CREATE A BETTER WORLD OF LOTTERY

INTERIM FINANCIAL REPORT
1 JANUARY – 30 SEPTEMBER 2015

ZEAL

ZEAL Network SE ("ZEAL Network" or "the Company") and its consolidated companies ("ZEAL Group" or "the Group") specialise in the area of online lottery (principally comprising the organisation of white-label lotteries and secondary lottery betting). The Group offers consumer-facing lottery-based games, as well as Business-to-Business ("B2B") solutions, under several brands. Our vision is to create a better world of lottery.

ZEAL Network was founded in Germany in 1999 and transferred its registration to the United Kingdom in February 2014. The Company operated until November 2014 under the name Tipp24 SE. Its shares are listed in the Prime Standard segment of the Frankfurt Stock Exchange and are included in the SDAX index.

-15.6%

Statutory total operating performance €91,891k

+85.8%

Statutory EBIT €20,686k

+708%

Earnings per share €0.97

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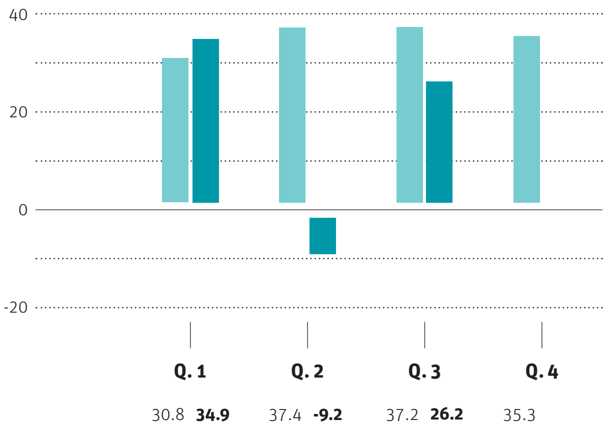
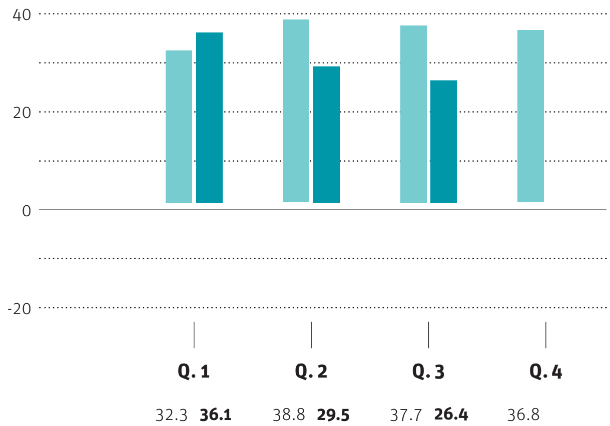
PERFORMANCE

2014 2015

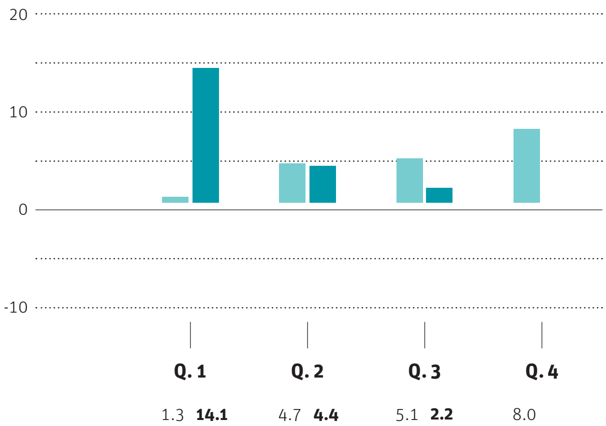
STATUTORY REVENUE[1] in € million



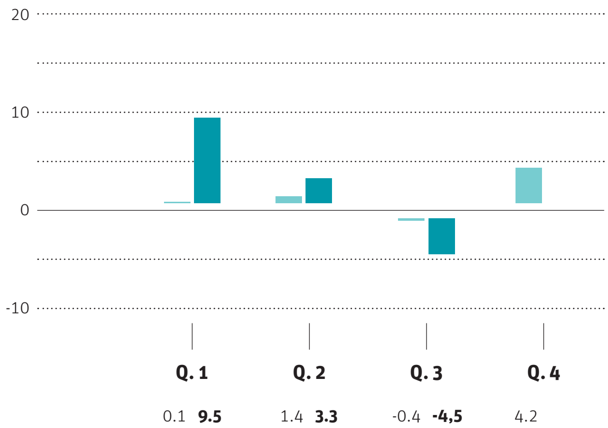
STATUTORY TOTAL OPERATING PERFORMANCE in € million



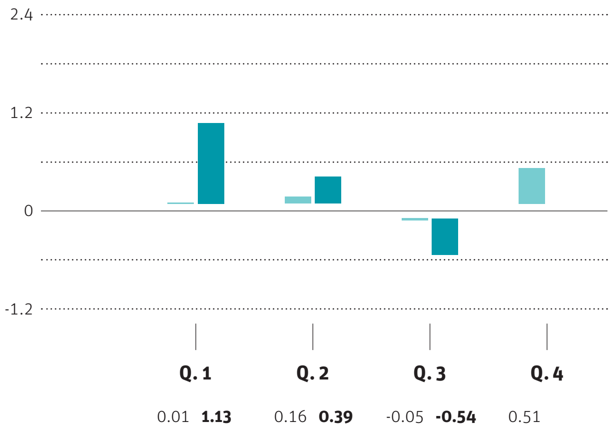
STATUTORY EBIT in € million



NET PROFIT in € million



EARNINGS PER SHARE in €



[1] *Revenue in Q2 and Q3 2015 were negatively impacted by a high prize pay-out.*

EXECUTIVE REVIEW

DEAR SHAREHOLDERS

ZEAL Group performed solidly in the first nine months of 2015 and our growth strategy is progressing in line with plan. Since February 2015, we have launched eight Instant Win Games that have been well received by our customers. This new product group offers an exciting gaming experience which has led to an increased spend per customer.

HIGH JACKPOTS, HIGH PAY-OUTS, STRONG EBIT GROWTH

During the period, the Group's underlying business performance remained strong. While high prize pay-outs of €47.9 million in May and €15.0 million in September adversely impacted our statutory revenue and total operating performance, other operating income benefitted from hedging income of €38.3 million (relating to the prize pay-out in May) and the exceptional jackpots in July and September generated higher than average player involvement, increasing core revenue and favourably influencing our KPIs.

Due to the hedging arrangements we had in place, the large jackpots negatively impacted EBIT by only €24.6 million with pay-outs made from our pre-existing retention fund. The impact was more than offset by a reduction in operating expenses compared to the same period in 2014 (primarily driven by a decrease in gaming duty, hedging expenses and consultancy costs) resulting in EBIT of €20.7 million for the nine month period ended 30 September 2015 (2014: €11.1 million).

As well as reviewing our results at a statutory level, we also monitor our performance based on "normalised" results and KPIs. "Normalised" results include estimates for expected lottery pay-outs based on statistical modelling. Consolidated "normalised" revenue in the first nine months of 2015 increased by 2.2% to €104.5 million (2014: €102.2 million) with consolidated "normalised" EBIT amounting to €35.3 million (2014: €8.7 million).

