

Tipp24de

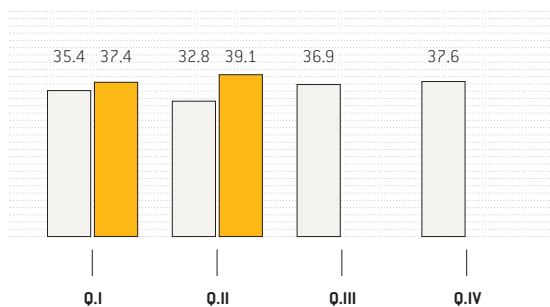
Q.I–II 2013

INTERIM FINANCIAL REPORT

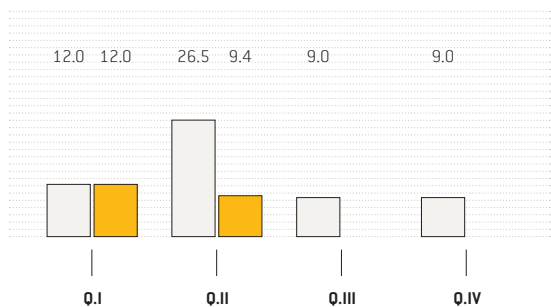
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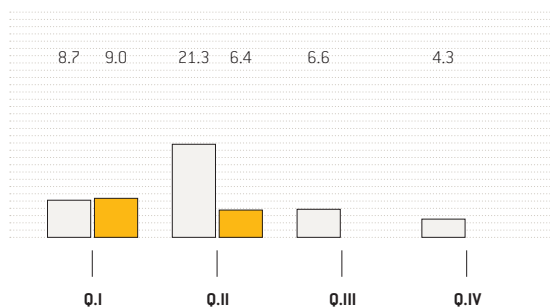
REVENUES in EUR million



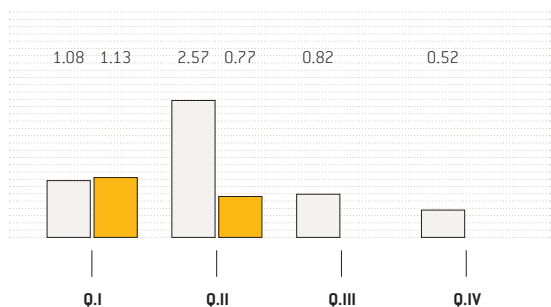
EBIT in EUR million



NET PROFIT¹⁾ in EUR million



EARNINGS PER SHARE¹⁾ in EUR



- 2012
- 2013

¹⁾ from continued operations

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(Rounding differences possible due to presentation in EUR thousand)

LADIES AND GENTLEMEN,

We are happy to report that Tipp24 SE continued its successful development in the first six months of 2013: while revenue grew by 12.1% to EUR 76,424 thousand – generated as in the preceding quarters almost entirely abroad – special items resulted in a fall in consolidated EBIT to EUR 21,441 thousand (prior year: EUR 38,565 thousand). On the one hand, the spin-off of Lotto24 AG had raised EBIT by EUR 18.2 million in the first half of 2012, while on the other hand, changes to the German lottery Lotto 6 aus 49 necessitated a restructuring of the hedging profile for our secondary lottery business with a resulting burden for earnings in the first half of 2013. As a consequence, the EBIT margin fell strongly but was still a very healthy 28.1%.

On 28 June, the Annual General Meeting of Tipp24 SE voted with large majorities in favour of all items on the agenda – including the company's relocation to London, which we are planning as a logical consequence of our strategic realignment with a clear focus on international business.

In future, we aim to be active above all in the UK – which offers much better conditions for our strategic development than any other European country – and North America. As already reported, we acquired a shareholding in the UK-based Geonomics Global Games Limited in December 2012 – a major step towards implementing our strategy of, on the one hand, acquiring our own licences and, on the other, driving the establishment of a new international business division dedicated to providing Internet services to lottery companies. As of 1 June, these efforts are also being helped by our new Executive Board member, Dr. Helmut Becker, whose considerable international experience with major consulting companies provides valuable expertise.

