

# :Q4 & FINANCIAL YEAR 2004

## :AD-HOC PRESS RELEASE

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With over a million registered customers, the **betandwin** Group is the leading provider of online gaming products in Continental Europe, and has set itself the goal of becoming the world's leading address for sports betting, gaming and entertainment on the Internet. Operating under licences issued in Austria, Germany, the United Kingdom and Gibraltar, the company's subsidiaries and affiliated companies offer sports betting, casino games, soft games, and person-to-person applications via Internet and mobile telephone. BETandWIN.com Interactive Entertainment AG has been listed on the Vienna Stock Exchange since March 2000 (ID code "BWIN", Reuters ID code "BWIN.VI"). Further information about the company can be found on its investor relations website at [www.betandwin.ag](http://www.betandwin.ag).

You can expect exciting entertainment and gaming fun on the following websites:

[www.betandwin.com](http://www.betandwin.com), [www.playit.com](http://www.playit.com), [www.beteurope.com](http://www.beteurope.com), [www.sanalcasino.com](http://www.sanalcasino.com), [www.casinoturk.co](http://www.casinoturk.co) and [www.bahsegir.com](http://www.bahsegir.com).

## :Q4 & FINANCIAL YEAR 2004

### NOTES

In compliance with the requirements of the Prime Market of the Vienna Stock Exchange and beginning with the quarterly report for Q1 2003, BETandWIN.com Interactive Entertainment AG is publishing more detailed information including a complete, unaudited consolidated balance sheet, a consolidated income statement, a consolidated cash flow statement, and a consolidated statement of changes in shareholders' equity. This policy aims to significantly improve the quality and transparency of the group's interim periodical financial reports. To ensure improved comparability with previous periods, selected key figures for **betandwin** are published in a pro forma consolidated form and also using the „at equity“ method. However, the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, and consolidated statement of changes in shareholders' equity are only presented using the „at equity“ method. This report contains statements about possible future developments that have been made on the basis of information currently available. These statements reflect the present opinion of the Executive Board with respect to such future events, and should not be taken as a guarantee of future performance, since they entail risks and uncertainties that are difficult to predict. For many different reasons, actual events or circumstances may differ significantly from the assumptions made for such statements.

### Q4 2004 (PRO FORMA CONSOLIDATED)

### HIGHLIGHTS

- Record quarterly turnover of EUR 314 million, up 150%
- Record quarterly gaming revenues of EUR 18.6 million, up 130%
- EBITDA of EUR 4.6 million, up 81%
- Q4 consolidated earnings after tax of EUR 2.8 million, up 104%

### FINANCIAL YEAR 2004 (PRO FORMA CONSOLIDATED)

- Annual turnover of over EUR 856 million more than doubled compared to previous year, up 114% and 127%\* respectively (2003 adjusted for third-party turnover)
- EBITDA of EUR 6.9 million, up 6% despite aggressive marketing campaigns
- Accumulated figure of over 1 million registered customers
- Liquid assets of over EUR 33.5 million as of 31 December 2004 up 32%

### DEVELOPMENT OF BUSINESS IN FOURTH QUARTER OF 2004

- Record quarterly turnover of EUR 314 million, up 150%

**betandwin** increased turnover from its betting and casino operations as well as games to EUR 314.155 million after a turnover of EUR 125.665 million in the same period the previous year. (Note: Due to the addition of further games to the games portfolio in November 2004, with effect from Q4/2004 reporting the former product area of Lottery Games with options such as bingo is now shown under "Games".) This represents a rise in turnover of EUR 188.490 million, or 150%.

Turnover from betting operations totalled EUR 134.928 million, up EUR 81.286 million, or 151.5% (Q4 2003: EUR 53.642 million). Record turnover was once again achieved with both casino operations and the product area of “Games”. Turnover from casino operations amounted to EUR 171.159 million (Q4 2003: EUR 70.756 million, up EUR 100.403 million, or 141.9%), whilst turnover in the product area of Games\*\* totalled EUR 8.068 million, up more than sixfold (Q4 2003: EUR 1.267 million, up EUR 6.801 million, or 536.8%).

• **Record quarterly gaming revenues of EUR 18.6 million, up 130%**

Gaming revenues from betting and casino operations as well as other gaming revenues amounted to EUR 18.627 million in the fourth quarter of 2004 (Q4 2003: EUR 8.114 million, up EUR 10.067 million, or 129.6%).