THIRD INTERIM DIVIDEND PAYMENT 2015

In accordance with our dividend policy, ZEAL Network paid out the third interim dividend of 2015 amounting to €0.70 per share at the end of Q3 (Q2: €0.70 per share; Q1: €0.70 per share). We intend to pay one more instalment of €0.70 per share in 2015 and continue quarterly payments of at least that amount in 2016 and future years. ZEAL Network's dividend policy is subject to periodic review and possible amendments depending on future earnings and financial position.

OUTLOOK

Our strategic outlook remains unchanged with attractive growth opportunities in our target markets. We have made positive progress towards our strategic goals and our new Instant Win Games satisfy target groups who demand a more exciting gaming experience. We see high potential in this growing market. The Group remains well positioned to capitalise on opportunities arising from changes to regulatory conditions and relatively low internet penetration of the lottery industry.

As announced on 2 September 2015, as a result of a high prize pay-out of €15 million during the current period, we have adjusted our guidance for 2015 by an equal amount. While large pay-outs like these are inherent to the secondary lottery business model, the Group has had above statistical average jackpot pay-outs for 2015 year-to-date. Assuming ordinary course of business for the remainder of the year, we expect full year total operating performance to be €120–130 million and full year EBIT to be €20–30 million.

We confirm our communicated policy of paying a total dividend of at least €2.80 per share in the current year.

The Executive Board

Dr. Helmut Becker
CEO

Jonas Mattsson
CFO

Susan Standiford
CTO

BUSINESS REVIEW

BUSINESS MODEL AND STRUCTURE

NEW SEGMENTAL DISCLOSURE PRESENTATION

From 30 June 2015, ZEAL Group adopted a new segmental reporting structure. The new segments align directly with the Group's business unit structure and segmental operating results that are regularly reviewed by the Chief Operating Decision Maker ("CODM" – being the Board of Directors comprising the Executive Board and the Supervisory Board).

We monitor the performance of our operating segments based on "normalised" revenue and EBIT (statutory revenue and EBIT adjusted for statistical fluctuations relating to expected prize pay-outs). The disclosures included in the operating segment note below are consistent with our internal reporting and "normalised" performance is given due prominence in the disclosure as this is the way in which we analyse our business. A fuller description of the calculation of adjustments for "normalisation" is set out below. Included within our note on operating segments is a reconciliation between the segmental results used to assess the lines of business and our consolidated statutory performance where statistically expected pay-outs are replaced with actual cash outflows. Inter-segment transactions are also eliminated as part of this process.

The operating segments are Business-to-Consumer ("B2C") and Business-to-Business/Business-to-Government ("B2B"/"B2G"). We have described the composition of the segments in more detail below:

B2C SEGMENT

- B2C's operating results comprise the secondary lottery betting business (secondary lottery), sales of Instant Win Games products, direct costs and an allocation of the shared cost base.
- To aid understanding of the underlying performance of the segment, B2C performance in the segmental disclosure is shown on the basis of expected prize pay-outs. A reconciliation between the operating segment results and consolidated statutory results is included in the segmental disclosure note.

B2B/B2G SEGMENT

The B2B/B2G segment comprises the remainder of the Group's core operating activities including:

- The lottery brokerage business in Spain.
- The international services business for lottery operators including online operation of the lottery games of the Spanish lottery operator ONCE (a national organisation for blind and disabled people).
- The international business that offers digital services to private business partners or state lotteries.
- Segmental results presented are attributable to the operating activities of the B2B/B2G segment together with an allocation of shared costs.

FORMER SEGMENTAL DISCLOSURE PRESENTATION

As stated in our interim report for the period ended 30 June 2015, to aid understanding and provide comparative information in accordance with the requirements of IFRS 8 "Operating Segments", we have provided reporting under the previous segment structure. For reference, descriptions of the previous segments are included below.

The former segmental disclosures are not comparable with the new form segmental disclosures due to the change in methodology for shared cost allocation executed in Q2 2015. Furthermore, the new form segmental disclosures include "normalised" revenue and EBIT measures whereas the former segmental disclosure model includes statutory revenue and EBIT measures.

"ABROAD" SEGMENT

The "Abroad" segment comprises the activities of MyLotto24 Limited ("MyLotto24") and its subsidiary companies (together the "MyLotto24 sub group"). MyLotto24 organises the lottery betting business (secondary lotteries) based on various European lotteries and bears the bookmaking risk itself. MyLotto24 sells its products through its own website as well as through various national and international sales partners.

"GERMANY" SEGMENT

The "Germany" segment comprises:

- The lottery brokerage business in Spain.
- The international services business for lottery operators including online operation of the lottery games of the Spanish lottery operator ONCE (a national organisation for blind and disabled people).
- The international business that offers digital services to private business partners or state lotteries.
- The business of marketing the German class lotteries NKL and SKL in Germany.
- Our investments in associates and joint ventures.

LEGAL AND REGULATORY MATTERS

ADAPTING THE FORMER BUSINESS MODEL IN GERMANY

Following the implementation of the second stage of the German State Treaty on Games of Chance (GlüStV 2008), which completely prohibited the brokering of state-run lotteries through the Internet as of 1 January 2009, ZEAL Network discontinued its lottery brokerage activities in Germany. As a result, on 1 January 2009, ZEAL Network (formerly Tipp24 SE) transferred the trade and assets of the German brokerage business together with the Spanish companies (Ventura24 and Ventura24 Games) to MyLotto24. In addition, ZEAL Network transferred the majority voting rights in the form of preference shares excluding their main economic rights in both MyLotto24 and its subsidiary Tipp24 Services Limited to a Swiss foundation set up by ZEAL Network. The transferred shares have a guaranteed limited right to dividends of up to £30k per annum. The MyLotto24 sub group is consolidated within the ZEAL Group financial statements because the relevant criteria under IFRS 10 "Consolidated Financial Statements" are met (refer to page 62 of the 2014 Annual Report for further detail).

The German State Treaty on Games of Chance (GlüStV 2008) expired on 31 December 2011 and was replaced by the German State Treaty on Games of Chance (GlüStV 2012). The GlüStV 2012 permits brokerage activities in Germany where licences are granted by the State. While we continue to fight in the courts for the resumption of business in Germany, our attempt to obtain a licence under GlüStV 2012 has so far been unsuccessful. As such, we continue to operate through our existing structure.

ONGOING LEGAL AND REGULATORY MATTERS

The principal legal and regulatory matters affecting the Group are included within our 2014 Annual Report. No significant additional legal or regulatory matters have arisen during the first nine months of 2015.

TAX MATTERS AND CONTINGENT LIABILITIES

There have been no changes in the status of the tax matters identified in the 2014 Annual Report with the exception of the German tax investigation relating to fiscal periods 2005–2007. A contingent liability relating to this investigation was disclosed on page 19 of the 2014 Annual Report.

On 2 September 2015, the Fiscal Court of Hamburg ruled against the extension of a stay of execution in respect of this matter. As a result, ZEAL Group was required to make an immediate payment of €3.3 million (€2.3 million relating to tax assessed and €1.0 million relating to interest and penalties) which has been charged to the consolidated income statement in the current period.

