



Interim Report – first six months
Wednesday, August 22, 2001

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betandwin.com reports results for Q2 and the first half-year 2001

- Acquisition of Simon Bold (Gibraltar) Ltd.
- Betting turnover increases 380 % as compared to same period in the previous year
- Liquid funds totaling nearly 40 million EUR

Economic conditions

According to a recent study conducted by Morgan Stanley Dean Witter, there will be over 381 million regular Internet users in the coming year. The use of wireless Internet access in particular is expected to skyrocket: While GPRS technology is catching on more slowly than expected, it is probable that three out of four mobile telephone owners will be able to use the Internet per WAP in the mid-term future. The analysis forecasts that m-commerce (mobile commerce) will be a 205-billion dollar industry in 2005, independent of the type of technology used.

The online gaming trend

According to numerous international studies, online gaming is one of the biggest winners in the rapidly growing world of the Internet. While turnover for the year 2003 is expected to total 6.3 billion dollars, this figure will likely increase fourteen-fold to reach approximately 86 billion dollars in 2005 (source: Merrill Lynch). The study particularly underscores the fact that regulation of the online gaming industry in the U.S. (currently under discussion) would lead to a massive upward revision of these figures.

Gross revenue contributions in the online gaming market are currently divided as follows: 55 % sport bets, 25 % casino, 20 % lotteries.

Takeover of Simon Bold (Gibraltar) Ltd.

Following its acquisition of the international sports betting company Simon Bold (Gibraltar) Ltd., **betandwin.com** will relocate its international betting business to Gibraltar. In addition to tax advantages and an internationally established additional betting license, this will create further synergies especially in terms of product range and additional sales channels. Thanks to this acquisition, the product portfolio can now be expanded to include horse and greyhound racing bets as well as cricket and rugby, which will be professionally handled by the management retained during the takeover.

Turnover by sport

Soccer	44.2 %
Tennis	29.8 %
American sports	20.6 %

Formula 1	2.1 %
Other	3.3 %

betandwin.com – first six months 2001

380 % increase in betting turnover as compared to same time period in previous year

betandwin.com generated betting turnover of 23.801 million EUR in the first half-year 2001 as compared to 4.962 million EUR in the same time period in the previous year. This represents an increase of 18.839 million EUR or 380 %. Net winnings and net revenues rose to 1.645 million EUR and 2.010 million EUR respectively, representing growth of 155 % and 147 %: In the same period in the previous year net winnings and net revenues amounted to 645,000 EUR and 815,000 EUR respectively.

The net winnings margin of 6.9 % is slightly higher than the international average, the net winnings margin of 13.0 % seen last year could no longer be attained as a result of increasing international competition.

A total of nearly 85,000 new registrations

The first half-year 2001 saw a total of 84,725 new registrations (as compared to 51,491 in the same time period in the previous year) with more than 1,232,037 bets placed by 32,758 active bettors. This corresponds to an average bet of 19.3 EUR and nearly 38 bets placed per active bettor. In cumulative terms, there were 202,532 registrations by the end of June 2001.

Liquid funds totaling still nearly 40 million EUR

Liquid funds totaled 39.51 million EUR at June 30, 2001 as compared to 53.71 million EUR at the end of June 2000.

At 1.99 million EUR and 2.21 million EUR (including betting fees of 593,000 EUR), personnel expenses and operating expenses were higher than the figures for the same time period during the previous year, 733,000 EUR and 995,000 EUR, in order to support initiated internationalization (acquisition and incorporation of Simon Bold (Gibraltar) Ltd. and establishment of **betandwin.com** Italia S.p.A) in terms of both staff and technology.

EBITDA and EBIT for the first half-year amounted to –5.83 million EUR and –7.00 million EUR respectively (same time period in 2000: -2.04/-2.34 million EUR). The consolidated result totaled –4.67 million EUR as compared to –1.44 million EUR in the first half-year 2000.

betandwin.com - Q2 2001

In the second quarter of 2001, **betandwin.com** increased its betting turnover to 10.63 million EUR as compared to 2.96 million EUR in the same time period in the previous year. This represents an increase of 7.67 million EUR or some 260 %. Net winnings rose to 878,000 EUR, representing a 175 % increase. Net winnings totaled 319,000 EUR in the same time period in the previous year. Profit increased by 175 % from 391,000 EUR in the second quarter of 2000 to 1.08 million EUR.