Net winnings after commission and taxes from betting operations in Q4 2004 totalled EUR 12.892 million, up EUR 6.823 million, or 112.4%, a significant increase on the previous year’s figure for the same period of EUR 6.069 million. Net winnings after commission and taxes from casino operations rose to EUR 4.807 million (Q4 2003: EUR 1.945 million, up EUR 2.862 million, or 147.1%). At EUR 0.482 million, net winnings after commission and taxes from the product area Games\*\* were more than four times higher than in the comparable period the previous year (Q4 2003: EUR 0.100 million, up EUR 0.382 million, or 382.0%). Other gaming revenues totalled EUR 0.446 million – the multi-player application “Poker Lounge” has only been online since the third quarter of 2004, but has since been introduced across all **betandwin** platforms. (Due to the difficulty of comparing betting turnover generated by the product poker with that from other product groups, in line with international convention only net winnings are reported.)

The net winnings margin after commission and taxes from betting and casino operations and games\*\* was 5.8% (Q4 2003: 6.5%). The net winnings margin after commission and taxes from betting operations was 9.6% (Q4 2003: 11.3%). The net winnings margin after commission and taxes from casino operations rose minimally to 2.8% (Q4 2003: 2.7%). With an expanded product portfolio compared to Q4/2003, the product area of games\*\* produced a net winnings margin after commission and taxes of 6.0% (Q4 2003: 7.9%). The decline in the net winnings margin after commission and taxes from the product area games\*\* was attributable to customer’s different regional preferences. As a result of an intensive marketing effort since the summer of 2004 in markets like Greece and Turkey, there was a steady increase in the number of players preferring game variants yielding lower margins. Revenues totalled EUR 19.813 million (Q4 2003: EUR 9.296 million, up EUR 10.517 million, or 113.1%). Apart from the above-mentioned net winnings after commission and taxes, they also include revenues from billing of payment charges and foreign currency gains.

• **EBITDA of EUR 4.6 million, up 81%**

Despite a rise in marketing expenses, **betandwin** reported EBITDA of EUR 4.629 million for the fourth quarter (Q4 2003: EUR 2.557 million, up EUR 2.072 million, or 81.0%). A marketing offensive focusing on new customer acquisition and the reactivation of existing customers was successfully continued, and resulted in a significant enlargement of the

**betandwin** customer base. A total of 119,069 new registrations were recorded in the period under review. The number of active sports betting customers totalled 150,070. A total of 54,908 of these sports betting customers activated their accounts for the first time (Q4 2003: 109,100 new registrations, including newly registered customers as well as customer migration as a result of two acquisitions, and 89,044 active sports betting customers, 51,991 of whom activated their accounts for the first time; this includes 4,372 customers migrated as a result of acquisitions). The number of closed bets was also up to 17,529,983 (Q4 2003: 7,985,435), an increase of 119%.

Against this background, expenses for personnel, marketing and other expenses rose in line with budget to EUR 15.184 million (Q4 2003: EUR 6.739 million, a rise of EUR 8.445 million, or 125.3%).

Personnel expenses accounted for EUR 2.813 million (Q4 2003: EUR 2.066 million, up EUR 0.747 million, or 36.2%). As at the reporting date of 31 December 2004, the company employed 206 people, including freelancers (31 December 2003: 138 employees, up 68). Marketing expenses in the fourth quarter of 2004 totalled EUR 7.365 million as against EUR 2.266 million in the comparable period the previous year, an increase of EUR 5.099 million, or 225.0%. Apart from investments to speed up the establishment of the **betandwin** brand – such as a co-operation with FC Barcelona, the tradition-steeped Spanish soccer club, and sponsoring activities focusing on Nordic and Alpine skiing – extensive offline marketing activities such as print and television campaigns (mainly special advertising) enabled **betandwin** to make significant gains in market share in core target markets. Other expenses include expenses for bank charges, IT services, external odds calculation, consulting and investor relations, and increased to EUR 5.006 million (Q4 2003: EUR 2.407 million, up EUR 2.599 million, or 108%). Amongst other things, these increases were attributable largely to a rise in expenses directly proportional to the expanding volume of business. Bank charges are an example, up EUR 1.058 million, or 186.9%, from EUR 0.566 million in the fourth quarter of 2003 to EUR 1.624 million. In line with the company's proclaimed growth strategy, rental and leasing expenses as well as licences also rose by EUR 0.440 million, from EUR 0.398 million in the fourth quarter of 2003 to EUR 0.838 million, whilst consulting expenses totalled EUR 0.597 million (Q3 2003: EUR 0.468 million, up EUR 0.129 million, or 27.6%).

EBIT amounted to EUR 2.881 million (Q4 2003: EUR 1.591 million, up EUR 1.290 million, or 81.1%). Rights to advertising services were acquired from Scandinavian Broadcasting Services SA ("SBS") in compensation for the preferred issue of **betandwin** shares. These rights were exercised in the previous quarter to a value of EUR 1.260 million, and had been utilized completely by 31 December 2004. Amortization of these rights applied during the year was therefore written back accordingly. **betandwin** reported a quarterly profit before tax of EUR 3.286 million (Q4 2003: EUR 1.826 million, up EUR 1.460 million, or 80%).