A contingent liability is therefore no longer disclosed in respect of this matter in this report, nor is a contingent liability expected to be disclosed in the 2015 Annual Report. Furthermore, although the case is currently ongoing, as we are not certain of eventual success, no contingent asset has been disclosed.

NORMALISATION OF RESULTS

NORMALISED RESULTS

In the lotteries on whose results ZEAL Group rely, there are fixed underlying pay-out ratios (ratio of pay-outs to stakes) for ongoing lottery draws. For our main products this is approximately 50%. The expected pay-out ratio for secondary lotteries is the same as for the primary lotteries.

There may be deviations between the expected pay-out ratio and actual pay-outs made. The difference between the actual pay-out and the expected prize pay-out is referred to as "normalisation" in this report.

In order to aid understanding of the financial statements and the related earnings position, we disclose the effect of deviations between the expected and actual pay-out ratio by presenting "normalised" revenue and EBIT. From 1 January 2015, we adjusted the calculation to reflect changes in product mix as certain products have pay-out rates not equal to 50%. This change more accurately reflects the long-term pay-out expectations for the Group's products.

LARGE JACKPOT PAY-OUTS

The Group recorded two large jackpot pay-outs in the first nine months of 2015 (totalling €62.9 million) compared to one large jackpot pay-out in the same period of 2014 (€6.7 million). Total pay-outs for secondary lotteries in the first nine months of 2015 were €52.7 million above the expected pay-out value (in the first nine months of 2014, the comparable figure was €3.2 million below the expected pay-out value) with an impact on statutory revenue of the same amount. This effect reduced statutory EBIT by an amount of €14.6 million (in the first nine months of 2014 statutory EBIT was €2.4 million higher than expectation based on "normalised" results).

Revenue

	01/01–30/09/2015	01/01–30/09/2014
in €k		
Actual	51,869	105,414
Normalised[1]	104,521	102,223
Deviations[2]	**-52,652**	**3,191**

EBIT

	01/01–30/09/2015	01/01–30/09/2014
in €k		
Actual	20,686	11,134
Normalised[1]	35,253	8,712
Deviations[2]	**-14,567**	**2,422**

[1] *Actuals adjusted for normalisation effect*
[2] *Effect of normalisation of results*

FINANCIAL REVIEW

The following table details the interim consolidated statement of operations of ZEAL Group for the nine months ended 30 September:

	01/01–30/09/2015	01/01–30/09/2014	
in €k			Change %
Revenue	51,869	105,414	-50.8
Other operating income	40,022	3,433	1,065.8
Total operating performance	**91,891**	**108,847**	**-15.6**
Personnel expenses	-18,930	-15,360	23.2
Exchange rate differences	762	936	-18.6
Other operating expenses	-47,701	-77,503	-38.5
Marketing expenses	-7,965	-8,530	-6.6
Direct costs of operations	-21,615	-40,823	-47.1
Other costs of operations	-18,121	-28,150	-35.6
EBITDA	**26,022**	**16,920**	**53.8**
Amortisation and depreciation	-5,336	-5,786	-7.8
EBIT	**20,686**	**11,134**	**85.8**
Financial result	-3,184	-4,313	-26.2
Earnings before taxes	**17,502**	**6,821**	**156.6**
Income taxes	-9,341	-5,773	61.8
Profit from continuing operations	**8,161**	**1,048**	**678.7**
Profit after tax from discontinued operations	–	67	-100.0
Profit for the period	**8,161**	**1,115**	**631.9**

REVENUE AND TOTAL OPERATING PERFORMANCE

Consolidated revenue and total operating performance for the nine month period ended 30 September 2015 amounted to €51,869k and €91,891k respectively, representing decreases of €53,545k and €16,956k respectively compared to the same period in 2014.

Revenue was negatively impacted by high prize pay-outs totalling €62,879k (pay-outs made in the same period of 2014: €6,700k). Excluding the impact of these high prize pay-outs, revenue increased by €2,634k compared to the same period in 2014, driven in part by the successful roll out of the Instant Win Games in Q1 2015.

The decrease in total operating performance (€16,956k compared to the same period in 2014) was primarily due to large jackpot pay-outs amounting to €24,575k. Excluding the impact of these items (and the 2014 large jackpot pay-out), total operating performance increased by approximately €1,000k compared to the same period in the previous year.

NEW SEGMENTATION

The B2C segment accounted for "normalised" revenue of €98,102k and the B2B/B2G segment accounted for €4,303k. A reconciliation between the "normalised" revenue and statutory revenue is included in the segment reporting note disclosure.

OLD SEGMENTATION FOR COMPARISON

Before taking into account "normalisation" adjustments of €-615k, the "Abroad" segment accounted for revenue of €48,380k (2014: €101,678k) and the "Germany" segment for €4,104k (2014: €3,740k). The decrease in revenue generated by the "Abroad" segment is attributable to the movements described in the main section above.

EBIT

At a consolidated statutory level, EBIT for the period amounted to €20,686k representing an increase of 85.8% compared to the same period in the previous year (2014: €11,134k). The negative EBIT impact relating to the large jackpot pay-outs (totalling €24,575k) were more than offset by a significant decrease in operating expenses (driven primarily by a decrease in gaming duty, hedging costs and consultancy expenses).

NEW SEGMENTATION

The B2C segment posted a "normalised" EBIT result of €41,288k, while the B2B/B2G segment achieved "normalised" EBIT of €-6,123k (before taking into account reconciling items of €-14,479k which are described in further detail below).

ZEAL Group is committed to investment in the diversity of its product offering. The negative EBIT generated by B2B/B2G during 2015 was primarily attributable to the Group's absorption of set-up costs incurred by the international business for lottery operators.

OLD SEGMENTATION FOR COMPARISON

The "Germany" segment posted a statutory EBIT result of €-14,017k (2014: €-14,326k) before consolidation eliminations while the "Abroad" segment reported statutory EBIT of €34,964k (2014: €26,219k). The increase primarily resulting from the decrease in costs is described in the expenses section below.

EXPENSES

In the first nine months of 2015, personnel expenses were €18,930k representing an increase of 23.2% compared to the same period in 2014 (€15,360k). The period-on-period increase in personnel expenses is primarily attributable to movements in the following cost categories:

- During 2014, ZEAL Group acquired a third party technical service provider. Prior to acquisition, the operating costs of the technical service provider had been recharged to ZEAL Group. As the provider is now part of the ZEAL Group, staff expenses are classified within personnel costs rather than other costs of operations. The personnel costs for the current period amounted to €2,488k with a similar amount classified within other costs of operations in the prior period.
- During the current period, a one-off bonus expense was incurred (€958k) – there was no similar cost in the prior period.

Compared to the same period in the previous year, other operating expenses decreased from €77,503k to €47,701k. The most significant contributory factors were:

- €14,209k decrease in gaming duty due to HM Treasury amending gaming taxation, which was amended to a place-of-consumption basis in December 2014.
- €2,488k decrease due to the cost shift to personnel expenses noted above.
- €5,203k decrease in hedging transactions by MyLotto24.
- €3,716k decrease in consulting costs.

FINANCIAL RESULT

The share of the losses of the associate and joint venture (Geonomics Global Games Limited and Geo24 UK Limited respectively) resulted in a charge of €2,447k in the first nine months of 2015 (2014 charge: €4,441k). The decrease in loss contributed resulted mainly from marketing expenses incurred in 2014 (significantly reduced marketing expenses in 2015).

