casino, which brings a real casino atmosphere into customers’ homes, had a major influence on the casino segment’s success. The number of casino games on offer increased significantly year-on-year to a total of 136 games.

To meet customers’ high demand for games, 52 games were offered in the period under review. In the poker segment, a larger selection of tournaments was offered and gaming comfort, interaction and communication with customers further improved.

Relaunch of website and mobile platform

The website was completely relaunched at the beginning of the second half of the year and start of the new 2013/14 season in footballing Europe. Besides a complete website relaunch, significantly improved ease of use and better software and risk management, bet-at-home.com has been re-equipped overall to give its 3.6 million registered customers light and easy access to the extensive offering, which has been warmly received by the customers.

After the successful relaunch of the website, a mobile version was added to the sports betting and live betting offering in December 2013. The mobile version is a new milestone in development as bet-at-home.com keeps pace with customer behaviour and the trend towards access anywhere at any time via all current mobile user devices.

Sponsoring highlights in the 2013 financial year

Besides traditional advertising on TV, online and in print media, sport sponsoring remains a cornerstone of bet-at-home.com’s market strategy and means interaction with viewers while at the same time promoting clubs, whereby it is always an objective to create long-term partnerships. bet-at-home.com was able to considerably increase its profile in recent years by targeted sponsoring of high-exposure sports and brand value and thus establishing the bet-at-home.com brand as a reliable partner.

The company also continued its premium partnership with German Football League team FC Schalke 04 in 2013. Given bet-at-home.com’s successful cooperation with the German

Champions League team, the sponsorship contract was extended in the fourth quarter of 2013 for another two years until 30 June 2016.

In addition, the Borussia Mönchengladbach team was sponsored until the middle of the financial year. In Austria, bet-at-home.com has been sponsoring the Austrian Football league teams SV Ried and FK Austria Wien for many years. In the international football arena, bet-at-home.com was represented at the qualifying games for the 2014 FIFA World Cup in Brazil.

bet-at-home.com is now among the world's leading sponsors in the tennis circuit and the main sponsor of the bet-at-home OPEN in Hamburg and bet-at-home CUP in Kitzbühel. The company also advertises at the ATP tennis tournaments in Umag, Halle, and Stuttgart as well as at the WTA tennis tournament in Linz. Long-standing cooperation with various regional tennis associations continued during the 2013 financial year.

In handball, bet-at-home.com has also been a sponsor of the EHF Champions League since the 2006/07 season and in 2013 extended that partnership for another playing season. The extensive advertising package comprises bet-at-home.com's representation at selected games of the VELUX EHF Champions League, including the VELUX EHF FINAL4, Women's EHF Champions League and men's and women's European Cup. The popularity of the Handball Champions League continues to grow from year to year in the core markets in particular, which enables to sponsor men's and women's sports to the same degree. bet-at-home.com also significantly expanded sponsorship of the German Handball League team SG Flensburg-Handewitt in 2013.

Since the beginning of the 2013/14 season, bet-at-home.com has become involved in sponsoring the German Ice Hockey League as the official partner to the Cologne Sharks. One of the top teams in the German Ice Hockey League and with eight German championship titles to their name, the Cologne Sharks are one of Germany's most famous teams with an excellent reputation in Europe as well. We are extremely pleased to have found such a well-known partner in German ice hockey and are convinced this partnership will significantly raise people's awareness of our company. We have also been sponsoring EHC Black Wings Linz since 2006, which underscores our reliability as a long-term partner.

We would also like to draw attention to our involvement in ski jumping. In 2013, bet-at-home.com was again one of the main sponsors for the prestigious Four Hills Tournament.

Expansive growth of the online gaming industry

The global online gaming market continues on its record-breaking run – gross betting and gaming income has risen over the past ten years from USD 6 billion in 2003 to USD 24 billion today driven by strong growth in the industry and the general trends towards e-commerce. Given the attractive offering and the broad-based acceptance of e-commerce, this trend will continue and thus help the gaming sector – which does not depend on the state of the economy – on its way to annual growth of 9% by 2015.

bet-at-home.com has always grown faster than the global market and the management is convinced that this trend will continue thanks to the strong brand presence and the company's constant place in the European market for online gaming.

Gaming was again widely discussed in record year 2013 as internet commerce gains greater acceptance and because more and more European countries are becoming aware of the opportunities arising from the liberalisation of these markets. bet-at-home.com has long since set the course to apply for sports betting and casino licences in the relevant markets in order to enhance legal certainty.

We would like to thank all those who have made this such a successful financial year for bet-at-home.com in 2013, most particularly all our staff. They have contributed significantly to a very good financial year, and through their commitment and trust, will ensure a sustainable and successful future for the bet-at-home.com AG Group. We also thank our shareholders for the confidence and trust placed in.

Franz Ömer	Michael Quatember
CEO	CEO

EHC Black Wings Linz

REPORT BY THE SUPERVISORY BOARD

Dear Ladies and Gentlemen,

In 2013, the bet-at-home.com AG Group's business development was again very encouraging.

The Supervisory Board was involved in this welcome development at the bet-at-home.com AG Group. During the year under review it carried out its responsibilities and duties in accordance with the law 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.

Several resolutions were adopted by circular resolution. bet-at-home.com AG's Supervisory Board held four meetings during the 2013 financial year, and also participated in teleconferences. There was no need for committees, as there are only three Supervisory Board members.

During the year under review, the Management Board provided us with regular updates on the group's strategy, business development, financial performance and significant business transactions – such as licence applications and loans – and also on risks. We discussed the Group's strategic development, latest financial figures, markets, cost structure, legal developments in the gaming and betting sector, licensing procedures and pending administrative and court proceedings with the Board of Management, and were satisfied that business was conducted in an orderly manner.

Audit of the separate and consolidated financial statements for the year ended 2013

As in previous years, PKF FASSELT SCHLAGE Partnerschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Rechtsanwälte Duisburg, was engaged as auditor of the financial statements of bet-at-home.com AG and of the consolidated financial statements and Group Management Report at the Annual General Meeting. The audits were discussed with the auditor. On completion of the audits, the auditor stated that the audits had not led to any reservations and issued an unqualified audit opinion on the separate and consolidated financial statements, including the accounting records and Group Management Report.

The audited separate and consolidated financial statements as well as Group Management Report and also the Management Board's proposal for the appropriation of profits pursuant to section 170 of the German Companies Act (AktG) were available to the Supervisory Board together with the audit reports.

The Supervisory Board reviewed the separate and consolidated financial statements as well as the Group Management Report and discussed them in detail with the auditor on 13 March 2014. The auditor reported in detail on the audit findings.

The auditor also reported on the findings regarding the internal control and risk management system in relation to the accounting process.

All of the Supervisory Board’s questions were answered in detail by the Board of Management and the auditor.

Following discussion of the financial statements, consolidated financial statements and the Group Management Report, the Supervisory Board endorsed the auditor’s reports and audit findings, did not have any reservations upon completion of its own review and approved the separate and consolidated financial statements. The financial statements of bet-at-home.com AG are thus adopted.

The Supervisory Board concurs with the proposal by the Management Board that EUR 2,807,200.00 of the retained earnings of EUR 4,536,564.75 for 2013 be distributed to the shareholders and the remaining amount of EUR 1,729,364.75 be carried forward to the following financial year.

Audit of the report on related party transactions pursuant to section 312 AktG for the 2013 financial year

The auditor also audited the Management Board’s report on related party transactions pursuant to section 312 AktG (related parties report) for the 2013 financial year. The Board of Management prepared the related parties report with a view to the controlling interest held by MANGAS BAH SAS, Paris, France (a company of the Betclic Everest Group SAS, Paris) in bet-at-home.com AG, which specifies legal transactions and measures undertaken within the meaning of section 312 (1) AktG.

As a result of the audit of the related parties report and the financial statements for the year ended 31 December 2013 and based on the associated audit findings the auditor was satisfied that the related parties report contains the information required under section 312 (1) AktG and that the report fairly presents in all material respects the company’s accounts.

As the auditor did not raise any objections to the related parties report for the 2013 financial year following the final results of the audit, the auditor issued an independent auditor’s report pursuant to section 313 (3) AktG as follows:

“Based on our statutory audit and assessment, we confirm that

1. the disclosures in the report are accurate;
2. the company’s compensation with respect to the legal transactions disclosed in the report was not inappropriately high.”

The related parties report and associated auditor’s report were submitted in time to all members of the Supervisory Board. The Supervisory Board reviewed these reports and discussed them in detail with the auditor on 13 March 2014. The auditor reported on the audit findings. The Supervisory Board’s questions were answered by the Board of Management and the auditor.

The Supervisory Board endorsed the auditor's findings on the related parties report. Following the final results of its own review, the Supervisory Board did not raise any objections to the concluding statement by the Board of Management in the related parties report. The concluding statement by the Board of Management in the related parties report is presented in the notes to the consolidated financial statements.

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

Düsseldorf, March 2014

The Supervisory Board

EHF Champions League

BET-AT-HOME.COM SHARE

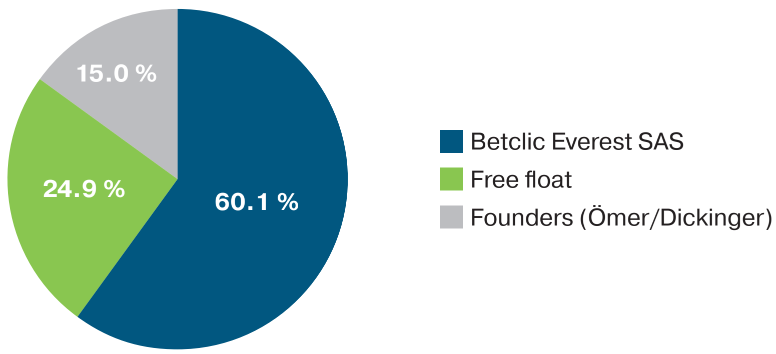
Since the flotation in December 2004, shares in bet-at-home.com today are well established and actively traded on the capital market thanks to the company's policy of transparent information, participation in national and international investor conferences and frequent liaising with private and institutional investors.