• **Q4 consolidated earnings after tax of EUR 2.8 million, up 104%**

After deduction of income taxes and taking minority interests into account, the consolidated earnings after tax amounted to EUR 2.786 million (Q4 2003: EUR 1.367 million, up EUR 1.419 million, or 103.8%). (Minority interests relate to third-party shares in connection with past investments / **betandwin** e.K. and acquisitions / Playit.com Ltd., beteurope.com.)

## DEVELOPMENT OF BUSINESS IN FINANCIAL YEAR 2004

### • Annual turnover of over EUR 856 million more than doubled compared to previous year, up 114% and 127%\* respectively (2003 adjusted for third-party turnover)

In the financial year 2004, **betandwin** increased turnover from its betting and casino operations as well as games\*\* to EUR 855.734 million after a turnover of EUR 400.192 million\* for the previous financial year. This represents a rise in turnover of EUR 455.542 million, or 113.8%. Adjusted for third-party turnover\* – turnover generated by distribution partners was also reported up until June 2003 – this meant that turnover was up EUR 478.537 million, or 126.9%. Turnover from betting operations more than doubled in the financial year 2004 to EUR 378.678 million (2003: EUR 169.619 million\*, up EUR 209.059 million, or 123.3%). Adjusted for third-party turnover\*, the increase in turnover was EUR 232,054 million, or 158.3%. Turnover from casino operations amounted to EUR 458.513 million (2003: EUR 226.263 million, up EUR 232.250 million, or 102.6%). Turnover from games\*\* rose to EUR 18.543 million (2003: EUR 4.310 million), equivalent to an increase of EUR 14.233 million, or 330.2%.

(\*) Up to and including June 2003, the key indicators reported included sports betting turnover / net winnings after commission and taxes from a contract with distribution partner. Turnover from sports betting generated by the distribution partner in the amount of EUR 23 million was reported in the previous period along with net winnings after commission and taxes of EUR 2.9 million.

(\*\*) Due to the addition of further games to the games portfolio in November 2004, with effect from Q4 reporting the former product area of Lottery Games with options such as bingo is now shown under "Games".

Gaming revenues from betting and casino operations as well as other gaming revenues amounted to EUR 50.389 million in the financial year 2004 (2003: EUR 24.845 million\*, up EUR 25.544 million, or 102.8%). Adjusted for third-party net winnings after commission and taxes\*, this represented an increase of EUR 28.507 million, or 130.3%. Net winnings after commission and taxes from betting operations totalled EUR 36.101 million in the financial year 2004 (2003: EUR 18.383 million\*, up EUR 17.718 million, or 96.4%). Adjusted for third-party net winnings after commission and taxes\*, this increase was EUR 20.681 million, or 134.1%. Net winnings after commission and taxes from casino operations amounted to EUR 12.695 million (2003: EUR 6.330 million, up EUR 6,364 million, or 100.5%). Net winnings after commission and taxes from games\*\* amounted to EUR 1.147 million (2003: EUR 0.132 million, a rise of EUR 1.016 million, or 775.6%). As already reported, other gaming revenues totalled EUR 0.446 million. (Due to the difficulty of comparing betting turnover generated by the product poker with that from other product groups, in line with international convention only net winnings are reported.) The multi-player application "Poker Lounge" has been online on one of **betandwin**'s gaming platforms since the end of the third quarter of 2004.

The net winnings margin after commission and taxes from betting and casino operations as well as games\*\* was 5.8% (2003: EUR 6.2% or 5.8% adjusted\*). The net winnings margin after commission and taxes from betting operations was 9.5% (2003: 10.8% or 10.5% adjusted), whilst that from casino operations was 2.7% (2003: 2.8%). The net winnings margin after commission and taxes from games\*\* doubled from 3.1% the previous year to 6.2% in 2004. Revenues totalled EUR 54,051 million (Q4 2003: EUR 28.365 million, up EUR 25.686 million, or 90.6%). Apart from the above-mentioned net winnings after

commission and taxes, they also include revenues from billing of charges and capitalized in-house services for the production of software.

• **EBITDA of EUR 6.9 million, up 6% despite aggressive marketing campaigns**

EBITDA for the financial year 2004 amounted to EUR 6.854 million (2003: EUR 6.498 million, up EUR 0.356 million, or 5.5%). Expenses for personnel, marketing and other expenses totalled EUR 47.197 million, compared to EUR 21.867 million the previous year, an increase of EUR 25.330 million, or 115.8%. Due to the expansion of the organization, a further 68 qualified employees joined the **betandwin** team during the course of the last financial year. As of 31 December 2004 the company had a staff of 171 employees and 35 freelancers. An intensive marketing effort in core target markets went hand in hand with the gradual expansion of the sports betting portfolio; this was reflected in the hiring of 12 new members for the bookmaking team. The rise in the number of transactions carried out in parallel with the growth in turnover was taken into account by enlarging the Customer and Financial Support Departments by an additional 11 persons, including 2 database specialists. The expansion of the product portfolio by the person-to-person applications Poker Lounge, (soft) games and Supertoto (pools) went hand in hand with the recruitment of 9 programmers to enlarge the Software Development Department. The enlarged offering is serviced by 4 additional members of staff in the Product Management Department. As a result, personnel expenses rose by EUR 6.753 million to EUR 9.443 million, a rise of EUR 2.690 million, or 39.8%.