TAX

At 53.4%, the consolidated tax rate in the first nine months was lower than in the same period in the prior year (84.7%) due to the stronger results in the B2C segment. As the two segments are treated as different tax units, losses of the B2B/B2G segment cannot be offset against earnings of the B2C segment. Fluctuations in the mix of losses and earnings between these segments period on period therefore have a direct result on the Group's consolidated tax rate and contribute to fluctuations in the rates realised each year.

As described in the Risk Report included in our 2014 Annual Report, as the result of a tax audit, there was a dispute with the German tax authority regarding the validity of tax assessments for two items in the inspection period (business years 2005 to 2007 inclusive). The German tax authority issued a tax assessment and respective payment demand on 27 December 2013. While one of the items was concluded in ZEAL Group's favour, the German tax authority rejected the appeal regarding the other item. The Group has taken legal action against this finding. On 2 September 2015 the Fiscal Court of Hamburg turned down the Group's motion for a stay of execution of the challenged corporate tax payment. The decision on the stay of execution was not open to appeal and led to an instant payment obligation of €3,266k (representing a tax assessment of €2,327k and interest and penalties totalling €939k). Full payment was made during the period and the related tax charge has now been recorded in the consolidated income statement.

EARNINGS PER SHARE (EPS)

The EPS from continuing operations in the first nine months of 2015 increased compared to the previous year from €0.12 to €0.97 due to an increase in profit after tax of €7,113k.

DIVIDEND

The third payment of the interim dividends, amounting to €0.70 per share, was made on 30 September 2015. It is anticipated that a final dividend payment of €0.70 will be made in December 2015.

Dividend periods for 2015

	Q. 4 2015	**Q. 3 2015**	Q. 2 2015	Q. 1 2015
in €				
Dividend per registered share	0.70	0.70	0.70	0.70
Payment date	End of Dec. expected	30 September 2015	30 June 2015	31 March 2015

CASH FLOW AND CAPITAL MANAGEMENT

	30/09/2015	30/09/2014
in €k		
Key cash flow positions		
Cash from operating activities	11,725	19,927
Cash used in investing activities	-354	-10,024
thereof acquisition of investments	–	-6,424
thereof investments in intangible assets	-209	-544
thereof investments in property, plant and equipment	-145	-2,131
thereof acquisition of businesses	–	-925
Cash used in financing activities	-17,609	-62,888
Changes in cash and pledged cash and short-term deposits	**-6,238**	**-52,985**
Cash and pledged cash and short-term deposits at the beginning of the period	108,140	156,129
Cash and pledged cash and short-term deposits at the end of the period	**101,902**	**103,144**

Cash from operating activities in the first nine months of 2015 was €11,725k (€8,202k below the comparable 2014 figure of €19,927k). The difference was primarily driven by working capital movements.

In the first nine months of 2015, investing activities resulted in cash outflows of €354k (2014: cash outflows of €10,024k). In 2014, the main components of the 2014 cash outflows were cash injections into the Group's investments in its joint venture and associate (€6,424k) and purchases of property, plant and equipment (€2,131k). No similar cash payments were made in the current period. Further descriptions of the 2014 cash flow movements are included in the 2014 Annual Report.

Cash used in financing activities of €17,609k (2014: €62,888k) is wholly attributable to dividend payments. The decrease compared to the same period in 2014 is due to a special dividend payment made in 2014. This special dividend is more fully described in the 2014 Annual Report.

As of 30 September 2015, ZEAL Group had cash and pledged cash and short-term deposits of €101,902k (2014: €103,144k). This includes funds that ensure that MyLotto24 is sufficiently financed to effect payments of potential relevant jackpot winnings.

FORECAST

As announced on 2 September 2015, as a result of a high prize pay-out of €15 million during the current period, we have adjusted our guidance for 2015 by an equal amount. While large payouts like these are inherent to the secondary lottery business model, the Group has had above statistical average jackpot payouts for 2015 year-to-date. Assuming ordinary course of business for the remainder of the year, we expect full year total operating performance to be €120–130 million and full year EBIT to be €20–30 million.

OTHER INFORMATION

Information about our risk management approach and our business risks and opportunities are detailed on pages 17 to 21 of our 2014 Annual Report. Compared with the risks and opportunities previously presented, no significant additional opportunities or risks for ZEAL Group have come to light in the first nine months of 2015.

GOING CONCERN

The Directors have formed a judgement at the time of approving the interim financial statements that there is a reasonable expectation that ZEAL Group has adequate resources to continue for the foreseeable future. The Group held €88.2 million in cash at the period end (31 December 2014: €92.6 million). The Group expects to deliver revenue and profit growth in the period ahead. For these reasons, the Directors have adopted the going concern basis in preparing the interim condensed consolidated financial statements.

DIRECTORS OF THE COMPANY

The directors who held office during the period were:

- Dr. Helmut Becker
- Jonas Mattsson (appointed 1 February 2015)
- Susan Standiford (appointed 18 May 2015)
- Dr. Hans Cornehl (resigned 1 September 2015)

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, as well as a fair review of information on material transactions with related parties and changes since the last Annual Report.

12 November 2015

Dr. Helmut Becker	Jonas Mattsson	Susan Standiford
CEO	CFO	CTO

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE NINE AND THREE MONTHS ENDED 30 SEPTEMBER

in €k	Notes	**Q.1–3 2015**	Q.1–3 2014	**Q.3 2015**	Q.3 2014
Revenue	1	51,869	105,414	26,171	37,221
Other operating income	2	40,022	3,433	178	471
Total operating performance		**91,891**	**108,847**	**26,349**	**37,692**
Personnel expenses	3	-18,930	-15,360	-5,873	-6,309
Amortisation/depreciation on intangible assets and property, plant and equipment		-5,336	-5,786	-1,777	-1,853
Exchange rate differences		762	936	-542	323
Other operating expenses	4	-47,701	-77,503	-15,991	-24,712
Marketing expenses		-7,965	-8,530	-3,721	-2,268
Direct costs of operations		-21,615	-40,823	-6,145	-12,647
Other costs of operations		-18,121	-28,150	-6,125	-9,797
Result from operating activities (EBIT)		**20,686**	**11,134**	**2,166**	**5,141**
Income from financial activities		134	326	-293	24
Financing costs		-871	-198	-781	-16
Share of result from associated companies		-921	-2,112	-291	-1,348
Share of result from joint ventures		-1,526	-2,329	-382	-1,210
Financial result		**-3,184**	**-4,313**	**-1,747**	**-2,550**
Result from ordinary activities		**17,502**	**6,821**	**419**	**2,591**
Income taxes	6	-9,341	-5,773	-4,969	-3,004
Profit/loss from continuing operations		**8,161**	**1,048**	**-4,550**	**-413**
Profit/loss after tax from discontinued operations		–	67	–	-2
Consolidated net profit/loss [1]		**8,161**	**1,115**	**-4,550**	**-415**
Earnings per share (basic and diluted, in €/share)		0.97	0.13	-0.54	-0.05
Earnings per share from continuing operations (basic and diluted, in €/share)		0.97	0.12	-0.54	-0.05