After consideration of price increases, we still expect to achieve revenue of EUR 130 to 140 million and EBIT of EUR 20 to 30 million in 2013. This forecast takes account of both costs for adjustment to hedging structures in our secondary lottery business as well as additional costs for the preparation of new business fields totalling approx. EUR 15 million. The stated ranges for revenue and EBIT also take account of statistical fluctuations in payouts for our secondary lottery business.



Dr. Hans Cornehl
CEO



Andreas Keil
CFO



Dr. Helmut Becker
CMO

KEY CONSOLIDATED FIGURES OF TIPP24 SE ACC. TO IFRS

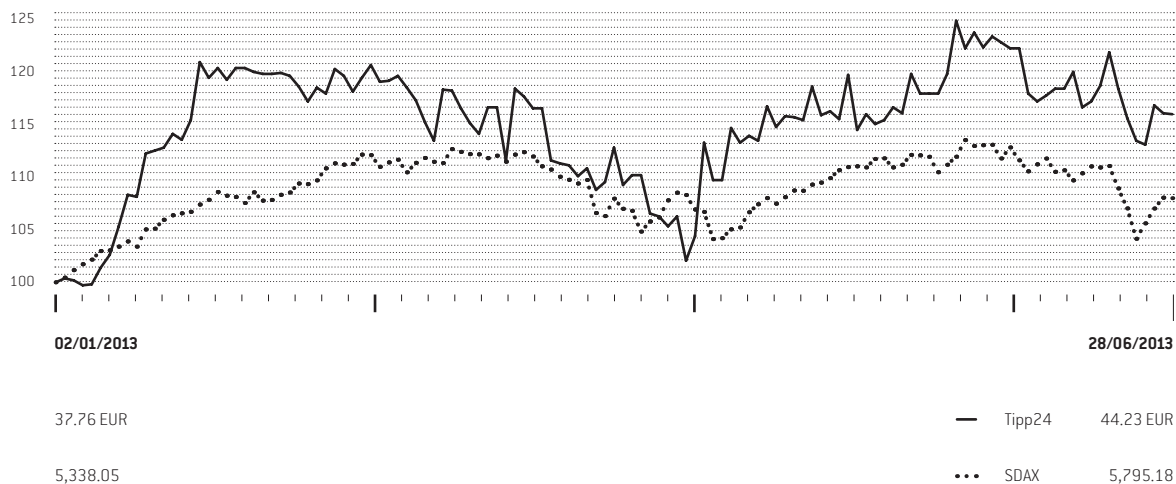
		Q.I-II 2013	Q.I-II 2012	Change %
Revenues	EUR thsd.	76,424	68,194	+12.1 %
EBIT	EUR thsd.	21,441	38,527	-44.3 %
EBIT margin	%	28.1	56.5	-28.4 %-points
Net profit ¹⁾	EUR thsd.	15,400	29,114	-47.1 %
Net profit margin ¹⁾	%	20.2	42.7	-22.5 %-points
Cash Flow from operating activities	EUR thsd.	15,925	10,596	+50.3 %
Equity [30/06/2013 / 31/12/2012]	EUR thsd.	180,785	150,375	+20.2 %
Employees (30/06)	headcounts	118	111	+6.3 %

(Rounding differences possible due to presentation in EUR thousand)

¹⁾ from continued operations

TIPP24 SHARE

(Index 02/01/2013 = 100)



The underlying problems of the eurozone remain unresolved: these include low competitiveness in many peripheral states and a lack of political integration with difficult decision processes. There are only isolated signs of increasing stability.

The eurozone's economic downturn continues unabated. As a consequence, the ECB is upholding its relaxed monetary policy: it reduced its base interest rate by a further 0.25 percentage points to 0.5 percent in early May and left it at this record low level in June. The German economy performed well in a difficult European environment. Its leading barometer of market sentiment, the Ifo Business Climate Index, enjoyed its second consecutive rise in June.