As a result of increased efficiency in the area of marketing and careful cost control over operations, along with growth in EBITDA, the share trended significantly higher in the period under review.

Stable shareholder structure

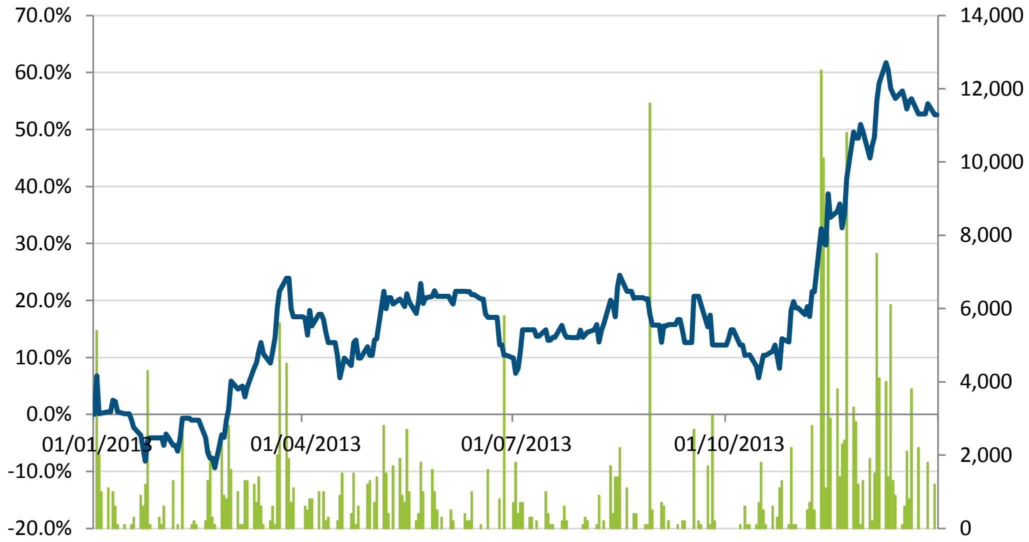
With Betclic Everest Group SAS and its 60.1% stake, the company has a stable core shareholder with its sights set on the long term. Betclic Everest, France, is a European provider of online gaming that invests in strong brands like bet-at-home.com, Betclic, Everest Poker, Expekt and the Monte Carlo Casino. The listed Monte Carlo SBM, Monaco, with its broad offering of gaming, hotels and restaurants, and Stéphane Courbit's LOV Group, with the focus on companies with upward growth and deregulation, hold equal interests in the Betclic Everest Group.

As the founders of bet-at-home.com, Franz Ömer and Jochen Dickinger jointly hold 15.0% of the shares, which results in a free float of 24.9% as at 31 December 2013. In spite of the strong core shareholder, bet-at-home.com AG is a publicly held company whose investor relations exceed the transparency and information requirements for trading on the open market of the Frankfurt Stock Exchange (Entry Standard).



Price trend

Overall, shares in bet-at-home.com traded 52.6% higher in the period under review, thus significantly outperforming the Entry Standard Performance Index (+2.9%).



Trading volume

An average of 1,028 shares in bet-at-home.com were traded a day in the period under review. Trading peaked at 12,500 shares on 11 November 2013; the low was 100.

Performance

12 months	+ 52.6%
24 months	+ 45.6%
52 week high	EUR 35.90 on 09/12/2013
52 week low	EUR 20.12 on 22/02/2013

Fundamentals as per 31 December 2013

Earnings per share	EUR 4.13
P/E ratio	8.19
Dividend per share	EUR 0.60 (13/05/2013)
Market capitalisation	EUR 118.85 million
Enterprise Value*	EUR 54.47 million

*) market capitalisation – current assets

Dividend

To enable our shareholders to take part in the company's success by way of profit distributions in addition to their gains on the share price itself, the policy of bet-at-home.com AG since 2012 has been to pay out a dividend when business is good and there is a positive outlook on the future.

Investor relations

In order to uphold the high quality of transparency and communications towards stakeholders, a direct investor relations staff position was established in the Management Board with a view to greater participation in investor conferences and roadshows and to liaise in person with investors, analyses and the financial media.

bet-at-home.com AG pursues open and active communication with investors in order to present the company as faithfully as possible and thus to meet the capital market's expectations for transparency while boosting the capital market's trust in the share.

As a central means of communication, the website at www.bet-at-home.ag provides extensive information on the company such as all relevant key data on the share, current analyses, financial ratios and calendars as well as downloadable versions of annual reports, ad-hoc announcements and corporate news.

Financial calender

05/05/2014	10.00am	Interim Report January to March 2014
12/05/2014	2.30pm	Annual General Meeting 2014
11/08/2014	10.00am	Interim Report January to June 2014
15/09/2014	10.00am	Half-Year Report 2014
10/11/2014	10.00am	Interim Report January to September 2014
02/03/2015	10.00am	Full Year Results 2014

Key share data

ISIN Code	DE000A0DNAY5
WKN	A0DNAY
Ticker symbol	ACX
Stock markets	XETRA Frankfurt, Vienna Stock Exchange
Type of trading	Open market, Entry Standard
Total number of shares	3,509,000
Research coverage	Warburg Research, Hauck & Aufhäuser (since 1 January 2014)

Nordic World Ski Championships Val di Fiemme 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013

bet-at-home.com AG, Düsseldorf

ASSETS

			Note	31/12/2013		31/12/2012
			No.	EUR	EUR	EUR
A.	Non-current assets					
	1.	Intangible assets	(11)	838,977.20		972,470.76
	2.	Goodwill	(12)	1,369,320.30		1,369,320.30
	3.	Property and equipment	(13)	905,338.82		1,054,326.14
					3,113,636.32	3,396,117.20
B.	Current assets					
	1.	Receivables and other assets	(14)	41,206,143.21		8,256,464.29
	2.	Securities	(15)	1,142,939.65		905,848.35
	3.	Cash and cash equivalents	(16)	22,033,801.22		38,691,157.63
					64,382,884.08	47,853,470.27
C.	Prepaid expenses		(17)		1,674,380.16	2,203,092.26
Total assets					69,170,900.56	53,452,679.73

EQUITY & LIABILITIES

			Note	31/12/2013		31/12/2012
			Nr.	EUR	EUR	EUR
A.	Equity					
	1.	Share capital	(18)	3,509,000.00		3,509,000.00
	2.	Capital reserves	(18)	10,875,000.00		10,875,000.00
	3.	Other comprehensive income	(18)	888.37		0.00
	4.	Total comprehensive income	(18)	30,204,464.70		19,910,657.12
					44,589,353.07	34,294,657.12
B.	Non-current liabilities					
		Provisions for employee benefits	(19)		42,788.31	39,045.46
C.	Current liabilities					
	1.	Trade payables	(20)	2,527,092.52		3,517,174.47
	2.	Short-term provisions	(21)	9,936,958.11		4,405,124.86
	3.	Other liabilities	(22)	11,003,119.98		10,307,411.73
					23,467,170.61	18,229,711.06
D.	Deferred income		(23)		1,071,588.57	889,266.09
Total equity and liabilities					69,170,900.56	53,452,679.73

bet-at-home Cup Kitzbühel

CONSOLIDATED STATEMENT OF INCOME

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

bet-at-home.com AG, Düsseldorf

	Note	01/01-31/12/2013	01/01-31/12/2012
	Nr.	EUR	EUR
Gross betting and gaming income	(1)	85,619,360.62	85,457,685.64
Betting fees and gambling levies	(2)	-10,956,848.30	-9,944,585.57
Net gaming income		74,662,512.32	75,513,100.07
Other operating income	(3)	1,639,358.27	2,121,371.46
Results from operating activities		76,301,870.59	77,634,471.53
Personnel expenses	(4)	-12,889,325.20	-11,083,224.54
Advertising expenses	(5)	-34,277,831.99	-50,018,049.89
Other operating expenses	(5)	-14,152,644.80	-14,707,098.90
Earnings before interest, taxes and depreciation (EBITDA)		14,982,068.60	1,826,098.20
Depreciation and amortisation	(6)	-676,306.38	-636,043.61
Earnings before interest and tax (EBIT)		14,305,762.22	1,190,054.59
Finance income	(7)	1,104,169.09	1,080,827.17
Profit for the period, before income tax		15,409,931.31	2,270,881.76
Income tax expense	(8)	-905,323.73	-565,711.51
Consolidated profit for the period		14,504,607.58	1,705,170.25
Profit carried forward from the previous year		15,699,857.12	18,205,486.87
Total comprehensive income	(18)	30,204,464.70	19,910,657.12

IFRS-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

bet-at-home.com AG, Düsseldorf

	01/01-31/12/2013	01/01-31/12/2012
	EUR	EUR
Consolidated profit for the period	14,504,607.58	1,705,170.25
Items that are potentially reclassifiable to profit or loss subsequently		
Revaluation in accordance with IAS 39	0.00	0.00
Changes in exchange rates	0.00	0.00
Items that are potentially not reclassifiable to profit or loss subsequently		
Revaluation in accordance with IAS 19R	1,184.50	0.00
Income tax and other recognised income and expense	-296.13	0.00
Other comprehensive income	0.00	0.00
Comprehensive income	14,505,495.95	1,705,170.25

Earnings per share		
Basic earnings per share	4.13354448	0.485941935
Diluted earnings per share	4.13354448	0.485941935

FK Austria Wien

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

bet-at-home.com AG, Düsseldorf

I. GENERAL DISCLOSURES AND ACCOUNTING PRINCIPLES

bet-at-home.com AG, based in Düsseldorf (Kronprinzenstrasse 82-84) and registered at Düsseldorf District Court under file number HRB 52673 (as holding company), prepared its consolidated financial statements as at 31 December 2013 in accordance with international accounting standards.

The consolidated financial statements as at 31 December 2013 of bet-at-home.com AG were prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as adopted by the EU, by taking account of the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The 2013 Group Management Report was prepared in accordance with the provisions of the German Commercial Code [HGB].