[1] *The consolidated net profit/loss is attributable to the owners of ZEAL Network, London, United Kingdom.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE AND THREE MONTHS ENDED 30 SEPTEMBER

	Q.1–3 2015	Q.1–3 2014	**Q.3 2015**	Q.3 2014
in €k				
Profit/loss for the period	**8,161**	**1,115**	**-4,550**	**-415**
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Loss on available-for-sale financial assets (AFS)	-433	-637	-290	-185
Income tax effect	0	162	0	39
Other comprehensive income, net of tax	**-433**	**-475**	**-290**	**-146**
Total comprehensive income for the period, net of tax	**7,728**	**640**	**-4,840**	**-561**

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2015 AND 31 DECEMBER 2014

		30/09/2015	31/12/2014
ASSETS in €k	Notes		
Current assets			
Cash and pledged cash	10	88,164	92,585
Short-term financial assets	10	13,738	15,555
Trade and other receivables	10	592	1,810
Income tax receivables		1,145	710
Other current assets and prepaid expenses	10	11,750	10,637
Total current assets		**115,389**	**121,297**
Non-current assets			
Intangible assets		3,338	7,614
Other equipment, furniture & fixtures and leased assets		2,236	2,942
Financial assets	10	3,075	0
Shares in associated companies	8	14,044	14,965
Shares in joint ventures	9	5,944	7,428
Other assets and prepaid expenses		147	20
Deferred tax assets		1,132	1,140
Total non-current assets		**29,916**	**34,109**
ASSETS		**145,305**	**155,406**

EQUITY & LIABILITIES in €k	Notes	**30/09/2015**	31/12/2014
Current liabilities			
Trade payables	10	5,570	7,505
Other liabilities	10	18,717	21,406
Financial liabilities	10	102	109
Deferred incomes		2,748	2,895
Income tax liabilities		6,180	4,862
Short-term liabilities		3,731	694
Total current liabilities		**37,048**	**37,471**
Long-term liabilities		757	682
Total non-current liabilities		**757**	**682**
Equity			
Subscribed capital		8,385	8,385
Capital reserves		21,578	21,578
Other reserves		-1,039	-606
Retained earnings	7	78,576	87,896
Total equity		**107,500**	**117,253**
EQUITY & LIABILITIES		**145,305**	**155,406**

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER

	Q.1–3 2015	Q.1–3 2014 restated
in €k		
Profit from continuing operations before tax	17,503	6,821
Profit from discontinued operations after tax	0	67
Result before tax	**17,503**	**6,888**
Adjustments for		
Amortisation/depreciation on non-current assets	5,336	5,787
Result from disposal of non-current assets	19	-90
Revenue from financial activities	-134	-156
Expense from financial activities	871	198
Share of result of associated companies	921	2,112
Share of result of joint ventures	1,526	2,329
Other non-cash changes	-1,950	1,124
Changes in		
Trade and other receivables	-926	10,686
Financial assets	-3,075	0
Non-current other assets or prepaid expenses	-128	402
Trade payables	-1,935	-3,252
Other liabilities	-368	619
Short-term provisions	784	1,522
Deferred income	-147	-749
Interest received	134	156
Interest paid	-871	-198
Taxes paid	-5,835	-7,451
Cash flow from operating activities	**11,725**	**19,927**

in €k	**Q. 1–3 2015**	Q. 1–3 2014 restated
Payments to acquire investments	0	-6,424
Payments for investments in intangible assets	-209	-544
Payments for investments in property, plant and equipment	-145	-2,131
Acquisition of businesses	0	-925
Cash flow used in investing activities	**-354**	**-10,024**
Dividends paid	-17,609	-62,888
Cash flow used in financing activities	**-17,609**	**-62,888**
Changes in cash and pledged cash and short-term deposits	-6,238	-52,985
Cash and pledged cash and short-term deposits at the beginning of the period	108,140	156,129
Cash and pledged cash and short-term deposits at the end of the period	**101,902**	**103,144**
Composition of cash at the end of the period		
Cash and pledged cash	88,164	88,925
Short-term deposits	13,738	14,219
	101,902	**103,144**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014 AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

in €k	Subscribed capital	Capital reserves	Other reserves	Retained earnings	**Total equity**
As at 1 January 2014	**8,385**	**22,741**	**-209**	**144,639**	**175,556**
Dividend	–	–	–	-62,888	-62,888
Other results	–	–	-111	-137	-248
Net profit 2014	–	–	–	1,115	1,115
Total net profit 2014	–	–	-111	978	867
As at 30 September 2014	**8,385**	**22,741**	**-320**	**82,729**	**113,535**
As at 1 October 2014	**8,385**	**22,741**	**-320**	**82,729**	**113,535**
Other reserves movements	–	-1,163	–	946	-217
Other results	–	–	-286	19	-267
Net profit 2014	–	–	–	4,202	4,202
Total net profit 2014	–	–	-286	4,221	3,935
As at 31 December 2014	**8,385**	**21,578**	**-606**	**87,896**	**117,253**
As at 1 January 2015	**8,385**	**21,578**	**-606**	**87,896**	**117,253**
Dividend	–	–	–	-17,609	-17,609
Other results	–	–	-433	128	-305
Net profit 2015	–	–	–	8,161	8,161
Total net profit 2015	–	–	-433	8,289	7,856
As at 30 September 2015	**8,385**	**21,578**	**-1,039**	**78,576**	**107,500**

SEGMENT REPORTING

NEW SEGMENTAL REPORTING DISCLOSURES

On 30 June 2015, ZEAL Group adopted a new form of segmental reporting. New segmental disclosures align directly with internal reporting regularly reviewed by the CODM. Descriptions of the composition of the separate operating segments is included on page 5 and 6 of this report. Details of results under the new segmental reporting structure for the period ended 30 September 2015 are included below.

Business unit segment reporting Q.3 2015	B2C[1]	B2B/B2G	Business unit total	Reconciliation to statutory accounts	– thereof normalisation adjustments	– thereof other	Statutory
in €k							
Revenue	34,579	1,348	35,927	-9,756	-10,360	604	26,171
Other operating income	303	24	327	-149	-14	-135	178
Total operating performance	**34,882**	**1,372**	**36,254**	**-9,905**	**-10,374**	**469**	**26,349**
EBITDA	**15,950**	**-1,923**	**14,027**	**-10,084**	**-10,374**	**290**	**3,943**
Depreciation/amortisation	-1,588	-137	-1,725	-52	–	-52	-1,777
EBIT	**14,362**	**-2,060**	**12,302**	**-10,136**	**-10,374**	**238**	**2,166**
Financial result	–	–	–	-1,747	–	-1,747	-1,747
EBT	**–**	**–**	**12,302**	**-11,883**	**-10,374**	**-1,509**	**419**
Income tax	–	–	–	-4,969	–	-4,969	-4,969
Net profit/loss	**–**	**–**	**12,302**	**-16,852**	**-10,374**	**-6,478**	**-4,550**

[1] *B2C performance in the segmental disclosure is shown on the basis of expected pay-out ratio.*