The capital markets – and share markets in particular – were driven by relaxed monetary policy around the world in the second quarter. Although the political risks remain unchanged, they were largely ignored. Fears of possible turnaround in US monetary policy and signs of a less expansive monetary policy in China, however, unsettled the capital markets in May and above all in June.

Against this backdrop, the mid-cap SDAX index rose by 1.7% over the second quarter to close at 5,795.18 points. The Tipp24 share outperformed the index with growth of 6.3% to EUR 44.23 as of 28 June 2013. The share reached its all-time-high of EUR 47.79 on 27 May 2013.

On 16 April 2013, Tipp24 SE successfully placed a capital increase for cash and raised share capital by EUR 400,000, from EUR 7,985,088 to EUR 8,385,088, by making partial use of the company's Authorized Capital as adopted by the Annual General Meeting of 29 June 2011 and under exclusion of shareholder subscription rights. The 400,000 new, registered, no-par value shares were issued at a price of EUR 40.00 per new share. Tipp24 SE received gross proceeds from the capital increase of EUR 16.0 million.

The Annual General Meeting of Tipp24 SE was held at the Curiohaus in Hamburg on 28 June 2013. A total of 54.3% of voting share capital was represented. The Annual General Meeting voted in favour of all resolutions proposed by management on the agenda. For further details, please refer to the Investor Relations section of our corporate website (www.tipp24-se.de).

In the second quarter of 2013, we once again sought a dialogue with potential investors at numerous roadshows.

KEY SHARE FIGURES

Day of initial listing		12/10/2005
Year-opening price	02/01/2013	EUR 37.76
Market capitalization	02/01/2013	EUR 301 million
Period end-price	28/06/2013	EUR 44.23
Market capitalization	28/06/2013	EUR 371 million
Highest price	27/05/2013	EUR 47.79
Lowest price	07/01/2013	EUR 37.65
Number of shares	30/06/2013	8,385 thsd.
Own shares	30/06/2013	0 shares
Average daily trading	01/01/-30/06/2013	EUR 665 thsd.
Earnings per share	01/01/-30/06/2013	EUR 1.89

SHAREHOLDER SERVICE

WKN	784714
ISIN	DE0007847147
Ticker symbol	TIM.DE
Stock exchange	Frankfurt
Market segment	Official Market, Prime Standard
Designated Sponsor	Close Brothers Seydler
Coverage	Berenberg, Deutsche Bank, Hauck & Aufhäuser, M. M. Warburg
Reuters	TIMGn.DE
Bloomberg	TIM GR

INTERIM GROUP MANAGEMENT REPORT

BASIC PRINCIPLES OF THE GROUP

BUSINESS MODEL

For over thirteen years, Tipp24 – i.e. Tipp24 SE and its consolidated companies – has been operating privately in a European lottery market which is still dominated by state operators. Its activities are divided strictly between its Abroad and Germany segments, whereby the operating activities of its Germany segment are currently restricted to a cooperation with Schumann e. K. to market the German class lotteries NKL and SKL.

In the Abroad segment, MyLotto24 Limited in London organizes secondary lotteries based on various European lotteries, for which it bears the bookmaking risk itself. Also located in London, Tipp24 Services Limited brokers tickets to MyLotto24 Limited. The segment also comprises the online brokering of state-run lottery products in Spain.

As part of its international expansion strategy, Tipp24 acquired a stake in the UK company Geonomics Global Games Limited (formerly Roboreus Limited) in December 2012. Geonomics is the provider of an online lottery based on a virtual map (GeoSweep) and already holds its own licence in the UK to organize and market the game. On the one hand, the game can be marketed online to end-users as an independent B2C business and on the other hand offered to lottery companies as a B2B product.

CHANGE IN THE EXECUTIVE BOARD

As already announced, Dr. Helmut Becker was appointed as Chief Marketing Officer of Tipp24 SE with effect from 1 June 2013. Dr. Becker has many years of experience in online marketing. Following periods of employment at McKinsey and Ebay, his last position was on the Executive Board of XING AG.