These consolidated financial statements were prepared using the same accounting policies as applied to the previous year's financial statements as at 31 December 2012. There were the following changes in comparison with the previous year as new standards took effect:

- The procedure for measuring the termination benefit obligation was changed following the initial application of IAS 19R.
- The new overall definition of fair value under IFRS 13 is the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. In addition, the enhanced disclosure requirements for fair value measurement are observed as well.

The initial application of this standard did not have any significant effect on the presentation of the company's financial position, financial performance and cash flows.

The following standards and interpretations have already been published, however were not yet mandatory for the consolidated financial statements as at 31 December 2013:

Standard / Interpre-tation	Title	Date of issue	Date of EU endorse-ment	Mandatory for financial years beginning on or after
IFRS 9; IFRS 7; IAS 39	IFRS 9, Financial Instruments and amendments to IFRS 9 and IFRS 7, Effective Date and Transition Guidance	Nov. 2009 / Nov. 2013	Decision postponed	-
IFRS 10; IFRS 12; IAS 27	Investment Entities: amendments to IFRS 10 Consolidated Financial Statements IFRS 12 Joint Arrangements and Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements	Oct. 2012	Nov. 2013	01/01/2014
IFRS 10	Consolidated Financial Statements	May 2011	Dec. 2012	01/01/2014
IFRS 11	Joint Arrangements	May 2011	Dec. 2012	01/01/2014
IFRS 12	Disclosure of Interests in Other Entities	May 2011	Dec. 2012	01/01/2014
IFRS 10; IFRS 11; IFRS 12	Amendments to IFRS 10, IFRS 11 and IFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities	June 2012	Apr. 13	01/01/2014
IAS 19	Employee Benefits	Nov. 2013	planned for Q4 2014	01/07/2014
IAS 27	Revised Standard: Separate Financial Statements	May 2011	Dec. 2012	01/01/2014
IAS 28	Revised Standard: Investments in Associates and Joint Ventures	May 2011	Dec. 2012	01/01/2014
IAS 32	Amendment to IAS 32 according to Offsetting Financial Assets and Financial Liabilities	Dec. 2011	Dec. 2012	01/01/2014
IAS 36	Amendment to IAS 36, Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets	May 2013	Dec. 2013	01/01/2014
IAS 39	Amendment to IAS 39, Novation of Derivates and Contination of Hedge Accounting	June 2013	Dec. 2013	01/01/2014
IFRIC 21	Levies	May 2013	planned for Q2 2014	01/01/2014
VARIOUS	Annual Improvements tor International Financial Reporting Standards	Dec. 2013	planned for Q4 2014	01/07/2014

It is not anticipated that application of these standards and interpretations will have any significant effect on the future presentation of bet-at-home.com AG's financial position, financial performance and cash flows. The company has chosen not to exercise the option of voluntary early adoption of these standards and interpretations.

The core business of equity interests held by the holding company is sports betting as well as casino and poker games, exclusively via the internet.

The consolidated financial statements have been prepared in euros.

The Consolidated Income Statement has been prepared in accordance with the nature of expense method.

Since 5 March 2009, Betclic Everest SAS Group, Paris, France has held a controlling interest in the bet-at-home.com group parent. Betclic Everest SAS Group prepares consolidated financial statements, which include bet-at-home.com AG's consolidated financial statements.

II. GROUP ENTITIES

General

The Austrian subgroup of bet-at-home.com Entertainment Gbmh based in Linz, Austria, is included in the financial statements. The subgroup accounts of bet-at-home.com Entertainment Gbmh, Linz, include five subsidiaries (second-tier subsidiaries of bet-at.home.com AG, Düsseldorf), in which bet-at-home.com Entertainment Gbmh holds all direct and indirect voting rights. bet-at-home.com AG, Düsseldorf, holds all voting rights in bet-at-home.com Entertainment Gbmh, Linz.

Apart from the group parent bet-at-home.com AG, Düsseldorf, the following subsidiaries and secondtier subsidiaries were fully consolidated during the financial year:

- bet-at-home.com Entertainment Gbmh, Linz, Austria (100% share)
- bet-at-home.com Holding Ltd., Portomaso/Malta (100% share)
- bet-at-home.com Entertainment Ltd., Portomaso/Malta (100% share)
- bet-at-home.com International Ltd., Portomaso/Malta (100% share)
- bet-at-home.com Internet Ltd., Portomaso/Malta (100% share)
- Jonsden Properties Ltd., Gibraltar (100% share)

Pursuant to Maltese company law, the parent company bet-at-home.com AG holds 2% of the shares in each of the four Maltese second-tier subsidiaries in a fiduciary capacity for bet-at-home.com Entertainment Gbmh.

There are no non-controlling interests in group equity. Profit (loss) for the year does not comprise amounts attributable to non-controlling interests.

Change in group entities

There were no changes in group entities in 2013.

III. BASIS OF CONSOLIDATION

All financial statements included in the consolidated financial statements were prepared in accordance with the same accounting policies. The separate financial statements of consolidated domestic and international entities and the Austrian subgroup accounts were all prepared as at the group reporting date, audited and consolidated in accordance with International Financial Reporting Standards on the basis of a fictitious legal entity.

IFRS 3 (Business Combinations) and the revised standards IAS 36 (Impairment of Assets) and IAS 38 (Intangible Assets) were applied early with retrospective effect from 1 January 2004 in accordance with IFRS 3.85 (limited retrospective application) to the Maltese secondtier subsidiaries, which were included in the Austrian subgroup accounts for the first time in 2004. Capital is consolidated by applying the revaluation method. The investment carrying amounts have been offset against the subsidiaries' proportional revalued equity capital (purchase accounting). Initial consolidation of the Maltese second-tier subsidiaries did not result in any differences.

In the case of Jonsden Properties Ltd., Gibraltar, which was included in the Austrian subgroup accounts for the first time in 2008, the difference of EUR 2,000 identified during initial consolidation was recognised as goodwill due to a lack of identifiable assets and written down in full as an impairment loss in the same year.

Jonsden Properties Ltd. has joint venture agreements with both bet-at-home.com Internet Ltd. and bet-at-home.com Entertainment Ltd. (agreements for shared conduct of business) pursuant to IAS 31.3, according to which each venturer uses its own assets, incurs its own expenses and liabilities and raises its own funding while carrying out all economic activities on a joint venture basis.

The Austrian subgroup was consolidated for the first time as at 31 December 2005. All capitalisable hidden reserves were disclosed in the Austrian IFRS subgroup accounts. These were therefore consolidated at the subgroup's revalued equity. Initial consolidation resulted in a surplus of EUR 1,052 thousand stated under assets. This was recognised as goodwill in the consolidated financial statements. There was no evidence of impairment.

Trade receivables, loans and other receivables are offset against the corresponding payables and provisions during the elimination of intercompany payables and receivables of entities included in the consolidated financial statements. All gains and losses on intercompany trade receivables are offset as part of income and expense consolidation. Unless negligible, unrealised gains and losses on intercompany trade receivables were eliminated. Discounts and other entries affecting only profit or loss were eliminated from the consolidated financial statements.

IV. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates and assumptions

The preparation of consolidated financial statements in conformity with IAS/IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures in the notes and in the consolidated income statement. These estimates and related assumptions are based on empirical values and other factors of influence, which are deemed appropriate under the circumstances, and which serve as a basis for assessing the carrying amounts of assets and liabilities that cannot be derived from other sources. Actual amounts may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies (IFRSs) that have the most significant effect on the amounts recognised in the consolidated financial statements, and estimation uncertainties that may bear the risk of requiring a material adjustment of recognised assets and liabilities in subsequent financial years, are as follows:

- Estimating the possibility of a positive outcome of pending civil and criminal litigation;
- Impairment of goodwill, the customer base and software is assessed on the basis of anticipated future cash flows;
- Impairment of financial assets is assessed on the basis of anticipated future cash flows (identification of events as causes for impairment).

Intangible assets and property, plant and equipment

Acquired and internally-produced intangible assets and office equipment are measured at cost less write-downs.

Internally-produced intangible assets are capitalised from the time they become technically feasible, provided no future economic benefit arises from these assets and their cost can be reliably measured. As part of the further development of software, the personnel expenses for each individual member of the project team were measured separately and capitalised as intangible assets (IAS 38). Cost includes direct costs. No other costs were capitalised.

Assets subject to wear and tear are written down over their estimated useful lives using the straightline method. The following depreciation and amortisation rates were used for estimating the useful lives of assets:

	Years
Office equipment	3-10
Customer base	2
Software	3

If an asset acquired during the financial year is used for more than six months, the depreciation and amortisation charge recognised for the asset in the subgroup accounts will be the full annual amount, while in the case of a shorter period of use, it will be recognised at half the annual amount or on a monthly basis. In the Austrian subgroup, assets acquired at a cost of EUR 400 or less are fully written down in the year of acquisition and immediately recognised as disposals. In Germany, such items are written down on a pro rata temporis basis. Assets acquired at a cost of EUR 150 or less are expensed in full as incurred during the year of acquisition. Assets acquired at a cost between EUR 150 and EUR 1,000 are written down in five equal annual instalments, on the assumption that these assets will be sold after five years.

Intangible assets with finite useful lives and items of property, plant and equipment are tested for impairment. In the event of evidence of impairment, recoverable amounts are determined for the assets concerned. If the recoverable amount of an asset is lower than its carrying amount, an impairment loss is recognised.

Intangible assets with indefinite useful lives are tested for impairment on an annual basis or in the event of evidence of impairment. The carrying amount of the intangible asset is compared with its recoverable amount. If there is objective evidence of impairment, the associated expense is recognised in profit or loss under write-downs.

Goodwill

Goodwill has an indefinite useful life and is not amortised, but tested annually for impairment instead (“impairment-only” approach). The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

Financial assets and liabilities

Financial assets and liabilities are recognised as soon as contractual rights or obligations are incurred. These transactions are recognised as at the value date. They are derecognised as soon as control over such contractual rights (including the asset) ceases. This is usually the case when the asset is sold or all cash flows relating to the asset are directly transferred to an independent third party.