The **betandwin** Group's need for qualified employees will continue unchecked in the year 2005 against the background of its communicated growth strategy. Marketing expenses in the financial year 2004 were in line with budget at EUR 23.589 million, as against EUR 6.897 million the previous year, an increase of EUR 16.692 million, or 242%. Other expenses include expenses for bank charges, IT services, external odds calculation, consulting and investor relations, and increased to EUR 14.165 (2003: EUR 8.217 million, up EUR 5.948 million, or 72.4%). Expenses directly related to the expanding volume of business included EUR 4.347 million for bank charges, (2003: EUR 1.544 million, up EUR 2.803, or 181.5%) and EUR 2.482 million in expenses for external odds calculation, information services and Internet data lines (2003: EUR 1.329 million, up EUR 1.153 million, or 86.8%).

As a result of the company's regional expansion, and partly due to the opening of sales offices in selected core target markets, expenses for rent, leasing and licence fees increased to EUR 2.278 million, up EUR 0.895 million, or 64.7% from EUR 1.383 million in the financial year 2003. With a greater number of staff, an increased amount of travelling, also partly due to the company's regional expansion, was reflected in expenses in the amount of EUR 0.914 million (2003: EUR 0.656 million, up EUR 0.258 million, or 39.3%).

EBIT amounted to EUR 1.192 million (2003: EUR 2.113 million, down EUR 0.921 million, or 43.6%). During the previous financial year, amortization of licences and customer bases in connection with the acquisition of Playit.com Ltd. and beteuropa.com (including all associated websites) in the second half of 2003 and other depreciation and amortization, such as computer hardware, totalled EUR 4.402 million (2003: EUR 3.665 million, up EUR 0.737 million, or 20.1%).

**betandwin** reported a profit before tax for the period under review of EUR 2.203 million (2003: EUR 3.026 million, down EUR 0.823 million). Consolidated loss after tax amounted to EUR 1.413 million (2003: EUR 0.508 million, down EUR 1.921 million).

• **Accumulated figure of over 1 million registered customers**

The number of new registrations in the financial year 2004 increased to 372,449 compared to 213,711 in the financial year 2003. At the end of 2004, this gave **betandwin** a total of over a million registered customers for the first time, about 25% of whom spent time online during the period under review.

At 259,403, the number of active sports betting customers was more than twice the previous year's figure (2003: 129,606). During the period under review, 180,511 of these sports betting customers activated their accounts for the first time (2003: 94,444).

The number of closed bets increased by 121% to 48,892,129 (2003: 22,121,816).

• **Liquid assets of over EUR 33.5 million as of 31 December 2004 up 32%**

Liquid assets including short-term securities totalled EUR 33.513 million as of 31 December 2004, as compared to EUR 25.493 million as of 31 December 2003 (up EUR 8.020 million, or 31.5%). Liquid assets were up EUR 4.845 million compared to 30 September 2004, an increase of 16.9%.

## OUTLOOK

In the year 2005 **betandwin** will continue to pursue its growth offensive focusing on continental Europe. In the light of events in the first few months of the current financial year, **betandwin** is optimistic that it will once again be able to achieve at least triple-digit growth rates in turnover, revenues and registrations in 2005. As a result of the company's intensive and innovative marketing activities with a view to acquiring new customers in markets such as Turkey, Spain, Poland and Scandinavia, it is likely to gain considerable new market shares: this will go hand in hand with a growing awareness of the brand.

## Legal background

The European gaming industry has been undergoing radical change since the judgement passed down by the European Court of Justice (ECJ) in the „Gambelli“ case, which clearly demonstrated at EU level that state monopolies of games of chance are permissible only to a limited extent. According to the ECJ decision, in the future all EU member states must ensure that any provider is able to offer the services admissible in his country of origin in other member states as well unless national restrictions are justified in the public interest. If a member state introduces restrictions on private games of chance, these must have the purpose of reducing the opportunities for gambling. In particular, this purpose is not achieved – reasoned the ECJ – if on the one hand a state prohibited private games of chance whilst on the other promoting state lotteries and games of chance in order to generate additional revenues for the Treasury. In view of the aggressive marketing carried out by state providers of games of chance in the majority of EU member states, it is doubtful whether the gambling monopoly of these states is in compliance with the principles defined by the ECJ. In the

opinion of the ECJ, it is the responsibility of national courts to rule on the admissibility of national limitations in each case against the background of the EU's freedom of services and establishment.