RESEARCH & DEVELOPMENT

R&D expenses were incurred solely in the Abroad segment and amounted to EUR 279 thousand (prior year: EUR 494 thousand) in the reporting period. The gaming software launched in January 2011 was further expanded and improved in cooperation with external companies. In addition, the companies of the Abroad segment in the various countries made a number of improvements to products, capacities and security systems – with the aid of external R&D know-how for certain projects. In the reporting period, an average of 13 employees were involved with R&D activities on a full-time or part-time basis.

ECONOMIC REPORT

REGULATORY CONDITIONS

Following the implementation of the second stage of the German State Treaty on Games of Chance (GlüStV), which completely prohibited the brokering of state-run lotteries via the Internet as of 1 January 2009, Tipp24 SE discontinued its lottery brokerage activities in Germany. Its alignment was therefore adapted to the requirements of the regulatory environment – although Tipp24 continues to fight in the courts for the resumption of its business in Germany. In the course of this development, Tipp24 SE transferred assets that it no longer required on 1 January 2009 to MyLotto24 Limited and its subsidiaries, which had been active in the UK since 2007. This concerned both the brokerage of state-run German lottery products, as well as the subsidiaries Ventura24 S.L. in Spain and Giochi24 S.r.l. in Italy. In addition, Tipp24 SE transferred control over its UK subsidiaries in accordance with company law in the second quarter of 2009 to reflect the autonomy and individual responsibility of the foreign companies in their respective business fields. Specifically, 60% of the voting shares in both MyLotto24 Limited and Tipp24Services Limited were sold to a Swiss foundation set up by Tipp24 SE in the form of preference shares stripped of their main economic rights. These shares have a guaranteed limited right to dividends of up to a total of £ 30 thousand p.a. The full consolidation of this affiliated company and its respective subsidiaries in the consolidated financial statements is based on an economic view of their situation, whereby the significant opportunities and risks are still borne by Tipp24 SE.

TIPP24 SE MOVES TO LONDON

Tipp24 SE has initiated the implementation of its relocation to the UK, as adopted by its shareholders at the Annual General Meeting on 28 June 2013. First announced on 20 March 2013, this step is a logical consequence of Tipp24 SE's strategic realignment: in future, it aims to focus on its international business activities – especially in the UK and North America – and to further develop these activities from its base in the United Kingdom. Tipp24 aims to swiftly initiate the next formal steps for the relocation so that it can complete the process as quickly as possible – hopefully by year-end.

The company intends to keep its legal form as an SE after the relocation. Tipp24 SE will also maintain its listing in the Prime Standard segment of the Frankfurt Stock Exchange. The Executive Board and Supervisory Board will continue to exercise their functions, whereby the Executive Board will work primarily in the UK in future. The current holding company functions in Germany are to be gradually relocated to the UK over a longer period and in a socially compatible manner.

SIGNIFICANT ECONOMIC AND LEGAL FACTORS AFFECTING BUSINESS

Despite the rulings of the European Court of Justice (ECJ) in 2010 and the introduction of a somewhat revised State Treaty on Games of Chance (GlüStV), the legal situation can still not be deemed resolved.

The First State Treaty to Revise the State Treaty on Games of Chance (GlüStV 2012) has now come into effect in almost all of Germany. It replaces the former State Treaty on Games of Chance, whose gaming monopoly and attendant legal regulations had been deemed in breach of EU law and inapplicable in the ECJ rulings of September 2010 (see also Annual Report 2012 of Tipp24 SE, p. 14).

Inconsistent implementation of EU law primacy in Germany

Following the ECJ verdicts of 2010, the German judiciary slowly began to recognize that the State Treaty on Games of Chance of 2008 was largely in contravention of EU law and thus inapplicable. This mostly concerned the state's gaming monopoly, which did not strictly pursue its stated objectives. Courts also criticized the fact that Germany's lottery companies (DLTB) themselves had disregarded exactly those regulations which were meant to justify its monopolistic position. We believe that this jurisdiction on sports gambling can also be transferred to lotteries and the current situation. This view is shared by renowned law professors. Unfortunately, there are no high court verdicts on this subject. In contrast to this, there have been some verdicts on the Internet ban and permit obligation, which have often – but not uniformly – been declared consistent and lawful.