Financial assets – marketable securities

In accordance with IAS 39, securities are measured at cost on initial recognition and classified as "available for sale" if their fair value can be derived from market rates. A gain or loss on an available-for-sale financial asset shall be recognised at fair value directly in equity (revaluation reserve) at the reporting date, except for impairment losses and foreign exchange gains and losses (IAS 39.55 (b) in conjunction with IAS 39.67). Fair values are derived from market rates.

Cash and cash equivalents

bet-at-home.com AG treats cash, demand deposits and time deposits with original maturities of up to six months as cash and cash equivalents. Longer-term time deposits are also treated as cash and cash equivalents, if they are callable within six months.

Receivables and other assets

Receivables and other assets are recognised under loans and receivables at the lower of amortised cost and fair value (nominal value) less individual impairment allowances for estimated irrecoverable amounts.

Other provisions

Other provisions are recognised in the event of a legal or actual obligation to a third party due to a past event and when it is probable that this obligation will result in cash outflows. Provisions are recognised in the amount of the best estimate available at the time of preparing the financial statements. When a reasonable estimate is not possible, no provision is recognised and this is disclosed in the notes to the consolidated financial statements.

Provisions for termination benefits

Due to legal and individual contractual obligations, bet-at-home.com Entertainment Gbmh must render a one-off severance payment to employees if their contract is terminated or upon retirement. This payment is dependent upon years of service and the relevant salary level at the time of termination or retirement. A provision is made for such obligations. Provisions for employee benefits were calculated by an actuary as at 31 December 2013 in accordance with IAS 19R (Employee Benefits) and recognised in profit or loss.

Actuarial gains and losses are presented as from the 2013 financial year in Other gains and losses. Through a reclassification of the income statement, it is recognised in Other comprehensive income. The interest expense remains – just as the service cost – in the personnel expenses and is not presented in the net finance income (cost).

Trade payables

Trade payables are recognised at cost equal to the repayable amount.

Revenue recognition

Betting revenue of the Maltese second-tier subsidiaries is recognised in accordance with bets placed as at the reporting date, provided the underlying bets have already been settled. Bets placed for sports events that will not take place until after the reporting date, however have already been deducted from customer accounts prior to the reporting date (pending bets), are reclassified to deferred income. Betting fees and gambling levies are taken into account in net gaming income.

Income taxes

In the 2013 financial year, the income tax refund from the Maltese tax entity, in which all Maltese subsidiaries are combined, was recognised in the financial statements of the same year, as was done in the previous year.

Net financial income (cost)

Net finance income (cost) includes all interest and similar income received on financial assets. Interest is recognised on an accrual basis. Net finance income (cost) also includes current yields on securities, income from the sale of securities and impairment losses on securities held (IAS 39.67) or income from reversals of impairment losses on securities held as well as interest and similar income.

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

The following sections provide additional information on individual items of the Consolidated Income Statement, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity. The previous year's comparative figures were taken from the IFRS consolidated financial statements of bet-at-home.com AG, Düsseldorf, as at 31 December 2012.

V.1. COMMENTS ON INDIVIDUAL ITEMS OF THE CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31/12/2013

The Consolidated Income Statement was prepared in accordance with the nature of expense method.

(1) Gross betting and gaming income and segment reporting

For clarity of presentation of the consolidated financial statements, gross betting and gaming income is shown in the consolidated statement of income. A breakdown of gross betting and gaming income (betting and gaming revenue less payout of winnings) is now shown in the notes to the consolidated financial statements.

The Group operates in the product and operating segments Sports Betting and eGaming. The eGaming segment includes casino games, dog betting, games and poker games.

These operating segments correspond to the Group's internal organisational and managerial structure and the internal financial reporting system.

Segment reporting in accordance with IFRS 8

31/12/2013	Business segment: Sports betting	Business segment: eGaming (casino, poker, dog betting	not allocated / consolidation	Group total
	EUR'000	EUR'000	EUR'000	EUR'000
Betting and gaming revenue	475,224	1,359,579	0	1,834,803
Payout of winnings	-433,237	-1,315,947	0	-1,749,184
Betting fees and gambling levies	-5,217	-5,740	0	-10,957
Net gaming income	36,770	37,893	0	74,663
Segment assets	8,580	8,946	51,645	69,171

31/12/2012	Business segment: Sports betting	Business segment: eGaming (casino, poker, dog betting	not allocated / consolidation	Group total
	EUR'000	EUR'000	EUR'000	EUR'000
Betting and gaming revenue	597,217	1,442,564	0	2,039,781
Payout of winnings	-558,506	-1,395,817	0	-1,954,323
Betting fees and gambling levies	-4,134	-5,811	0	-9,945
Net gaming income	34,577	40,936	0	75,513
Segment assets	2,020	5,912	45,521	53,453

Segment reporting – supplementary information

Betting and gaming revenue can be presented by geographic segment based on player country as follows:

	31/12/2013	31/12/2012
	EUR'000	EUR'000
Austria	501,598	525,446
Western Europe	655,564	802,760
Eastern Europe	647,176	698,029
Other	30,465	13,546
	1,834,803	2,039,781

Countries with similar markets are grouped together by region as follows:

Western Europe

Andorra, Belgium, Germany, Faroe Islands, Finland, United Kingdom, Ireland, Iceland, Italy, Virgin Islands (UK), Liechtenstein, Luxembourg, Malta, Netherlands, Norway, Portugal, San Marino, Sweden, Switzerland, Cyprus

Eastern Europe

Albania, Armenia, Bosnia and Herzegovina, Estonia, Georgia, Croatia, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Czech Republic, Ukraine, Hungary, Belarus

(2) Other operating income

	2013	2012
	EUR'000	EUR'000
Refund of customer expenses	1,231	1,426
Intercompany charges	40	10
Income from the release of provisions	130	147
Other	238	538
	1,639	2,121

(3) Personnel expenses

Breakdown of personnel expenses:

	2013	2012
	EUR'000	EUR'000
Salaries	9,967	8,534
Termination benefits and employee pension funds	141	135
Statutory social security contributions, payroll-related taxes and compulsory contributions	2,639	2,305
Other social benefits	142	109
	12,889	11,083

Termination benefits and employee pension funds include payments in accordance with the Austrian Staff and Self-Employment Provisions Act [BMSVG "new termination benefits"] totalling EUR 136 thousand (previous year: EUR 117 thousand).

Movements in personnel:

	Balance sheet date		Average	
	31/12/2013	31/12/2012	2013	2012
Salaried staff	240	230	245	216
Management Board of the group parent and Managing Directors of bet-at-home.com Entertainment Gbmh	2	1	2	2

(4) Advertising and other operating expenses

These expenses include the following items:

	2013	2012
	EUR'000	EUR'000
Advertising expenses		
Advertising costs	15,543	28,215
Bonus payments, vouchers	9,642	10,738
Sponsoring	8,303	10,301
Jackpot expenses	790	764
	34,278	50,018

	2013	2012
	EUR'000	EUR'000
Other operating expenses		
Incidental bank charges	3,412	3,846
Software provider expenses	3,234	3,591
Live streaming expenses	1,839	2,389
Exchange rate differences and other similar expenses	1,482	454
Legal, audit and advisory fees	1,156	1,409
Rent and lease expenses	604	580
Expenses for annual reporting, general shareholders' meeting, stock exchange fees	138	187
Additions to provisions for impairment losses on receivables, loan losses and claims	24	70
Remuneration of the supervisory board	8	10
Other expenses	2,256	2,171
	14,153	14,707

(5) Depreciation and amortisation

	2013	2012
	EUR'000	EUR'000
on intangible assets	199	224
on property, plant and equipment	416	372
on minor value assets	61	40
	676	636

(6) Net finance cost

	2013	2012
	EUR'000	EUR'000
Finance income		
Interest and similar income	867	1,004
Reversal of impairment loss on marketable securities	237	77
	1,104	1,081

(7) Income tax expense

This item can be presented as follows:

	2013	2012
	EUR'000	EUR'000
Current tax		
Current income taxes for the year under review, Austria	1,072	566
Tax income in previous years	-167	0
	905	566

As in the previous year, significant temporary differences did not arise between the carrying amounts stated in the Consolidated Statement of Financial Position and those recognised for tax purposes during the year under review. Accordingly, there were no deferred tax assets or liabilities.

Difference between the estimated and actual income tax expense:

	2013	2012
	EUR'000	EUR'000
Profit before income tax	15,411	2,271
of which tax offsettable (loss carryforwards), Germany	0	257
	15,411	2,528
Calculated income tax expense, Austria (25%)	3,853	632
Tax income in previous years	-167	0
Tax differences for Malta tax group	-2,814	-73
Other differences and tax rate changes	34	7
Tax expense	906	566

(8) Total comprehensive income

The total comprehensive income for the year of EUR 30,205 thousand (previous year: EUR 19,911 thousand) is exclusively attributable to shareholders of the parent company.

V.2. COMMENTS ON ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31/12/2013

(9) and (10) Intangible assets and Goodwill

A breakdown of non-current assets and their movements during the financial year is presented in the Changes in Non-current Assets for the Group (appendix to the notes).

Internally-produced software

Internally-produced software has a useful life of three years. As at 31 December 2013, the carrying amount of internally-produced intangible assets was EUR 186 thousand (previous year: EUR 131 thousand).

(11) Goodwill

Breakdown of goodwill

	31/12/2013	31/12/2012
	EUR'000	EUR'000
Take-over of the Wetten-Schwechat operating unit	155	155
Take-over of the Starbet International Ltd. operating unit	162	162
Take-over of bet-at-home.com Entertainment Gbmh, Linz (Austria)	1,052	1,052
	1,369	1,369

Take-over of the Wetten-Schwechat operating unit

By agreement dated 1 July 2007, Betcompany s.a., Uruguay, transferred the customer base for the wetten-schwechat.at, wetten-schwechat.com and wetten-schwechat.de domains to bet-at-home.com Internet Ltd., Malta. Purchase price allocation in accordance with IFRS 3 resulted in a) an asset value of EUR 18 thousand (customer base for depositing users), which will be written down over its anticipated useful life of two years, and b) remaining goodwill of EUR 155 thousand. Pursuant to IFRS 3, this goodwill is not subject to systematic amortisation; it is tested for impairment annually instead. There was no objective evidence of impairment.