**EU services directive – country of origin principle:** The draft EU services directive is based on the country of origin principle. As far as games of chance are concerned, it will mean that a service provider with registered offices and a licence in one EU member country would be free to offer and market his services in any other EU member country. Against the background of the taxation revenues generated by state gambling monopolies, several EU member states are currently trying to prevent games of chance from being included in this services directive. The European Commission is still in favour of drawing up a proposal for the harmonization of games of chance throughout the EU by the year 2010 at the latest, and has since commissioned a study involving an analysis of the gambling markets in all EU member states.

**EU Treaty infringement proceedings:** Several EU member states are currently facing the prospect of legal proceedings for disregarding article 49 of the EU Treaty (freedom to provide service) in connection with games of chance. The “reasoned opinion” which Norway received from EFTA at the end of last year in connection with slot machines is the first step in legal proceedings. In the second quarter of 2005, Denmark is also expected to have to respond to a “reasoned opinion” from the EU for its failure to comply with EU legislation in the field of games of chance. Another lawsuit soon to be heard by the European Court of Justice is the “Placanica” case, which may possibly develop into a second “Gambelli” case. In the opinion of Didier Dewyn, secretary general of the European Betting Association, this would represent another success for the liberalization of the EU market for games of chance.

**Disputes in the struggle for the European betting market – example Germany:** In Germany private betting providers and their business partners recently found themselves facing disputes and legal proceedings under trade, taxation and criminal law, apparently initiated due to the political pressure exerted by the provinces. These activities by the authorities must be seen in the context of the World Soccer Championships due to be held in Germany in the year 2006. Amongst other things, their purpose appears to be to prevent **betandwin** e.K. (a **betandwin** associated company in which the company has a 50% stake as an atypical dormant partner) from gaining further market share in Germany by means of legal confrontation. **BETandWIN.com Interactive Entertainment AG** and **Steffen Pfennigwerth**, owner of **betandwin** e.K., are confident that their legal position will be upheld in the medium to long term, at least by the federal appeals court, particularly as many legal experts also share this opinion. Nevertheless, the negative outcome of individual cases could have disadvantages for the assets, financial situation and profitability of the **betandwin** Group.

## Distribution channels

An entirely revolutionary betting format has been developed as a result of a joint venture with **Premiere Fernsehen GmbH**, Austria. **Premiere's** Austrian customers will be informed of the current betting odds projected on screen live in real time, and can place their bets on decisive moments and match results via SMS, WAP and Internet. Live betting will be available for all the live sporting events broad-cast by **Premiere Austria**.





<b>PRODUCT PORTFOLIO</b>	
<b>Person-to-person applications</b>	“Poker Lounge”, the first person-to-person application, will be steadily expanded and marketed. Following the successful launch of this product, the company will be taking another step in the expansion of its product portfolio with the introduction of games of skill such as backgammon, chess and select regional card games.
<b>Soft Games</b>	The “Games” sector currently comprises seven games, and will be significantly expanded to 20 games, probably by autumn 2005.
<b>Horse and dog racing</b>	The company has plans to implement a betting product displaying horse and dog racing by the end of 2005. Contact has already been made with leading international content providers with a view to giving <b>betandwin</b> customers the most authentic racecourse flair 24 hours a day if possible.
<b>Relaunch of live betting tool</b>	An improved live betting application was launched in the first quarter of 2005, once again providing convincing evidence of <b>betandwin</b> 's lead in technology and innovation. Not only have significant improvements been made to both design and navigation, and a means of placing combination bets introduced, but audio commentaries are also played for selected matches. The necessary technical equipment for video streaming has also been installed. In line with many suggestions from <b>betandwin</b> customers, each live betting event now has its own chat room where <b>betandwin</b> live betting customers can exchange views.
<b>Establishing betandwin as the leading brand in europe</b>	The focus of the company's efforts over the next three years will be on accelerated growth and positioning of the brand with a view to becoming Europe's leading provider of online gaming.