The new State Treaty on Games of Chance (GlüStV) in force since mid 2012 has left key regulations regarding lotteries unchanged. We are therefore just as critical of its content: German authorities are now permitted to allow online sports betting and lotteries without exceptions – but are not obliged to do so. Verdicts passed so far concerning the Internet ban for sports betting give no insight into the legality of the new regulation. Recent court decisions assume that online sports betting, also without a permit, are no longer to be treated as forbidden per se as long as no sports betting concessions have been granted according to the new law. All in all, the legal situation has not become any clearer.

In Schleswig-Holstein, there was a completely different and more liberal regulation in force during 2012: online casinos and online sports betting were permitted and online lotteries were even allowed without the need for a permit. This was put to an end in February 2013 and the GlüStV now also applies here. Many of the permits for online sports betting and online casinos will remain valid in Schleswig-Holstein for seven years, though. This led the German Federal Supreme Court to initiate a first referral procedure with the ECJ regarding the new GlüStV. The ECJ must decide whether these contradictory rulings and permits once again constitute a contravention of EU law and render also the new GlüStV inapplicable. This would be the consequence of current ECJ jurisdiction, but is being questioned by the German Federal Supreme Court.

The European Commission has also been carefully monitoring the new German regulations and has expressed further criticism. Prior to the introduction of the new GlüStV, critical comments were already expressed in 2011. The EU Commission repeated and extended its objections in 2012, when Schleswig-Holstein also registered its intention to accede to the GlüStV 2012. The EU Commission's reservations not only concerned Schleswig-Holstein, but the new GlüStV as a whole.

Varying legal market situation abroad

The markets of our Abroad segment also present a varied picture with regard to the development of the prevailing legal conditions:

The regulatory environment in the UK is stable and in line with market requirements. The UK government is currently planning to save costs by merging the Gambling Commission and National Lottery Commission. The two authorities already share offices in Birmingham and are to be merged with regard to content and organization in the course of 2013. The government is also revising the national Gambling Act at present so that companies seeking to market gaming products in the UK will have to own a mainland licence eligible for tax. Neither the merger of the gaming bodies nor the revision of the Gaming Act have any measurable impact on the business of Tipp24 SE.

The legal situation in Spain remains unclear. Unequivocal regulations concerning the online brokerage of lotteries – especially product marketing – are not in sight at present. As of January 2013, winnings from games of chance in excess of EUR 2,500 are taxed at 20% in Spain.

In the USA, the Department of Justice ruled in late 2011 that online sales of lottery products were fundamentally allowed and did not constitute a contravention of the Federal Wire Act of 1961. The federal states have responsibility for lotteries. Since the Department of Justice ruling, several states have examined the possibility of introducing an online lottery – or have already launched one. Illinois was one of the first states to permit the online sale of lottery tickets in 2011. Shortly after, a private consortium won the state lottery's public bidding process for online marketing. Similar developments can be observed in other states, such as New Jersey and Pennsylvania. The state of Delaware closed its bid acceptance process for online marketing in July 2013. It is expected that further US states will follow over the coming months and years.

FINANCIAL POSITION AND PERFORMANCE

EARNINGS

When comparing figures with those of the previous year, **two special items** must be taken into consideration:

- In the first six months of fiscal year 2013, total payouts for secondary lotteries were EUR 10.7 million (prior year: EUR 5.1 million) below the expected payout value with a positive impact on revenues of the same amount. This benefited EBIT by an amount of EUR 5.8 million (prior year: EUR 1.7 million).
- In the first six months of 2012, the spin-off of Lotto24 AG resulted in a special item for Tipp24 which increased EBIT in total by EUR 18.2 million:
 - Hidden reserves of EUR 18.9 million were disclosed in other operating income. This amount resulted from providing Lotto24 AG with business opportunities connected with online lottery brokerage in Germany. This non-cash income corresponded to the dividend in kind adopted by the Annual General Meeting of 22 June 2012 in the form of shares in Lotto24 AG for the shareholders of Tipp24 SE amounting to EUR 20.0 million less the carrying value of the contributed assets.
 - An amount of EUR 2.2 million was recognized in other operating expenses for consultancy and other services in connection with the spin-off.
 - The deconsolidation of Lotto24 AG resulted in other operating income of EUR 1.5 million.