Take-over of the Starbet International Ltd. operating unit

By agreement dated 14 January 2008, Starbet International Ltd.,Ta'Xbiex, Malta, transferred the starbet.de and starbet.com domains (and all related customer relationships) to bet-at-home.com Internet Ltd., Malta. In accordance with IFRS 3, this asset deal must be treated in the same way as a share deal. Therefore, it was initially consolidated at the time of acquisition pursuant to IFRS 3. Once the disclosed difference had been allocated to identifiable assets, the remainder (EUR 162 thousand) was recognised as goodwill. There was no objective evidence of impairment.

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

As at 31 December 2005, bet-at-home.com Entertainment Gbmh, including its subgroup, was included and consolidated for the first time. All capitalisable hidden reserves were disclosed in the Austrian IFRS subgroup accounts. These were therefore consolidated at the subgroup's revalued equity. Initial consolidation resulted in a surplus of EUR 1,052 thousand stated under assets. This was recognised as goodwill in the consolidated financial statements. There was no evidence of impairment.

(12) Property and equipment

A breakdown of non-current assets and their movements during the financial year is presented in the Changes in Non-current Assets for the Group (appendix to the notes).

(13) Receivables and other assets

All receivables and other assets have residual terms of up to one year and comprise the following:

	31/12/2013	31/12/2012
	EUR'000	EUR'000
Receivables from credit card companies	4,497	5,192
Associate receivables	32,040	0
Tax receivables	4,454	889
Other receivables	215	2,175
	41,207	8,256

Amounts receivable from associated companies concern an overdraft facility to majority shareholder Mangas BAH SAS, Paris, for EUR 32,000 thousand.

(14) Marketable securities

	31/12/2013	31/12/2012
	EUR'000	EUR'000
Mutual fund shares	1,143	906

All securities are categorised as available-for-sale and measured at their fair value. Changes in fair value are recognised directly in equity as revaluation reserve, if they are not write-downs or reversals of impairment losses or constitute currency translation gains/losses.

In 2013, reversals of impairment losses on securities amounted to EUR 237 thousand (previous year: EUR 77 thousand).

(15) Cash and cash equivalents

	31/12/2013	31/12/2012
	EUR'000	EUR'000
Cash and cash equivalents	22,034	38,691

(16) Prepaid expenses

Prepayments mainly concern prepayments on the basis of advertising and sponsorship as well as maintenance agreements.

(17) Group equity

Breakdown of the Group's equity capital:

	31/12/2013	31/12/2012
	EUR'000	EUR'000
Share capital	3,509	3,509
Capital reserves	10,875	10,875
Other comprehensive income	1	0
Total comprehensive income	30,204	19,911
	44,589	34,295

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

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

The reserves are the result of a capital increase in 2005 by 290,000 shares at an issue price of EUR 11.00 per share (totalling EUR 2,900,000) and a further capital increase in 2006 by 319,000 shares at an issue price of EUR 26.00 per share (totalling EUR 7,975,000). Pursuant to the shareholder resolution dated 13/05/2013, the Management Board is entitled, with the Supervisory Board's consent, to increase the company's share capital by 12/05/2018 by issuing new bearer shares (no-par value shares) for cash or non-cash contributions, once or several times, by a maximum amount of EUR 1,754,500.00.

(18) Non-current liabilities

	31/12/2013	31/12/2012
	EUR'000	EUR'000
Provisions for employee benefits	43	39

In order to calculate provisions for termination benefits in accordance with IAS 19 by applying the projected unit credit method, an actuary's opinion was obtained, which is based on a discount rate of 3.25% (previous year: 3.00%) and an annual growth rate of 2.5%.

(19) to (22) Total current liabilities and deferred income

Breakdown of total current liabilities and deferred income:

	31/12/2013	31/12/2012
	EUR'000	EUR'000
Trade payables	2,527	3,517
Short-term provisions	9,937	4,405
Other current liabilities	11,003	10,308
	23,467	18,230
Deferred income	1,072	889
	24,539	19,119

Movements in provisions during the 2013 financial year (in thousands of euro):

	Balance 01/01/2013	Utilised	Release	Addition	Balance 31/12/2013
Long-term					
Employee benefits	39	0	0	4	43
Short-term					
Taxes	438	437	1	5,127	5,127
Employee provisions	420	420	0	812	812
Auditing and advice	215	201	14	258	258
Invoices yet to be received	1,430	1,325	105	1,873	1,873
Betting fees and gambling levies	1,147	1,139	8	1,035	1,035
Other	755	753	2	832	832
	4,406	4,275	130	9,936	9,936
	4,445	4,275	130	9,940	9,979

As from 1 January 2011, Austria has introduced a betting fee and a gambling levy on bets and gambling originating from Austria. The Management Board anticipates that this legal regulation is unconstitutional. Nonetheless, these fees and levies are paid on a monthly basis. In the consolidated financial statements as at 31 December 2013, a provision was made for betting fees and gambling levies for December 2013; they were paid in January 2014.

Other current liabilities include liabilities to customers of EUR 10,317 thousand (previous year: EUR 9,907 thousand).

Deferred income consists of bets already deducted from customer accounts prior to the reporting date (pending bets). However, the sports events relating to these bets will not take place until after the reporting date (mostly in January 2014).

V.3. COMMENTS ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents recognised in the statement of cash flows exclusively refers to the line item “cash and cash equivalents” in the statement of financial position.

V.4. COMMENTS ON THE IFRS CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The changes in group equity are presented in the Consolidated Statement of Changes in Equity.

VI. OTHER DISCLOSURES

VI.1. FINANCIAL INSTRUMENTS

Non-derivative financial instruments

We refer to the Consolidated Statement of Financial Position for further details on non-derivative financial assets. The group does not trade in derivatives and only holds shares in mutual funds (mostly money market funds), and cash and cash equivalents.

Liquidity exposure

Liquidity exposure 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 very 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 (receivables and other assets) are equal to maximum credit and default risk because there are no netting arrangements. Provisions have been made for anticipated reversals arising from amounts credited to credit cards. Default risk relating to bank balances must be considered very minor as the lending institutions concerned are A-rated banks. Given the majority shareholder's creditworthiness, the default risk on the loan to Mangas BAH SAS can be considered minor. Moreover, the majority shareholder's owners have issued a joint and several guarantee for repayment of the loan. The default risk associated with mutual fund shares can also be considered minor due to the issuer's credit rating. There are no overdue and/or impaired financial assets. Allowances for default risk arising from receivables and other assets are not necessary.

Market price risk

Market price risk may arise from marketable securities. Mutual fund shares with limited price risk compared to equity investments were held as at the reporting date. Nonetheless, securities dropped in price considerably in 2008 as a result of market developments, although it was possible to offset most of these price declines again in the 2009 to 2012 financial years. Market prices rose further during the 2013 financial year. A drop (or rise) in market price by five percentage points would decrease (or increase) the Group's profit for the year by EUR 57 thousand (previous year: EUR 45 thousand).

Interest rate risk

The interest rate risk associated with investments is considered insignificant. Interest on bank balances is dependent on market interest rates in relation to maturities. A change in the currently low level of interest by 0.5% points would change the financial result by EUR 110 thousand (previous year: EUR 193 thousand). The loans do not carry any interest rate risk. They are short term and are subject to interest at the typical market rate. 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 rates. Despite the Group's international orientation, most cash flows are denominated in group currency (euros). In 2013, material currency risks arose from transactions denominated in Polish zloty, while transactions denominated in other currencies were of minor importance. There are no hedges of foreign currency risk. A 10% appreciation (depreciation) in the zloty would have increased (decreased) profit for the period, or equity, by about EUR 107 thousand (previous year: EUR 113 thousand). Changes in these risk variables were assessed in relation to the potential for risks inherent in each financial instrument portfolio as at the closing date.

Fair value

The fair values of securities are equal to their carrying amounts. Due to their short maturities, the fair values of other financial instruments (receivables, liabilities) are almost equal to their carrying amounts. Fair values were therefore not determined for such assets and liabilities.

Reconciliation of carrying amounts and fair values (by category) in accordance with IAS 39:

	Carrying amount 31/12/13	At amortised cost		At fair value	Total carrying amount of the financial instruments	Fair value of the financial instruments	No financial instruments
		loans & receivables	at amortised cost	available-for-sale			
Current assets							
Receivables and other current assets	41,206	36,752	0	0	36,752	36,752	4,454
Securities	1,143	0	0	1,143	1,143	1,143	0
Cash and cash equivalents	22,034	0	22,034	0	22,034	22,034	0
Current liabilities							
Provisions	9,980	0	4,853	0	4,853	4,853	5,127
Trade payables	2,527	0	2,527	0	2,527	2,527	0
Other liabilities and deferred income	12,075	0	11,003	0	11,003	11,003	1,072

	Carrying amount 31/12/12	At amortised cost		At fair value	Total carrying amount of the financial instruments	Fair value of the financial instruments	No financial instruments
		loans & receivables	at amortised cost	available-for-sale			
Current assets							
Receivables and other current assets	8,256	7,367	0	0	7,367	7,367	889
Securities	906	0	0	906	906	906	0
Cash and cash equivalents	38,691	0	38,691	0	38,691	38,691	0
Current liabilities							
Provisions	4,444	0	4,006	0	4,006	4,006	438
Trade payables	3,517	0	3,517	0	3,517	3,517	0
Other liabilities and deferred income	11,197	0	10,308	0	10,308	10,308	889

Fair value risk management

The following classes of financial instruments measured at fair value apply within the Group:

- Level 1: Quoted prices in an active market are used for identical assets and liabilities.
- Level 2: Inputs that are observable either directly (i.e., as prices) or indirectly (i.e., derived from price) are used to calculate the asset or liability (no quoted prices).
- Level 3: Internal models or other valuation techniques as inputs that are not based on observable market data (i.e. prices) are used to calculate the asset or liability.