Business unit segment reporting Q.1–3 2015	B2C[1]	B2B/B2G	Business unit total	Reconciliation to statutory accounts	– thereof normalisation adjustments	– thereof other	Statutory
in €k							
Revenue	98,102	4,303	102,405	-50,536	-52,652	2,116	51,869
Other operating income	1,837	134	1,971	38,051	38,085	-34	40,022
Total operating performance	**99,939**	**4,437**	**104,376**	**-12,485**	**-14,567**	**2,082**	**91,891**
EBITDA	**46,060**	**-5,710**	**40,350**	**-14,328**	**-14,566**	**238**	**26,022**
Depreciation/amortisation	-4,772	-413	-5,185	-151	–	-151	-5,336
EBIT	**41,288**	**-6,123**	**35,165**	**-14,479**	**-14,566**	**87**	**20,686**
Financial result	–	–	–	-3,184	–	-3,184	-3,184
EBT	**–**	**–**	**35,165**	**-17,663**	**-14,566**	**-3,097**	**17,502**
Income tax	–	–	–	-9,341	–	-9,341	-9,341
Net profit/loss	**–**	**–**	**35,165**	**-27,004**	**-14,566**	**-12,438**	**8,161**

[1] *B2C performance in the segmental disclosure is shown on the basis of expected pay-out ratio.*

The principal reconciling items between the aggregated business unit results and the consolidated statutory results are attributable to two main categories being:

- "Normalisation" adjustments (column "thereof normalisation adjustments") – these adjustments bridge the quantum of statistically expected pay-outs included within the business unit column to consolidated statutory results which include actual cash outflows.
- "Other" adjustments (column "thereof other") – the most significant adjustments relate to the inclusion of the results from the investments in joint venture and associate (financial result line item) and the consolidated tax charge which are not allocated to specific business units. Remaining reconciling items do not warrant further commentary.

FORMER SEGMENTAL REPORTING DISCLOSURES

As stated in our interim report for the period ended 30 June 2015, to aid understanding and provide comparative information in accordance with the requirements of IFRS 8 "Operating Segments", we have provided analysis for the current and comparative periods under the previous segment structure. For reference, descriptions of the previous segments are included in the former segmental disclosure section above.

Segment reporting Q.3 2015	"Germany"		"Abroad"		Consolidation		Consolidated	
	01/07–30/09		01/07–30/09		01/07–30/09		01/07–30/09	
	2015	2014 restated	**2015**	2014 restated	**2015**	2014 restated	**2015**	2014 restated
in €k								
Revenue	**1,207**	**1,082**	**25,135**	**36,140**	**-171**	**-1**	**26,171**	**37,221**
Depreciation/amortisation	-70	-56	-1,707	-1,202	–	-595	-1,777	-1,853
EBIT	**-5,238**	**-6,064**	**7,295**	**11,333**	**109**	**-128**	**2,166**	**5,141**
Financial result	5,069	-2,741	-326	188	-6,490	3	-1,747	-2,550
Income tax	-2,309	458	-2,660	-3,511	–	49	-4,969	-3,004
Profit from continuing operations	**-2,478**	**-8,347**	**4,309**	**8,010**	**-6,381**	**-75**	**-4,550**	**-413**
Assets	**100,969**	**69,628**	**95,961**	**131,734**	**-67,654**	**-69,167**	**129,276**	**132,195**
Debts	**102,340**	**67,512**	**104,412**	**151,973**	**-67,627**	**-74,596**	**139,125**	**144,889**

Segment reporting	"Germany"		"Abroad"		Consolidation		Consolidated	
Q.1–3 2015	01/01–30/09		01/01–30/09		01/01–30/09		01/01–30/09	
	2015	2014 restated	**2015**	2014 restated	**2015**	2014 restated	**2015**	2014 restated
in €k								
Revenue	**4,104**	**3,740**	**48,380**	**101,678**	**-615**	**-4**	**51,869**	**105,414**
Depreciation/amortisation	-208	-130	-5,128	-3,869	–	-1,787	-5,336	-5,786
EBIT	**-14,017**	**-14,326**	**34,964**	**26,219**	**-261**	**-759**	**20,686**	**11,134**
Financial result	107,593	75,101	-657	600	-110,120	-80,014	-3,184	-4,313
Income tax	-2,324	565	-7,017	-6,520	–	182	-9,341	-5,773
Profit from continuing operations	**91,252**	**61,340**	**27,290**	**20,299**	**-110,381**	**-80,591**	**8,161**	**1,048**
Assets	**100,969**	**69,628**	**95,961**	**131,734**	**-67,654**	**-69,167**	**129,276**	**132,195**
Debts	**102,340**	**67,512**	**104,412**	**151,973**	**-67,627**	**-74,596**	**139,125**	**144,889**

The principal reconciling items between the aggregated business unit results and the consolidated statutory results are attributable to the elimination of dividend payments made by the Abroad segment to the Germany segment. There are no other material adjustments that warrant further explanation.

Segment assets do not include deferred taxes, income tax receivables or short-term financial assets as it is not possible to allocate these asset classes to individual segments. Segment liabilities do not include deferred taxes, tax liabilities or interest-bearing liabilities as it is not possible to allocate these liability classes to individual segments.

SELECTED EXPLANATORY NOTES

GENERAL

The interim condensed consolidated financial statements (the "interim financial statements") for ZEAL Network (the "Company") and its subsidiaries (collectively, "ZEAL Group" or "the Group") for the nine months ended 30 September 2015 were authorised for issue by the directors on 12 November 2015.

The Company was founded in Germany in 1999 and transferred its registration to the United Kingdom in February 2014 under the Company Number SE000078. The Company operated under the name Tipp24 SE until November 2014. Its shares are listed in the Prime Standard segment of the Frankfurt Stock Exchange and are included in the SDAX index.

From 10 February 2014, the registered shares of the Company have been traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange in the form of so-called Clearstream Interests (CI) under the ISIN GB00BHD66J44/WKN TPP024.

BASIS OF PREPARATION

The interim financial statements for the nine months ended 30 September 2015 have been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union. Accordingly, these interim financial statements do not include all of the information and disclosures required to fully comply with IFRS as adopted by the European Union. For this reason, the interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2014.

The interim financial statements include all adjustments of a normal and recurring nature considered necessary for a fair presentation of results for interim periods. Results of the period ended 30 September 2015 are not necessarily indicative of future results.

The same accounting policies and calculation methods were used for these interim financial statements as for the consolidated financial statements as at 31 December 2014.

EVENTS DURING THE PERIOD

On 15 January 2015, ZEAL Network purchased 25% of the shares in Tipp24 Investment 1 Limited and 25% of the shares in Tipp24 Investment 2 Limited from Smartgames Technologies Limited. At 30 September 2015, the Company owned 100% of both Tipp24 Investment 1 Limited and Tipp24 Investment 2 Limited.

On 1 February 2015, ZEAL Network appointed Jonas Mattsson as Chief Financial Officer and member of the Executive Board.

On 18 May 2015, ZEAL Network appointed Susan Standiford as Chief Technical Officer and member of the Executive Board.

After thirteen years on the Executive Board of the Company, with four years as CEO, Dr. Hans Cornehl left the Company on 1 September 2015. Dr. Cornehl was replaced as CEO by Dr. Helmut Becker on the same date.