	Q.I–II 2013		Q.I–II 2012		Change %
	in EUR thsd.	%	in EUR thsd.	%	
Revenues	76,424	100.0	68,194	100.0	12.1
Personnel expenses	-5,600	-7.3	-5,958	-8.7	-6.0
Other operating expenses	-47,739	-62.5	-43,229	-63.4	10.4
Other operating income	2,010	2.6	4,106	33.7	-91.2
Income from the distribution of shares in Lotto24 AG	0	–	18,850	27.6	–
Operating expenses	-51,329	-67.2	-26,231	-38.5	95.7
EBITDA	25,095	32.8	41,963	61.5	-40.2
Amortization and depreciation	-3,654	-4.8	-3,437	-5.0	6.3
EBIT	21,441	28.1	38,527	56.5	-44.3
Financial result	-133	-0.2	292	0.4	-145.5
Earnings before taxes	21,308	27.9	38,819	56.9	-45.1
Income taxes	-5,909	-7.7	-9,705	-14.2	-39.1
Profit from continued operations	15,400	20.2	29,114	42.7	-47.1
Profit after tax from discontinued operations	-2	0.0	921	1.4	-100.2
Profit	15,398	20.1	30,034	44.0	-48.7
Breakdown of other operating expenses					
Marketing expenses	-2,715	-3.6	-3,015	-4.4	-10.0
Direct operating expenses	-28,572	-37.4	-21,777	-31.9	31.2
Other expenses of operations	-16,452	-21.5	-18,437	-27.0	-10.8
Other operating expenses	-47,739	-62.5	-43,229	-63.4	10.4

EBIT

In view of the special items described above, consolidated **EBIT** in the first six months of 2013 amounted to EUR 21,441 thousand and thus fell short of the prior-year figure of EUR 38,527 thousand. The **EBIT margin** fell by 28.4 %-points, from 56.5% to 28.1%. Adjusted for statistic deviation from the expected level of payouts, EBIT amounted to EUR 15,609 (prior year: EUR 36,842 thousand) and the EBIT margin to 23.7% (prior year: 58.4%).

In the reporting period, the Germany segment posted an EBIT result of EUR -3,836 thousand (prior year: EUR 11,325 thousand), while the Abroad segment achieved EBIT of EUR 26,621 thousand (prior year: EUR 26,403 thousand).

Due to effects from the capital increase in April 2013, the **financial result** amounted to EUR -133 thousand (prior year: EUR 292 thousand).

At EUR 15,398 thousand, **consolidated net profit** fell short of the prior-year figure of EUR 30,034 thousand, while the net operating margin after tax amounted to 20.1% (prior year: 44.0%).

Compared to the previous year, the consolidated tax rate increased by 2.7 %-points to 27.7% (prior year: 25.0%).

After the first six months, **return on equity** stood at 8.5% (prior year: 20.1%).

Earnings per share from continued operations (undiluted and diluted) decreased from EUR 3.65 to EUR 1.89.

Revenues

In the first six months of 2013, Tipp24 achieved revenues of EUR 76,424 (prior year: EUR 68,194 thousand). Without consideration of consolidation effects, the Abroad segment accounted for EUR 76,232 thousand (prior year: EUR 68,660 thousand) and the Germany segment for EUR 193 thousand (prior year: EUR 265 thousand).

Adjusted for chance effects, consolidated revenues reached EUR 65,737 thousand and thus exceeded the prior-year figure of EUR 63,058 thousand by 4.2%.