## :SELECTED KEY FIGURES

Ever since the fourth quarter of 2002, the following tables are presented in both a “pro forma” consolidated form and using the „at equity“ method so as to facilitate comparison:

Overview 1: **betandwin** Group (including **betandwin** e.K.) shown using pro forma consolidation

EUR 000 (except %)	Q4/2004	Q4/2003	2004	2003	2002
<b>Betting turnover</b>					
of which sports betting	134,928	53,642	378,678	169,619	104,239
of which casino	171,159	70,756	458,513	226,263	123,711
of which games(**)	8,068	1,267	18,543	4,310	-
<b>Total</b>	<b>314,155</b>	<b>125,665</b>	<b>855,734</b>	<b>400,192</b>	<b>227,950</b>
<b>Customer winnings</b>					
of which sports betting	-121,239	-47,469	-341,111	-145,701	-87,602
of which casino	-166,299	-68,790	-445,686	-219,848	-120,444
of which games(**)	-7,586	-1,167	-17,396	-4,179	-
<b>Total</b>	<b>-295,124</b>	<b>-117,426</b>	<b>-804,193</b>	<b>-369,728</b>	<b>-208,046</b>
<b>Betting duties, casino taxes &amp; commissions(***)</b>	<b>-850</b>	<b>-125</b>	<b>-1,598</b>	<b>-5,619</b>	<b>-6,004</b>
<b>Net winnings</b>					
of which sports betting	12,892	6,069	36,101	18,383	10,712
of which casino	4,807	1,945	12,695	6,330	3,188
of which games(**)	482	100	1,147	132	-
<b>Total</b>	<b>18,181</b>	<b>8,114</b>	<b>49,943</b>	<b>24,845</b>	<b>13,900</b>
other gaming revenues (****)	446	-	446	-	-
<b>Total gaming revenues</b>	<b>18,627</b>	<b>8,114</b>	<b>50,389</b>	<b>24,845</b>	<b>13,900</b>
<b>Net winnings as %</b>					
of which sports betting	9.6%	11.3%	9.5%	10.8%	10.3%
of which casino	2.8%	2.7%	2.8%	2.8%	2.6%
of which games(**)	6.0%	7.9%	6.2%	3.1%	-
<b>Total</b>	<b>5.8%</b>	<b>6.5%</b>	<b>5.8%</b>	<b>6.2%</b>	<b>6.1%</b>
<b>Earnings</b>	19,813	9,296	54,051	28,365	15,146
<b>Expenses</b>	-15,184	-6,739	-47,197	-21,867	-21,305
<b>EBITDA</b>	4,629	2,557	6,854	6,498	-6,159
<b>EBIT</b>	2,881	1,591	1,192	2,113	-11,349
<b>Pre tax earnings</b>	3,286	1,826	2,203	3,026	-11,494
<b>Consolidated earnings</b>	2,786	1,367	-1,413	508	-13,349
of which taxes	-471	-223	-1,838	-1,423	-1,786
<b>Balance sheet total</b>	62,096	52,573	62,096	52,573	40,497
<b>Liquid assets</b> (incl. short-term securities)	33,513	25,493	33,513	25,493	20,124
<b>Shareholders' equity</b>	39,330	42,347	39,330	42,347	33,318
<b>As % of balance sheet total</b>	63.3%	80.5%	63.3%	80.5%	82.3%
<b>Registrations</b>	119,069(*)	109,100(*)	372,449(*)	213,711(*)	163,276
<b>Number of bets placed</b> (sports betting)	17,529,983	7,985,435	48,892,129	22,121,816	12,112,270
<b>Number of active customers</b> (sports betting)	150,070	89,044	259,403	129,606	114,109
<b>Number of new active customers</b> (sports betting)	54,908	51,991	180,511	94,444	90,528

(\*) Includes both newly registered customers and those migrated as a result of acquisitions.

(\*\*) Due to the addition of further games to the games portfolio in November 2004, with effect from Q4 reporting the former product area of Lottery Games with options such as bingo is now shown under „Games“.

(\*\*\*) Until June 2003 this included commissions paid on the basis of an agreement (since expired) with a distribution partner.

(\*\*\*\*) Due to the difficulty of comparing betting turnover generated by the product poker with that from other product groups, only net winnings are reported in line with international convention.

**Note:** In the full consolidation, all the assets and liabilities, revenues and expenses of a subsidiary are included in the consolidated financial statements, and group receivables and liabilities are eliminated along with intra-group revenues and intermediate profits. During capital consolidation, any value of the investment exceeding the market value of its assets less liabilities is reported as goodwill and amortized over the usual period. Due the use of automated methods of calculation, rounding differences may occur in the totals of rounded amounts and percentages.

Overview 2: **betandwin** Group including **betandwin** e.K. shown using the at equity method