A net winnings margin of 8.3 % was registered, as compared to 10.8 % in the second quarter of 2000.

There was a total of 46,800 new registrations and 21,378 active bettors who placed 580,460 bets with an average bet of 18.3 EUR .

Personnel expenses totaled 1.04 million EUR as compared to 494,000 EUR in the previous year. Operating expenses came in at 1.10 million EUR, a figure which includes 269,000 EUR in betting fees (Q2 2000: 595,000 EUR with 78,000 EUR in betting fees).

EBITDA and EBIT for the second quarter 2001 totaled –2.30 million EUR and –2.78 million EUR respectively. The consolidated result amounted to –1.53 million EUR. In the second quarter 2000 EBITDA, EBIT and the consolidated result totaled –1.73 million EUR, –1.97 million EUR and –1.21 million EUR, respectively.

Selected Key Data:

In accordance with IAS in EUR `000, except percent	Q 2/2001	Q 2 2000	1-6/2001	1-6/2000	2000	1999	1998
Betting turnover	10,632	2,959	23,801	4,963	17,302	5,379	2,871
Customer winnings	9,745	2,640	22,156	4,318	-15,226	-4,754	-2,656
Net winnings							
Gross profit	878	319	1,645	645	2,076	625	215
As % of betting turnover	8.30 %	10.80 %	6.90 %	13.00 %	11.99 %	11.61 %	7.48 %
Profit	1,075	391	2,010	815	2,489	731	279
Expenses	-3,375	-2,120	-7,837	-2,853	-9,678	-2,617	-945
EBITDA	-2,299	-1,729	-5,827	-2,039	-7,190	-1,886	-666
EBIT	-2,778	-1,969	-7,001	-2,340	-8,145	-2,226	-806
Consolidated result	-1,526	-1,208	-4,666	-1,440	-5,105	-1,375	-534
Balance sheet total	59,991	67,225	59,991	67,225	63,993	3,412	914
FAV and liquid funds	39,506	53,709	39,506	53,709	45,165	1,217	102
Shareholders` Equity	54,163	63,400	54,163	63,400	58,829	2,618	23
As % of balance sheet total	90 %	94 %	90 %	94 %	92 %	77 %	3 %
Employees	57	35	57	35	48	13	7
Registrations	46,800	48,143	84,725	51,491	117,807	8,970	N/A
Number of bets placed	580,470	206,296	1,232,037	346,359	1,074,217	290,237	N/A

Future outlook

From a strategic viewpoint, the primary goals in the second half-year will be the targeted search for potential acquisitions, the relocating of the international betting business to Gibraltar (the acquisition of Simon Bold (Gibraltar) Ltd. will be accounted for starting July 18, 2001) and the rollout of a redesigned and improved **betandwin.com** Web site. The developing of new sales channels, the promotion of organic growth and the achievement of the operative break-even zone will be consistently pursued.

The search for partners offering marketing and coverage range synergies with equivalent customer groups or technological or professional expertise continues. In keeping with this goal, a cooperation was recently formed with sport1.at (a leading online sports portal owned by the German Kirch Group) and the acquisition of "SKP Piribauer Sportwetten Ltd.", which distributes sport bets via betting terminals, was completed.

Clear positive trends were evident in the development of EBITDA in the second quarter of 2001 as compared to the previous quarter. This effect is expected to continue as turnover increases and costs decline – in particular marketing expenses after brand build up in its initial core market Austria – will be reduced.

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***betandwin.com** Interactive Entertainment AG is a public company based and licensed in Austria as well as in Gibraltar. The company's strategic concept is based on the pillars of betting, information and entertainment. Listed on the Vienna Stock Exchange since March 2000, **betandwin.com** intends to use its unique Internet presence coupled with strong strategic partnerships to become one of the world's leading online gaming companies appealing to a wide public. **betandwin.com**'s common stock is traded on the Vienna Stock Exchange (Austria, www.wbag.at) under the symbol BWIN.*

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