For the organization of secondary lotteries, reference is made to lottery gaming systems with a fixed ratio of payouts to stakes – this proportion is known as the payout ratio. In the lottery gaming systems organized by the operators of those reference games of relevance to Tipp24, there is a fixed underlying payout ratio of usually 50% in the gaming system for ongoing lottery draws. This also corresponds to the expected payout ratio for the organization of secondary lotteries. There may be deviations from this expected value during the actual draws of secondary lotteries. Such deviations are chance effects and represent statistical fluctuations of the ratio of payouts to stakes. A payout ratio above the expected value results in revenues below the expected revenue figure, while a lower payout ratio increases actual revenues in comparison to the expected figure. In order to aid comprehension of the interim financial statements and earnings position, the effect of deviations between the expected and actual payouts is therefore stated in the notes to the consolidated financial statements.

Development of key income statement positions

In the first half of 2013, **personnel expenses** were on a par with the previous year at EUR 5,600 thousand (prior year: EUR 5,958 thousand).

Other operating expenses increased, however, by 10.4% to EUR 47,739 thousand (prior year: EUR 43,229 thousand). The development in detail was as follows:

- **Marketing expenses** were virtually unchanged year on year at EUR 2,715 thousand (prior year: EUR 3,015 thousand).
- **Direct operating expenses** were up strongly year on year at EUR 28,572 thousand (prior year: EUR 21,777 thousand). This item is strongly influenced by licence and operator fees as well as costs in connection with hedging transactions of MyLotto24 Limited. At EUR 12,647 thousand, hedging costs were well above the prior-year figure of EUR 7,298 thousand – the increase was partly due to large jackpots for certain products as well as additional costs incurred during the restructuring of the hedging profile. In the Abroad segment, licence and operator fees amounted to EUR 10,313 thousand (prior year: EUR 9,174 thousand). Costs for non-deductible input tax amounted to EUR 2,044 thousand (prior year: EUR 1,939 thousand).
- **Other operating expenses** fell by 10.8% to EUR 16,452 thousand (prior year: EUR 18,437 thousand).

In the reporting period, **other operating income** amounted to EUR 2,010 thousand (prior year: EUR 4,106 thousand).

Amortization and depreciation of tangible and intangible assets increased by EUR 217 thousand to EUR 3,654 thousand.

FINANCIAL POSITION

Compared with the balance sheet date, Tipp24's **equity capital** grew in total by EUR 30,413 thousand to EUR 180,788 thousand as of 30 June 2013. Over the same period, the equity ratio increased by 4.3 %-points to 82.9%, while the balance sheet total rose by 14.0% to EUR 217,997 thousand. It should be noted in this respect that Tipp24 SE successfully placed a capital increase for cash on 16 April 2013 and raised share capital by EUR 400,000, from EUR 7,985,088 to EUR 8,385,088, by

making partial use of the company's Authorized Capital as adopted by the Annual General Meeting of 29 June 2011 and under exclusion of shareholder subscription rights. The 400,000 new, registered, no-par value shares were issued at a price of EUR 40.00 per new share. Tipp24 SE received gross proceeds from the capital increase of EUR 16.0 million.

Other liabilities in EUR thousand	30/06/2013	31/12/2012
Liabilities from gaming operations	14,979	16,736
Tax liabilities	1,217	1,286
Liabilities from open invoices	553	512
Liabilities from social security	143	143
Others	206	222
	17,099	18,900

As of the reporting date, other liabilities – which mainly consist of advance payments, winnings payments owed to customers not yet settled as of the balance sheet date, licence and operator fees owed to gaming licensors (liabilities from gaming operations) and tax liabilities – were down 9.5% to EUR 17,099 thousand compared with 31 December 2012 (EUR 18,900 thousand).

Investment analysis

In the first six months of 2013, investing activities resulted in a net cash outflow of EUR 17,311 thousand (prior year: EUR 13,646 thousand). Financial investments resulted in a net cash outflow of EUR 16,183 thousand (prior year: EUR 13,217 thousand), while the net cash outflow from investments in our operating business totalled EUR 1,128 thousand (prior year: EUR 429 thousand).