CHANGES IN ACCOUNTING ESTIMATES

In the cash flow statement for the period ended 30 September 2014 included in the Q3 2014 interim report, cash and cash equivalents did not include short term financial assets of €14,219k. As these assets met the definition of cash and cash equivalents, the comparative figures in the current period cash flow statement have been restated to include these amounts.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those adopted in the preparation of the annual financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015 (where relevant). The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

The nature and the impact of each new standard or amendment are described on the following page:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements 2011–2013 Cycle

These improvements are effective from 1 July 2014 and the Group applied these amendments for the first time in the Q1 interim condensed consolidated financial statements. They include:

IFRS 3 Business Combinations

This amendment is applied prospectively and clarifies scope exceptions within IFRS 3 that joint arrangements, not just joint ventures, are outside the scope of IFRS 3. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself. Neither the Company nor the Group is a joint arrangement. As such, this amendment is not relevant for either the Company or the Group.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13 and, as such, this amendment is not relevant for the Company or the Group.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an acquisition of an asset or a business acquisition. This amendment therefore does not impact the accounting policies of the Group.

1 REVENUE

Revenue recognition accounting policies are included in the Annual Report for the year ended 31 December 2014. There have been no changes in the nature of revenue recorded during the period or the related revenue accounting policies.

Compared with the first nine months of 2014, revenue for the nine months ended 30 September 2015 decreased from €105,414k to €51,869k primarily due to two high prize pay-outs totalling €62,879k. Further detail is included in the revenue and total operating performance section included within the financial review.

2 OTHER OPERATING INCOME

Other operating income relates primarily to income generated from hedging activities. There has been no change in the composition of other operating income since the year ended 31 December 2014 or the related accounting policies. The increase in other operating income resulted mainly from one large jackpot which was covered by a hedging instrument.

3 PERSONNEL EXPENSES

In the first nine months of 2015, personnel expenses were €18,930k representing an increase of 23.2% compared to the same period in 2014 (€15,360k). The period-on-period increase in personnel expenses is primarily attributable to the following cost components:

- During 2014, ZEAL Group acquired a third party technical service provider. Prior to acquisition, the operating costs of the technical service provider had been recharged to ZEAL Group. As the provider is now part of the ZEAL Group, staff expenses are classified within personnel costs rather than other costs of operations. The personnel costs for the current period amounted to €2,488k with a similar amount classified within other costs of operations in the prior period.
- During the current period, a one-off bonus expense was incurred (€958k) – there was no similar cost in the prior period.

4 OTHER OPERATING EXPENSES

The decrease in other operating expenses resulted mainly from decreased marketing expenses (year-on-year decrease of €565k) and direct costs of operations (year-on-year decrease of €19,208k) and other costs of operations (year-on-year decrease of €10,029k).

5 TAXES

There is currently a dispute with the German tax authority regarding the validity of tax treatment for various items in the inspection period (fiscal years 2005 to 2007 inclusive).

As described in the Risk Report included in our 2014 Annual Report, as the result of a tax audit, there was a dispute with the German tax authority regarding the validity of tax assessments for two items in the inspection period (business years 2005 to 2007 inclusive). The German tax authority issued a tax assessment and respective payment demand on 27 December 2013. While one of the items was concluded in ZEAL Group's favour, the German tax authority rejected the appeal regarding the other item. The Group has taken legal action against this finding. On 2 September 2015 the Fiscal Court of Hamburg turned down the Group's motion for a stay of execution of the challenged corporate tax payment. The decision on the stay of execution was not open to appeal and led to an instant payment obligation of €3,266k (representing a tax assessment of €2,327k and interest and penalties totalling €939k). Full payment was made during the period and the related tax charge has now been recorded in the consolidated income statement.

6 INCOME TAX

The tax calculation of the Group is based on a tax ratio which suitably reflects the forecasted tax expense for the full year.

	Q.1–3 2015	Q.1–3 2014
in €k		
Current income tax expense	9,339	6,772
Current deferred tax expense/income	2	-999
Total income tax	**9,341**	**5,773**

7 DIVIDENDS PAID

In accordance with our dividend policy, ZEAL Network paid out the third interim dividend of 2015 amounting to €0.70 per share at the end of Q3 (Q2: €0.70 per share; Q1: €0.70 per share). We intend to pay one more instalment of €0.70 per share in 2015 and continue quarterly payments of at least that amount in 2016 and future years. ZEAL Network's dividend policy is subject to periodic review and possible amendments depending on future earnings and financial position.

8 INVESTMENT IN AN ASSOCIATE

The Group holds a stake of 25.7% in Geonomics Global Games Limited ("Geonomics"), a company incorporated in the United Kingdom. Geonomics has its own licence to operate and market GeoLotto – a lotto game based on a virtual map.

	30/09/2015	31/12/2014
in €k		
Summary of the assets and liabilities of the associated company		
Current assets including cash and cash equivalents	1,185	3,561
Non-current assets[1]	54,009	55,349
Current liabilities	-548	-680
Non-current liabilities	–	–
Net assets	**54,646**	**58,230**
25.7% share of the net assets	14,044	14,965
Group's carrying amount of the investment	**14,044**	**14,965**

[1] *Non-current assets includes goodwill arising on the Group's investment in Geonomics Global Games.*

	Q. 1–3 2015	Q. 1–3 2014
in €k		
Summary of profit or loss of the associated company		
Revenue	1,626	549
Loss from continuing operations, after depreciation and amortisation of €616k (2014: €1,162k), finance income of €58k (2014: €48k), finance expense of €144k (2014: nil) and income tax of nil (2014: €1k)	-2,562	-840
Total comprehensive income	-2,562	-840

Geonomics is accounted for in the consolidated financial statements using the equity method of accounting. The fiscal year of Geonomics ends on 31 December each year.

9 INTEREST IN JOINT VENTURES

On 1 October 2013, Tipp24 Investment 2 Limited acquired 50% of the shares in Geo24 UK Limited. Geo24 UK Limited operates GeoLotto, a lotto game based on a virtual map. During the period, Geonomics launched its second product, Booty Pirates, based on the same virtual map platform.

Geo24 UK Limited is accounted for in the consolidated financial statements using the equity method. The fiscal year of Geo24 UK Limited ends on 31 December each year.

	30/09/2015	31/12/2014
in €k		
Summary of the assets and liabilities of the joint venture company		
Current assets	949	3,802
Non-current assets[1]	11,368	11,838
Current liabilities	-429	-783
Non-current liabilities	–	–
Net assets	**11,888**	**14,856**
50% share of the net assets	5,944	7,428
Group's carrying amount of the investment	**5,944**	**7,428**

[1] *Non-current assets includes goodwill arising on the Group's investment in Geo24 Limited.*

	Q.1–3 2015	Q.1–3 2014
in €k		
Summary of profit or loss of the joint venture company		
Revenue	-1,231	55
Loss from continuing operations, after depreciation of €390k (2014: €371k), finance income of €3k (2014: €3k), finance expense of nil (2014: nil) and income tax of nil (2014: nil)	-3,052	-1,246
Total comprehensive income	-3,052	-1,246

10 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The financial instruments are separated into the following categories as at 30 September 2015 and 31 December 2014:

Financial instruments as at 30 September 2015	Amortised cost	Fair value recognised in equity	Non-financial assets/ liabilities	Total	**Book value 30/09/2015**	**Fair value 30/09/2015**
in €k						
Assets						
Cash and pledged cash						
Receivables	88,155	–	–	88,155	–	–
Non-financial assets	–	–	9	9	88,164	88,164
Short-term financial assets						
Available-for-sale financial assets	–	7,586	–	7,586	–	–
Held-to-maturity financial assets	6,152	–	–	6,152	13,738	13,738
Trade receivables						
Receivables	578	–	–	578	578	578
Other assets						
Receivables	3,704	–	6,221	9,925	–	–
Loans	–	–	–	–	9,925	9,925
Long-term other assets						
Receivables	–	–	147	147		
Loans	3,075	–	–	3,075	3,222	3,222
Total assets					**115,627**	**115,627**
- of which loans and receivables	–	–	–	–	101,889	101,889
- of which available-for-sale financial assets	–	–	–	–	7,586	7,586
Held-to-maturity financial assets, short-term	–	–	–	–	6,152	6,152
Held-to-maturity financial assets, long-term	–	–	–	–	–	–
Liabilities						
Trade payables	5,570	–	–	5,570	5,570	5,570
Other liabilities	15,750	–	2,967	18,717		
Financial liabilities	102	–	–	102	18,819	18,819
Total liabilities					**24,389**	**24,389**

Financial instruments as at 31 December 2014	Amortised cost	Fair value recognised in equity	Non-financial assets/ liabilities	Total	**Book value 31/12/2014**	**Fair value 31/12/2014**
in €k						
Assets						
Cash and pledged cash						
Receivables	92,575	–	–	92,575	–	–
Non-financial assets	–	–	9	9	92,584	92,584
Short-term financial assets						
Available-for-sale financial assets	–	9,258	–	9,258	–	–
Held-to-maturity financial assets	6,297	–	–	6,297	15,555	15,555
Trade receivables						
Receivables	583	–	–	583	583	583
Other assets						
Receivables	5,079	–	5,559	10,638	–	–
Loans	–	–	–	–	10,638	10,638
Long-term other assets						
Receivables	–	–	20	20	20	20
Total assets					**119,380**	**119,380**
- of which loans and receivables	–	–	–	–	103,825	103,825
- of which available-for-sale financial assets	–	–	–	–	9,258	9,258
Held-to-maturity financial assets, short-term	–	–	–	–	6,297	6,297
Held-to-maturity financial assets, long-term	–	–	–	–	–	–
Liabilities						
Trade payables	7,505	–	–	7,505	7,505	7,505
Other liabilities	17,048	–	2,029	19,077	–	–
Financial liabilities	109	–	–	109	19,186	19,186
Total liabilities					**26,691**	**26,691**

All financial instruments included in the table on pages 27 and 28 are classified as Level 1 (defined below). For all financial instruments the carrying amount approximates to fair value.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the nine-month period ended 30 September 2015.

FAIR VALUE HIERARCHY

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the fair value hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

VALUATION METHODS AND ASSUMPTIONS

The fair value of the financial assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale.

Financial assets are classified into the following specified categories:

a) Financial assets "at fair value through profit or loss"

Financial assets are classified as "at fair value through profit or loss" when the financial asset is either held for trading or it is designated as "at fair value through profit or loss".

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term, or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking, or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as "at fair value through profit or loss" upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis, or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated "at fair value through profit or loss".

Financial assets "at fair value through profit or loss" are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item in the consolidated income statement.

b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as:

a) Loans and receivables, or

b) Held-to-maturity financial instruments, or

c) Financial assets at fair value through profit or loss.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the "available-for-sale" reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the "available-for-sale" reserve to the statement of profit or loss in finance costs. Interest earned whilst holding available-for-sale financial assets is reported as interest income using the effective interest rate method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the "available-for-sale" category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

11 OBJECTIVES AND METHODS OF CAPITAL MANAGEMENT

The Group operates a decentralised capital management system. All key decisions concerning the financial structure of the B2B/B2G segment are taken by the Executive Board of ZEAL Network. MyLotto24 is responsible for capital management of the B2C segment, with the exception of Tipp24 Services Limited which undertakes its own capital management. Capital structure decisions in the joint venture and associated company are taken by the senior management of the joint venture and associated company. The principles and objectives of financial management, as well as the risks which ZEAL Group is exposed to, are presented in the Risk Report in the 2014 Annual Report.

12 INTEREST RATE RISK

The Group invests the majority of its funds in a combination of fixed term deposits. For these funds, which are mainly held in liquid or short-term investments, there is a general risk from changing interest rates. A sensitivity analysis was conducted for the portfolio of cash and short-term financial assets held on 30 September 2015 with a simulated interest rate increase of 50 basis points. Assuming no changes are made to the portfolio in response to the interest rate increase, there would be a rise in interest income of €342k (in a simplified calculation).

13 CURRENCY RISK

The Group is exposed to a currency risk as a result of exchange rates (primarily GBP) arising from payments received and made in foreign currency which differ from the Group's functional currency. Furthermore, some of the Group's financial assets are denominated in GBP and thus exposed to a currency risk.

At 30 September 2015, we consider that a movement in the Euro to GBP exchange rate of 10% is reasonably possible. A favourable movement in the GBP to Euro exchange rate of 10% (to 0.64672 GBP/EUR) would result in a decrease in earnings of €-1,776k. An adverse movement in the GBP to Euro of exchange rate of 10% (to 0.78253 GBP/EUR) would result in an increase in earnings of €1,647k.

14 SUBSEQUENT EVENTS

There were no significant events after the balance sheet date.

15 RELATED PARTIES

The members of ZEAL Network's Executive Board and Supervisory Board are regarded as related parties under IAS 24 "Related Party Transactions". The operating business of Schumann e.K. (a company fully consolidated in the Group's financial statements) was outsourced to Günther Direct Service GmbH. In return, this company received compensation of €86k in the period under review. Günther Direct Services GmbH is part of the Günther Group which is indirectly controlled by Oliver Jaster (a member of the Supervisory Board).

Jens Schumann is a member of the Supervisory Board of ZEAL Network and is sole partner of Schumann e.K. This structure has existed in comparable form since 2002 and was chosen because class lotteries only issue sales licences at present to natural persons or companies in which neither the liability of the company nor its direct and indirect partners is limited. A cooperation agreement is in place between ZEAL Network and Schumann e.K., which governs the processing of game participation of class lottery customers by Schumann e.K. Under the terms of the agreement, Schumann e.K. must pay all commissions and other brokerage fees collected in this context to ZEAL Network. ZEAL Network provides Schumann e.K. with services in the field of accounting, bookkeeping, marketing and technical services and bears the costs incurred by Schumann e.K. in running its operations. As Jens Schumann operates Schumann e.K. in the interest of ZEAL Network, ZEAL Network has undertaken to indemnify him in the event of any personal claims by third parties arising from or in connection with the operation of Schumann e.K. Indemnification is limited to the extent that fulfilment of this indemnification may not cause ZEAL Network to become insolvent or over-indebted. In his capacity as shareholder of Schumann e.K., Mr. Schumann did not receive any remuneration during the period under review.

There were no other significant transactions with related parties in the period under review which required reporting.

FINANCIAL CALENDAR

30 March 2016	Publication of Annual Report 2015
13 May 2016	Publication of Q1 Report
22 June 2016	Annual General Meeting
12 August 2016	Publication of Q2 Report
11 November 2016	Publication of Q3 Report

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