The table below shows the classification of financial assets and liabilities measured at fair value according to the fair value hierarchy. This distinguishes between fair values by the significance of the inputs used in the valuation technique and shows to what extent observable market data were available for determining the fair value.

	Fair value of the financial instruments	Level 1	Level 2	Level 3
	EUR'000	EUR'000	EUR'000	EUR'000
Non-current assets	0	0	0	0
Current assets	1,143	1,143	0	0

Legal risks

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

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. Among the basic components of risk management are general principles for risk prevention, such as the segregation of duties 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 derivative financial instruments. Nor does the Management Board intend to use such financial instruments in the future.

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

VI.2. RELATED PARTY TRANSACTIONS

Members of the Management Board of bet-at-home.com AG, Düsseldorf, during the 2013 financial year:

- Mr. Franz Ömer, Dipl.-Ingenieur [graduate engineer], Ansfelden, Austria
- Mr. Michael Quatember, Master's degree, Linz, Austria

In 2013, the emoluments of the Management Board totalled EUR 393 thousand (previous year: EUR 258 thousand).

Mr. Franz Ömer as well as Mr. Michael Quatember were also active as managing directors of the subgroup bet-at-home.com Entertainment Gbmh, Linz in the 2013 financial year. The emoluments of the managing directors of the subgroup totalled EUR 643 thousand in 2013 (previous year: EUR 308 thousand).

Members of the Supervisory Board of bet-at-home.com AG, Düsseldorf, during the 2013 financial year:

- Martin Arendts, MBL-HSG, lawyer, Grünwald – President
- Jean-Laurent Nabet, Director, Paris, France
- Isabelle Andres, Director, Paris, France

In 2013, the members of the Supervisory Board received emoluments and compensation for travel expenses totalling EUR 8 thousand (previous year: EUR 10 thousand).

In 2013, significant related party transactions involved loans extended by the parent company bet-at-home.com AG, Düsseldorf, to a company belonging to the Betclic Everest SAS Group, Paris, in accordance with prevailing market conditions. There were no other significant related party transactions.

The Management Board states pursuant to section 312 (3) of the German Companies Act (AktG) that, according to the circumstances known to the Board at the time when legal transactions were undertaken with related parties, the parent company received appropriate compensation for each legal transaction. No actions subject to Section 312 AktG were taken or omitted.

VI.3. OTHER COMMITMENTS AND CONTINGENT LIABILITIES

Other commitments

Future commitments based on rental and lease agreements total EUR 2,968 thousand for the next five years (previous year: EUR 3,135 thousand). Of this amount, EUR 594 thousand falls due within one year (previous year: EUR 627 thousand), consisting of rent for office space in Linz, Portomaso (Malta) and Düsseldorf.

As the current tenancy of the offices in Linz, which represents most of these commitments, can be terminated after expiry of a no-termination 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 some European countries, especially Austria, Germany and Switzerland, betting and gaming providers are under legal challenge in an effort to persuade them to suspend offering and advertising their activities, in particular due to government monopoly regulations relating to the gambling sector. The Group was involved in two related proceedings in the past financial year.

The current status of these proceedings is as follows:

- Criminal proceedings on the grounds of gambling pursuant to section 168 of the Austrian Criminal Code [StGB] are currently pending before the Linz District Court against a current and former Managing Director of bet-at-home.com Entertainment Gbmh as individuals and against the company as a legal entity. All defendants and the accused entity were exonerated by the Court in its ruling of 6 February 2013. The public prosecutor waived its right to seek further redress, thus acquitting the accused of all charges, rendering this a final judgement.
- In Germany, the injunctions by the states of Baden-Württemberg, Lower Saxony, Berlin, Brandenburg, Hamburg and Saxony against several Group companies were favourably closed in 2013. Therefore, all that remained was the proceeding against the federal state of Bavaria, which had levied coercive fines against all companies, with EUR 200 thousand in coercive fines against bet-at-home.com AG and EUR 100 thousand against bet-at-home.com Entertainment Gbmh. At the hearing on 28 January 2014, the competent court upheld all claims against the fines, whereby this matter was resolved in favour of the companies without any financial detriment.
- bet-at-home.com AG still has cases against North Rhine-Westphalia and Rhineland-Palatinate. The authorities in North Rhine-Westphalia had levied EUR 100 thousand in coercive fines in four separate instances, EUR 100 thousand of which was paid by bet-at-home.com AG to avoid imprisonment of the Management Board for non-payment of a coercive fine. A settlement has since been reached in court.

bet-at-home.com AG does not have to pay the fines and any such fines paid this far will be refunded if the interim order later proves to be unlawful. The Management Board considers the prospects of success very good in this case as well. Rhineland-Palatinate fined bet-at-home.com AG for EUR 40 thousand. The summary proceeding was successfully closed in the first and second instance, so there is no threat of enforcement at present.

The following major court proceedings were initiated against individual group companies for the repayment of gaming losses:

- A customer has sued bet-at-home.com Entertainment Ltd. and bet-at-home.com Internet Ltd., both Malta, for the repayment of EUR 950 thousand in gaming losses in the online casino. This action was rejected in its entirety by the Linz District Court in its ruling of 22 March 2012. The customer has filed an appeal against this ruling. The Linz District Court, as the regional appeal court, has granted the appeal. bet-at-home.com Entertainment Gbmh has appealed this decision to the Supreme Court. The Supreme Court has granted the company's appeal and remitted the case in its decision dated 27 November 2013 (published in January 2014) to the court of first instance referring to the lack of specific findings in light of the rulings of the European Court of Justice. The Supreme Court referred explicitly to the lack of a reason for the decision (sectoral view of gaming advertising) by the court of second instance.
- Five other customers have sued individual group companies for the repayment of gaming losses. One of these proceedings has already been finally concluded in favour of bet-at-home.com Entertainment Gbmh by the District Court in Wels. The other proceedings have been stayed until a decision is handed down by the Supreme Court. We also consider the prospects of success very good in this case given the unlawfulness of Austrian gambling rules under EU law.

Summary of developments in the regulatory environment:

- In core market Germany, bet-at-home.com Internet Ltd. participated in January 2013 in a tender to obtain one of twenty sports betting licences to be issued under the Amendment to the [German] Agreement on Gambling and reached the second stage of the tender process. Now that several contenders have delayed the process with lawsuits, these licences will not be granted until mid-2014 at the earliest. It is doubtful whether the Amendment to the [German] Agreement on Gambling is in compliance with European legislation. bet-at-home.com Internet Ltd. considers the lack of substantiation as to the reasons for restricting the number of licences to twenty just as discriminatory as the time restriction on private providers to offer sports betting in the form of an "experimental clause". In addition, there are rightful doubts as to whether the casino licences granted from Schleswig-Holstein go against German gambling laws. The Supreme Court has submitted this case to the European Court of Justice for a preliminary ruling. Therefore, there is still legal uncertainty in Germany until the decision of the European Court of Justice – probably in 2015. Nevertheless, given its tender status for a German licence and the existing licences from Schleswig-Holstein, the Group was able to offer and advertise its services in Germany in 2013 without any significant restrictions. The Management Board assumes that this status will remain largely unchanged until the decision of the European Court of Justice on whether the Amendment to the [German] Agreement on Gambling is in compliance with European legislation.

- Similarly, there were no changes to the law in core market Austria either. In September 2010, the European Court of Justice held in its “Engelmann” judgment (C-64/08) that the Austrian legal situation, according to which only companies domiciled in Austria may apply for a casino licence and operate a casino, violates freedom of establishment under EU law. This caused the Austrian legislator to issue new tenders for casino licences across Europe. One Maltese subsidiary applied for the only online casino licence on 29 July 2011. As expected, the discriminatory conditions, which were clearly tailored to the Austrian monopolist, resulted in a negative decision, which was forwarded to the company on 10/10/2011. The appeal against the decision before the Constitutional Court explicitly specifies the infringements of the law underlying the tender procedure. But, the appeal was rejected on 9 February 2013 nonetheless. The negative decision by the Constitutional Court does not affect the business activities of the Maltese subsidiaries, as they can offer casino services based on the current Maltese licence given the unlawfulness of the Austrian gambling rules under EU law. bet-at-home.com Entertainment Gbmh holds a sports betting licence from the federal state of Upper Austria. New laws on sports betting have been discussed, but no changes are expected until 2015.
- The regulations in core market Poland have remained the same, hence the calm trend in business there in 2013. In November 2013, the European Commission instituted an action for breach of treaty and called on the Polish government to take a position on the country’s betting laws’ violation of European statute. The legal conditions are not expected to change in 2014, however.

In the Group’s smaller markets, the following regulatory changes took place in 2013:

- Hungary adopted a new gambling law in June 2013 essentially opening the door for private providers to apply for a licence for online sports betting and a casino. Nevertheless, scores of preconditions, such as domicile requirements or high fees for foreign companies, are discriminatory; the Group has therefore refrained for the time being from applying for any licences because of their obvious conflict with European law. The same goes for Romania, which also regulates the market for private providers. Nevertheless, licences there are reserved for companies based in a local agency. These conditions likewise discriminate against foreign companies and are therefore not in compliance with European law. The situation in the Czech Republic is basically the same. In contrast the Netherlands has, in a bill, proposed a licence model for online sports betting and gambling that provides for market entry under fair conditions in conformity with European law. The law is being examined at present. Expectations are that licences can be applied for in the first quarter of 2015. The Group has already announced its interest in applying.

- Further countries have authorised “provider blocks”, making bet-at-home.com’s internet pages inaccessible to potential customers from these countries. Besides Slovakia, where companies of the bet-at-home.com Group have been in court since 2012 to get rid of the blocks, the www.bet-at-home.com domain was also blocked by several providers in Belgium, Bulgaria and Greece. Legal steps have been initiated or are under consideration here as well. The outcome of these proceedings is currently considered uncertain.

In spite of continuing regulatory efforts, betting and gaming providers are under legal attack in an effort to persuade them to suspend offering and advertising their activities, in particular by means of monopolist government policies in the area of gambling. The companies of the bet-at-home.com Group were involved in several proceedings in 2013.