EUR 000 (except %)	Q4/2004	Q4/2003	2004	2003	2002
<b>Betting turnover</b>					
of which sports betting	134,923	53,634	378,662	169,592	104,210
of which casino	171,159	70,756	458,513	226,263	123,711
of which games(**)	8,068	1,269	18,543	4,312	-
<b>Total</b>	<b>314,150</b>	<b>125,659</b>	<b>855,718</b>	<b>400,167</b>	<b>227,921</b>
<b>Customer winnings</b>					
of which sports betting	-121,239	-47,469	-341,111	-145,701	-87,601
of which casino	-166,299	-68,791	-445,686	-219,849	-120,444
of which games(**)	-7,586	-1,168	-17,396	-4,180	-
<b>Total</b>	<b>-295,124</b>	<b>-117,428</b>	<b>-804,193</b>	<b>-369,730</b>	<b>-208,045</b>
<b>Betting duties, casino taxes &amp; commissions</b>	<b>-6,428</b>	<b>-2,588</b>	<b>-18,362</b>	<b>-14,870</b>	<b>-9,874</b>
<b>Net winnings</b>					
of which sports betting	7,309	3,598	19,321	9,105	6,814
of which casino	4,807	1,944	12,695	6,330	3,188
of which games(**)	482	101	1,147	132	-
<b>Total</b>	<b>12,598</b>	<b>5,643</b>	<b>33,163</b>	<b>15,567</b>	<b>10,002</b>
other gaming revenues (***)	446	-	446	-	-
<b>Total gaming revenues</b>	<b>13,044</b>	<b>5,643</b>	<b>33,609</b>	<b>15,567</b>	<b>10,002</b>
<b>Net winnings as %</b>					
of which sports betting	5.4%	6.7%	5.1%	5.4%	6.5%
of which casino	2.8%	2.7%	2.8%	2.8%	2.6%
of which games(**)	6.0%	8.0%	6.2%	3.1%	-
<b>Total</b>	<b>4.0%</b>	<b>4.5%</b>	<b>3.9%</b>	<b>3.9%</b>	<b>4.4%</b>
<b>Earnings</b>	14,787	7,362	39,153	20,159	11,640
<b>Expenses</b>	-11,794	-5,366	-33,290	-16,598	-17,996
<b>EBITDA</b>	2,993	1,996	5,863	3,561	-6,356
<b>EBIT</b>	1,367	1,153	693	-327	-11,215
<b>Pre tax earnings</b>	3,412	1,296	1,273	1,384	-11,591
<b>Consolidated earnings</b>	2,786	1,366	-1,413	508	-13,349
of which taxes	-346	70	-1,708	-876	-1,758
<b>Balance sheet total</b>	56,209	48,967	56,209	48,967	38,821
<b>Liquid assets</b> (incl. short-term securities)	31,516	23,154	31,516	23,154	17,912
<b>Shareholders' equity</b>	39,330	42,347	39,330	42,347	33,318
<b>As % of balance sheet total</b>	70.0%	86.5%	70.0%	86.5%	85.8%
<b>Registrations</b>	119,069(*)	109,100(*)	372,449(*)	213,711(*)	163,276
<b>Number of bets placed</b> (sports betting)	17,529,983	7,985,435	48,892,129	22,121,816	12,112,270
<b>Number of active customers</b> (sports betting)	150,070	89,044	259,403	129,606	114,109
<b>Number of new active customers</b> (sports betting)	54,908	51,991	180,511	94,444	90,528

(\*) Includes both newly registered customers and those migrated as a result of acquisitions.

(\*\*) Due to the addition of further games to the games portfolio in November 2004, with effect from Q4 reporting the former product area of Lottery Games with options such as bingo is now shown under „Games“.

(\*\*\*\*) Due to the difficulty of comparing betting turnover generated by the product poker with that from other product groups, only net winnings are reported in line with international convention.

**Note:** In „at-equity“ consolidation the prorated profit/loss of a subsidiary is shown in a line of the income statement (profit/loss from investments in associated companies) after deduction of amortization of the goodwill shown for the investment and other prorated intermediate profit. This increases or decreases the value of the investment accordingly. This method of consolidation - also referred to as single-line consolidation - generally produces the same consolidated result as full consolidation. Due the use of automated methods of calculation, rounding differences may occur in the totals of rounded amounts and percentages.

**CONSOLIDATED BALANCE SHEET**

As of 31 December 2004 – IAS/IFRS in comparison with figures as of 31 December 2003.

EUR 000	31.12.2004	31.12.2003
<b>Assets</b>		
Licenses, customer base	7,112	9,417
Other intangible assets	997	775
Tangible assets	1,926	1,037
Financial assets	154	149
Investments in associated companies	3,042	2,852
Other	0	1,575
<b>Total fixed assets</b>	<b>13,231</b>	<b>15,805</b>
Deferred tax assets	2,895	4,580
Trade receivables	131	19
Receivables from affiliated companies	3,536	2,734
Other	3,738	2,012
Marketable securities	14,151	16,101
Liquid assets	17,365	7,053
Prepaid expenses	1,162	663
<b>Total current assets</b>	<b>42,978</b>	<b>33,162</b>
<b>Total</b>	<b>56,209</b>	<b>48,967</b>
<b>Liabilities &amp; equity</b>		
Registered capital	12,220	11,870
Capital reserves and other reserves	64,021	62,969
Own shares	-550	-550
Retained earnings	-34,095	-32,750
Other	563	808
<b>Shareholders' equity</b>	<b>42,159</b>	<b>42,347</b>
Long-term provisions	143	93
<b>Total long-term liabilities</b>	<b>143</b>	<b>93</b>
Trade accounts payable	2,431	957
Short-term provisions	3,255	1,804
Other short-term liabilities	7,240	3,421
Deferred income	981	345
<b>Total short-term liabilities</b>	<b>13,907</b>	<b>6,527</b>
<b>Total</b>	<b>56,209</b>	<b>48,967</b>