In several relevant judgments, the European Court of Justice has further restricted the scope for national legislators to restrict access. In its judgments of 30 June 2011 (Zeturf Ltd) and 15 September 2011 (Ömer/Dickinger) the European Court of Justice for the first time explicitly addresses the internet as a distribution channel. The European Court of Justice clarified that a member state may not disadvantage this distribution channel in its national legislation without providing evidence. In future, the internet must be treated equally to agency-based distribution channels. Special restrictions, applicable only to the online sector, are not permissible. Moreover, the judgment concerning the two board members of our group clearly states that the promotion of state monopolies is only permitted under commensurability restrictions, and that governments must prove that monopolies are necessary.

Based on the judgment of the European Court of Justice from 2011, the Austrian Supreme Court also handed down a decision on the repayment of EUR 950 thousand in gaming losses and again referred explicitly to application of European rules of law.

At the political level, the European Parliament already adopted a legislative initiative in support of a proposal by the EU Commission in 2011 targeted at harmonising national gambling laws. The first step will be to largely harmonise gambler and data protection regulations as well as control mechanisms. Due to diverging interests among member states and national tax jurisdictions, substantial further harmonisation of relevant national gambling regulations is not anticipated in the foreseeable future.

Based on the positive judgments by the European Court of Justice, the Management Board expects the liberalisation of the eGaming market commenced in 2011 to progress further in many EU member states in the coming years. However, a number of draft laws contain discriminatory regulations for foreign providers with a view to keeping the market sealed off to the benefit of national providers/monopolists. The Management Board will closely monitor future developments and strives to obtain eGaming licences in countries facilitating fair market access, in an effort to enhance legal certainty.

Negative outcomes to the above-mentioned proceedings could have significant adverse effects on the Group’s financial position, performance and changes in financial position.

VI.4. AUDITORS' FEE

Auditing expenses totalled EUR 60 thousand in 2013, which break down as follows:

	EUR'000
Audit of the consolidated financial statements	25
Audit of the separate financial statements	15
Audit of the related parties report	2
Other audit services	10
Tax advisory services	8

VI.5. MATERIAL SUBSEQUENT EVENTS

There were no other events materially affecting the Group's business development and financial position in the period between the end of the 2013 financial year and preparation of the consolidated financial statements.

Düsseldorf, 27 February 2014

Franz Ömer   Michael Quatember

APPENDIX TO THE NOTES

CHANGES IN NON-CURRENT ASSETS FOR THE GROUP AS AT 31 DECEMBER 2013

bet-at-home.com AG, Düsseldorf

			At cost					Accumulated depreciation					
			Balance at 01/01/2013	Additions	Disposals	Reclassifi-cations	Balance at 31/12/2013	Balance at 01/01/2013	Additions	Disposals	Balance at 31/12/2013	Carrying amount 31/12/2013	Carrying amount 31/12/2012
			EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I.	Intangible assets		4,385,907.61	35,605.67	343,981.00	40,480.00	4,118,012.28	2,044,116.55	199,093.10	333,494.87	1,909,714.78	2,208,297.50	2,341,791.06
	1.	Software, internet domains and similar rights and benefits and licences derived therefrom	3,016,587.31	35,605.67	343,981.00	40,480.00	2,748,691.98	2,044,116.55	199,093.10	333,494.87	1,909,714.78	838,977.20	972,470.76
	2.	Goodwill	1,369,320.30	0.00	0.00	0.00	1,369,320.30	0.00	0.00	0.00	0.00	1,369,320.30	1,369,320.30
II.	Property and equipment		2,654,778.54	368,706.04	475,480.50	-40,480.00	2,507,524.08	1,600,452.40	477,213.28	475,480.42	1,602,185.26	905,338.82	1,054,326.14
	1.	Furniture and fixtures, office equipment	2,431,587.54	368,706.04	475,480.50	182,711.00	2,507,524.08	1,600,452.40	477,213.28	475,480.42	1,602,185.26	905,338.82	831,135.14
	2.	Construction in progress	223,191.00	0.00	0.00	-223,191.00	0.00	0.00	0.00	0.00	0.00	0.00	223,191.00
			7,040,686.15	404,311.71	819,461.50	0.00	6,625,536.36	3,644,568.95	676,306.38	808,975.29	3,511,900.04	3,113,636.32	3,396,117.20

Kölner Haie

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

bet-at-home.com AG, Düsseldorf

		Note	2013	2012
		No.	EUR'000	EUR'000
Consolidated profit for the period			14,505	1,705
+	Depreciation of non-current assets	(6)	676	636
+/-	Increase/decrease in provisions		5,536	-695
-	Increase in trade and other receivables not attributable to investing or financing activities		-658	-1,472
-	Increase/decrease in trade and other payables not attributable to investing or financing activities		-111	-18
=	Cash flows from operating activities		19,948	156
-	Acquisition of assets (excluding investments)		-404	-757
+	Proceeds from disposals (excluding investments)		10	0
+	Finance loans extended to associated companies		-32,000	0
=	Cash flows from investing activities		-32,394	-757
-	Payments to shareholders (dividends)		-4,211	0
=	Cash flows from financing activities		-4,211	0
=	Net cash flow from operating, investing and financing activities		-16,657	-601
+	Cash and cash equivalents at 1 January		38,691	39,292
=	Cash and cash equivalents at 31 December	(16)	22,034	38,691

SG Flensburg Handewitt

STATEMENT OF CHANGES IN IFRS GROUP EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

bet-at-home.com AG, Düsseldorf

	Share capital	Capital reserves	Other comprehensive income (after taxation)	Total comprehensive income	Total equity
	EUR	EUR	EUR	EUR	EUR
As at 01/01/2012	3,509,000.00	10,875,000.00	0.00	18,205,486.87	32,589,486.87
Profit for the year	0.00	0.00	0.00	1,705,170.25	1,705,170.25
Total recognised gains and losses	0.00	0.00	0.00	1,705,170.25	1,705,170.25
As at 31/12/2012	3,509,000.00	10,875,000.00	0.00	19,910,657.12	34,294,657.12

	Share capital	Capital reserves	Other comprehensive income (after taxation)	Total comprehensive income	Total equity
	EUR	EUR	EUR	EUR	EUR
As at 01/01/2013	3,509,000.00	10,875,000.00	0.00	19,910,657.12	34,294,657.12
Profit for the year	0.00	0.00	888.37	14,504,607.58	14,505,495.95
Total recognised gains and losses	0.00	0.00	888.37	14,504,607.58	14,505,495.95
Dividend distribution	0.00	0.00	0.00	-4,210,800.00	-4,210,800.00
As at 31/12/2013	3,509,000.00	10,875,000.00	888.37	30,204,464.70	44,589,353.07

Nordic World Ski Championships Val di Fiemme 2013

GROUP MANAGEMENT REPORT

2013 GROUP MANAGEMENT REPORT

bet-at-home.com AG, Düsseldorf

A. ECONOMIC STATUS OF THE GROUP

A.1. BUSINESS MODEL

bet-at-home.com AG group is an online gaming and sports betting company. With 3.6 million registered customers around the world, the Group is one of the most successful online gaming providers in Europe.

The varied options offered on www.bet-at-home.com include sports betting, casino, games and poker. Currently there are some 23,000 bets offered on over 75 sports every day. bet-at-home.com has companies in Germany, Austria, Malta and Gibraltar. The successful development of the company can be attributed to its 240 employees as at 31 December 2013.

The company holds licences via its Maltese companies for online sports betting and gaming. The licences allow the company to organise and market online sports betting and online casinos in its sales markets in Austria, Western Europe, Eastern Europe and in other countries.

bet-at-home.com AG Group structure in detail

bet-at-home.com AG, Düsseldorf, is listed on the Frankfurt (XETRA) and Vienna stock exchanges. All operating activities are carried out exclusively by indirect and direct associates.

bet-at-home.com AG holds 100% of bet-at-home.com Entertainment Gbmh. The company based in Linz, Austria, is mainly responsible for the constant transfer of technology within the Group as well as for further developing its own software. The company holds its Maltese gaming licences for sports betting, casino and poker via bet-at-home.com Holding Ltd., Malta, issued by the Lotteries & Gaming Authority (LGA) in Malta.

Since 2009, bet-at-home.com AG has been a member of the Betclic Everest SAS Group, Paris, a leading French group specialising in online gambling and sports betting.

A.2. RESEARCH AND DEVELOPMENT

One of the most important assets of the Group is functioning state-of-the-art software. We are continuously enhancing and developing this software. Examples are the smooth relaunch of the website and the launch of the mobile platform in 2013.

B. INDUSTRY REPORT

B.1. OVERALL ECONOMIC AND INDUSTRY SITUATION

Once again, the eGaming sector grew rapidly in 2013, with the online segment reporting the largest gains. Both the Group's Management and research companies covering the sector anticipate significant growth in the medium term.

B.2. BUSINESS TREND

(1) Highlights in 2013

Overall earnings power has received a significant boost thanks to the increased efficiency of our marketing activities. Group-wide bundling of the procurement of marketing services at the group company in Gibraltar resulted in significant synergies also during the 2013 financial year, which have influenced the Group's development positively.

As in previous years, further investments in the area of non-current assets, particularly software, and their continuing operation ensured the Group's technical capacity in order to meet the demands associated with rapid growth during the year under review as well as in future years.

The website was completely relaunched at the beginning of the second half of the year and start of the new 2013/14 season in footballing Europe. Besides a complete website relaunch, significantly improved ease of use and better software and risk management, bet-at-home.com has been re-equipped overall to give its 3.6 million registered customers light and easy access to the extensive offering, which has been warmly received by our customers.

After the successful relaunch of the website, a mobile version was added to the sports betting and live betting offering in December 2013. For bet-at-home.com, the mobile version is a new milestone in the company's development by keeping pace with customer behaviour and the trend towards access anywhere at any time via all current mobile user devices. Further expansion in the area of live betting will strengthen the Group's market position further and ensure its continued positive development.

(2) Employees

During the 2013 financial year, the average number of staff (excluding the Board) employed by the Group rose to 245 (previous year: 216). The Group employed 240 staff (previous year: 230) as at the 2013 reporting date. Targeted personnel development combined with the recruitment of highly qualified professionals form the basis for the Group's continued successful development. The quality of recruitment measures is underpinned by a very low fluctuation rate. Another key component to success is intensive further professional training.

B.3. GROUP SITUATION

The group further strengthened its position, and in particular that of the bet-at-home.com brand, throughout Europe during the 2013 financial year. The number of registered customers increased in the 2013 financial year to 3.6 million (previous year: 3.2 million).

(1) Earnings

Business development was highly satisfactory overall.

Gross sports betting income (betting revenue less payout of winnings) increased to EUR 42.0 million during the 2013 financial year (previous year: EUR 38.7 million).

Gross eGaming income (gaming revenue less payout of winnings) decreased slightly to EUR 43.6 million during the 2013 financial year (previous year: EUR 46.7 million). eGaming comprises the products Casino, Poker, Games and Dog Betting.

Total gross betting and gaming income increased slightly to 85.6 million in the 2013 financial year even without a similarly major event as the European Football Championship in 2012 (previous year: EUR 85.5 million).

By taking account of betting fees and gambling levies, the Group generated net gaming income of EUR 74.7 million during the 2013 financial year (previous year: EUR 75.5 million).

During the 2013 financial year, the Group's earnings position was as follows:

	2013	2012
	EUR'000	EUR'000
Net gaming income	74,663	75,513
Total operating income	76,302	77,634
EBT (Earnings Before Taxes) *)	15,410	2,271
EBIT (Earnings Before Interest and Taxes) **)	14,306	1,190
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) ***)	14,982	1,826

*) corresponds to profit before income tax in the Consolidated Income Statement

**) EBT less finance income/costs in the Consolidated Income Statement

***) EBIT plus write-downs in the Consolidated Income Statement

The betting fees and gambling levies payable in various countries decreased earnings by EUR 10,957 thousand during the 2013 financial year (previous year: EUR 9,945 thousand).

Marketing expenses (promotional expenses plus sponsoring) decreased to EUR 34,278 thousand in the 2013 financial year as expected due to the lack of a major sports event and thanks to increased efficiency (previous year: EUR 50,018 thousand). In line with the increase in staff, personnel expenses rose by EUR 1,805 thousand, from EUR 11,083 thousand in the 2012 financial year to EUR 12,888 thousand in the 2013 financial year.

(2) Financial performance

As at 31 December 2013, the Group's financial performance was as follows:

		31/12/2013	31/12/2012
		EUR'000	EUR'000
Consolidated profit		14,505	1,705
	Cash flow from operating activities	19,948	156
+	Cash flow from investing activities	-32,394	-757
+	Cash flow from financing activities	-4,211	0
=	Net cash from operating, investing and financing activities	-16,657	-601
+	Cash and cash equivalents at 1 January	38,691	39,292
=	Cash and cash equivalents at 31 December	22,034	38,691

The increase in cash flows from investing activities results from the overdraft facility granted to majority shareholder Mangas BAH SAS, Paris, for EUR 32,000 thousand, which is subject to interest at arm's length.

(3) Financial position

As at 31 December 2013, the Group's financial position was as follows:

Assets	31/12/2013	31/12/2012
	EUR'000	EUR'000
Non-current assets	3,113	3,396
Current assets		
Associate receivables	32,040	0
Receivables, other assets and prepayments	10,841	10,460
Securities	1,143	906
Cash and cash equivalents	22,034	38,691
	69,171	53,453

Equity and liabilities	31/12/2013	31/12/2012
	EUR'000	EUR'000
Group equity	44,589	34,295
Total non-current liabilities (provisions)	43	39
Total current liabilities (payables, provisions, deferred income)	24,539	19,119
	69,171	53,453

The Group's equity ratio increased from 64.2% as at 31 December 2012 to 64.5% as at 31 December 2013, whereby the increase in total equity was caused by the consolidated profit reported for 2013.

Financing measures were not required during the 2013 financial year.

The Group's economic position was very positive overall in 2013.

C. SUBSEQUENT EVENTS

There were no other material subsequent events.

D. OPPORTUNITY AND RISK REPORT

The bet-at-home.com brand is continuously enhanced in the international market, cost effectively, by means of innovative marketing strategies. In accordance with regulatory developments in individual countries, we are working intensively towards gaining further market share in submarkets.

D.1. OUTLOOK

During the 2014 financial year, the number of staff employed by the Group will probably rise to about 265 staff as at the 31 December 2014 reporting date.

Based on its current view and provided the regulatory environment remains the same, the Management Board expects about a 10% increase in gross betting and gaming income in the 2014 financial year in comparison with 2013 and about the same EBITDA as in the 2013 financial year.

D.2. RISK REPORT

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. Among the basic components of risk management are general principles for risk prevention, such as the segregation of duties and the principle of dual control for important internal control procedures. A variety of partially automated software systems are also used.

Some of the measures to manage risks include credit ratings and risk system audits, which are carried out on an ongoing basis by means of credit card checks, disbursement controls and analyses of gaming behaviour. In addition, we have further intensified our controlling activities in the marketing, partner programme, payment systems and intercompany clearing subsegments.

Reputable external legal advisors are engaged to reduce legal risks and take account of the complex regulatory environment.

(1) Legal risks

In Austria, Germany and Switzerland, betting and gaming providers are under legal attack in an effort to persuade them to suspend offering and advertising their activities, in particular by means of monopolist government policies in the area of gambling. Based on the positive judgments by the European Court of Justice and other regulatory developments, the Management Board expects further liberalisation of the eGaming market in many EU member states in the coming years. However, a number of draft laws contain discriminatory regulations with respect to foreign providers intended to continue sealing off the market for national providers/monopolists. The Management Board will closely monitor future developments and strives to obtain eGaming licences in countries facilitating fair market access, in an effort to enhance legal certainty. But, there is the risk that individual countries could prohibit customers from participating in private foreign gaming offers by imposing provider blocks, in particular because new legislation concerning eGaming explicitly provides for such measures, in violation of European law.

We explicitly refer to the detailed explanation of changes in the regulatory and/or legal environment and proceedings of concern to the bet-at-home.com Group in the Notes to our Consolidated Financial Statements for the year ended 31 December 2013 (section "Other commitments and contingent liabilities").

(2) Market risks

The liberalisation anticipated by our Management Board could entice large gaming and media groups to enter the (continental) European market, which could result in a loss in market share for the Group. This risk is significantly reduced by e.g. membership in the Betclic Everest SAS Group. The Group's state-of-the-art technology should be an advantage against competitors.

Due to changes in the law and judicial decisions on eGaming, restrictions could be imposed on individual submarkets, and markets could even become inaccessible to private betting providers. Given the rulings by the European Court of Justice and the measures taken by the EU Commission (proceedings against EU Member States for violation of treaty), these risks can be seen as minor in the medium term.

(3) Tax risks

In addition to the betting fees and gambling levies payable in various countries, new (adverse) tax laws could be introduced in other countries with significant effects on the Group's financial position, performance and changes in financial position.

(4) Technical risks

The products and services offered by the Group depend on the reliable functioning of numerous technical systems. Serious interference with 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. Another steep rise in business volume will place increasing demands on the accounting and controlling systems of associated entities.

The Management Board expects 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 risk.

(5) Operating risks

Acquired software (casino, poker) could involve specific risks caused by hardware and software errors. Likewise, wrong betting rate estimates by bookmakers could result in higher payments to customers. This risk is minimised by a multitude of backup systems and continuous betting rate monitoring through comparison with the market. The IT project team continues to develop all the software required to provide a competitive product in the betting market. All measures necessary to minimise these risks have been implemented.

D.3. OPPORTUNITIES

The bet-at-home.com brand is continuously enhanced in the international market, cost effectively, by means of innovative marketing strategies. In accordance with regulatory developments in individual countries, we are working intensively towards gaining further market share in submarkets.

The trend in the global online gambling market shows that gross betting and gaming income has risen over the past ten years from USD 6 billion in 2003 to USD 24 billion today driven by strong growth in the industry and the general trend towards e-commerce.

According to recent studies, this trend will continue in the wake of broad-based acceptance of e-commerce and help the gambling sector – which does not depend on the state of the economy – on its way to annual growth of 9% by 2015.

Thanks to bet-at-home.com's strong brand presence and its constant place in the European market for online gambling, the Management Board is convinced it will continue to grow faster than the global industry, just as it has done in the past.

E. RISK MANAGEMENT IN RELATION TO THE USE OF FINANCIAL INSTRUMENTS

Freely available cash and cash equivalents were invested in time deposits and mutual fund shares. The Management Board only decides to invest in securities in the event of positive earnings and growth forecasts associated with excellent credit ratings of issuers. The Group sees a very marginal risk in the use of these financial instruments.

Düsseldorf, 27 February 2014

Franz Ömer Michael Quatember

FC Schalke 04

AUDITOR'S REPORT

We have audited the accompanying consolidated financial statements of bet-at-home.com AG, Düsseldorf, which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statements of income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements and also the Group Management Report. The Company's legal representatives are responsible for the preparation and fair presentation of these consolidated financial statements and the Group Management Report in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and supplementary provisions under section 315a (1) of the German Commercial Code [HGB]. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with German principles of proper accounting and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures.

The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, 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 financial statements of the consolidated entities, the definition of consolidated entities, the group accounting principles and basis of consolidation used and significant estimates made by management, 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 our audit findings, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2013, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the supplementary provisions under section 315a (1) of the German Commercial Code (HGB). The Group Management Report is consistent with the consolidated financial statements and presents fairly, in all material respects, the financial position of the Group and presents accurately the opportunities and risks of future development.

Without qualifying our opinion, we draw attention to the legal risks presented in the notes to the consolidated financial statements and the Group Management Report.

Duisburg, 28 February 2014

PKF FASSELT SCHLAGE
Partnerschaft
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft
Rechtsanwälte

Dr. Schöneberger	Görtz
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DISCLAIMER
The Annual Report is a translation of the valid German version.

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