### CONSOLIDATED INCOME STATEMENT

For the fourth quarter of 2004 – IAS/IFRS in comparison with fourth quarter of 2003 and accumulated period

EUR 000	01.10.2004 – 31.12.2004	01.01.2004 – 31.12.2004	01.10.2003 – 31.12.2003	01.01.2003 – 31.12.2003
Betting turnover	314,150	855,718	125,659	400,167
Customer winnings	-295,124	-804,193	-117,427	-369,730
<b>Gross winnings</b>	<b>19,026</b>	<b>51,525</b>	<b>8,232</b>	<b>30,437</b>
Betting duties, casino taxes & commissions	-6,428	-18,362	-2,589	-14,870
Net winnings after commission and taxes	12,598	33,163	5,643	15,567
Poker Commissions	446	446	-	-
Gaming revenues	13,044	33,609	5,643	15,567
Other operating income	1,519	4,789	1,556	4,008
Other capitalized costs	224	755	163	584
<b>Earnings</b>	<b>14,787</b>	<b>39,153</b>	<b>7,362</b>	<b>20,159</b>
Expenses for services rendered	-815	-2,461	-497	-1,318
Personnel expenses	-2,673	-9,014	-1,962	-6,357
Other operating expenses	-8,306	-21,815	-2,907	-8,923
<b>Cash expenses</b>	<b>-11,794</b>	<b>-33,290</b>	<b>-5,366</b>	<b>-16,598</b>
<b>EBITDA</b>	<b>2,993</b>	<b>5,863</b>	<b>1,996</b>	<b>3,561</b>
Marketing expenses (non-cash)	-1,260	-1,260	0	-720
Amortization of licences and customer bases	-622	-2,305	-239	-905
Depreciation/amortization of tangible assets (and intangible assets)	256	-1,605	-604	-2,263
<b>EBIT</b>	<b>1,367</b>	<b>693</b>	<b>1,153</b>	<b>-327</b>
Interest income/expenses	27	396	22	296
Securities income/expenses	375	594	202	590
Profit/loss from investments in associated companies	1,643	-410	-81	825
<b>Earnings before income taxes</b>	<b>3,412</b>	<b>1,273</b>	<b>1,296</b>	<b>1,384</b>
Income tax; Taxes deferred	-346	-1,708	70	-876
<b>Earnings before third-party interest</b>	<b>3,066</b>	<b>-435</b>	<b>1,366</b>	<b>508</b>
Third-party interest	-280	-978	0	0
<b>Profit/loss for the period</b>	<b>2,786</b>	<b>-1,413</b>	<b>1,366</b>	<b>508</b>
Change in untaxed reserves	0	0	0	0
<b>Net earnings</b>	<b>2,786</b>	<b>-1,413</b>	<b>1,366</b>	<b>508</b>
Earnings per share (undiluted)*	0.231	-0.119	0.118	0.047
Earnings per share (diluted)*	0.224	-0.115	0.117	0.046

\*Differences caused by exercise of option rights under the ESOP.

### CONSOLIDATED CASH FLOW STATEMENT

For the period of 1 January – 31 December 2004 – IAS/IFRS in comparison with 1 January – 31 December 2003.

EUR 000	01.01.2004 – 31.12.2004	01.01.2003 – 31.12.2003
Cash flow from operating activities	9,615	5,594
Cash flow from investing activities	-773	-6,453
Cash flow from financing activities	1,470	1,807
<b>Change in cash flow in reporting period</b>	<b>10,312</b>	<b>948</b>
Liquid assets at beginning of period	7,053	6,105
<b>Liquid assets at end of period</b>	<b>17,365</b>	<b>7,053</b>

### CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period of 1 January – 31 December 2004 – IAS/IFRS in comparison with 1 January – 31 December 2003.

EUR 000	01.01.2004 – 31.12.2004	01.01.2003 – 31.12.2003
<b>Shareholders' equity at beginning of reporting period (adjusted)</b>	<b>42,346</b>	<b>33,318</b>
Change in shareholders' equity due to currency translation differences	-245	485
Other gains and losses not recognised in the income statement	0	29
Profit/loss for period	-1,413	508
Change due to issue of share capital	1,470	8,008
Change of own shares	0	-1
Rounding Differences	1	0
<b>Shareholders' equity at end of period</b>	<b>42,159</b>	<b>42,347</b>