Liquidity analysis

Key cash flow positions in EUR thousand	Q.I–II 2013	Q.I–II 2012
Cash flow from operating activities	15,929	10,596
Cash flow from investing activities	-17,311	-13,646
<i>thereof financial investments</i>	-16,183	-13,217
<i>thereof operative investments</i>	-1,128	-429
Cash flow from financing activities	15,337	0
Change in cash	13,956	-3,050
Cash at the beginning of the period (without pledged cash)	77,946	63,366
Changes in consolidated group	-582	-267
Cash at the end of the period (without pledged cash)	91,320	60,149
Short-term financial assets	69,625	78,535
Available funds	160,945	138,684

Cash flow from operating activities rose to EUR 15,929 thousand in the first half of 2013 (prior year: EUR 10,596 thousand). This was mainly due to reduced other liabilities, as well as to a year-on-year increase in other assets and prepayments as well as a decline in tax payments.

As explained in the investment analysis section above, **cash flow from investing activities** amounted to EUR -17,311 thousand in the period under review (prior year: EUR -13,646 thousand).

Due to the capital increase in April 2013, **cash flow from financing activities** amounted to EUR 15,337 thousand (prior year: EUR 0 thousand).

Tipp24 has **available funds** in the form of cash and short-term financial assets of EUR 160,945 thousand (prior year: EUR 138,684 thousand). This ensures that our operator of secondary lotteries, MyLotto24 Limited, always has sufficient short-term liquidity for the swift payment of high jackpot winnings.

Other assets in EUR thousand	30/06/2013	31/12/2012
Receivables from gaming operations	2,758	3,846
Prepaid expenses	4,127	3,003
Receivables from tax authorities for sales tax	229	158
Others	2,946	2,474
	10,060	9,482

ASSET SITUATION

Tipp24's asset profile continues to be dominated by current assets of EUR 171,477 thousand (31 December 2012: EUR 142,336 thousand) – these largely consist of cash (EUR 91,677 thousand), short-term financial assets (EUR 69,625 thousand) and other assets and prepaid expenses (EUR 10,060 thousand). Moreover, Tipp24 has intangible assets (mainly software) amounting to EUR 15,787 thousand, shares in associated companies of EUR 18,032 thousand, financial assets of EUR 8,280 thousand, property, plant and equipment (mainly hardware and office equipment) amounting to EUR 1,959 thousand and deferred tax assets amounting to EUR 1,982 thousand.

After consideration of the capital increase conducted in April 2013, the development of assets mainly reflects that of cash flow from operating activities.

Management's assessment of the economic position

Since the implementation of the second stage of the GlÜStV over four years ago, Tipp24 has been prevented from pursuing its traditional business of brokering state-run lotteries in Germany.

The exception to this was the beginning of restricted brokerage operations by Lotto24 AG under www.lotto24.de. In view of the politically determined conditions, we conducted a complete legal separation of Lotto24 AG from Tipp24 SE and its investment companies in order to give our former subsidiary the possibility to commence full brokerage operations in Germany as soon as possible.

As business activities in the Abroad segment have remained stable at a high level, we continue to regard Tipp24's situation as generally robust: Tipp24 has sufficient resources to successfully prevail even in the face of significant regulatory restrictions.

At the same time, we see the opportunity for sustained encouraging growth in the medium term: in comparison with other sectors, the global online lottery market is still underdeveloped and offers significant growth potential in the coming years.

Tipp24 is excellently positioned to benefit strongly from such growth. Furthermore, we see attractive additional potential in new product categories and in the course of a possible deregulation of international lottery markets – there are clear signs of this especially in North America. We plan to efficiently tap this online lottery market as a partner of the state lottery companies by utilising our leading technological and marketing expertise. Initial talks with potential customers have strengthened our view that this is a promising market segment.

In the medium to long term, we want to become a lottery operator ourselves – we took the first step in this direction with our acquisition of a stake in the UK-based Geonomics Global Games Limited in December 2012: Geonomics already holds a licence to operate and market its game in the UK.

With its flexible organizational structures, Tipp24 is ideally suited to identifying and exploiting short- or medium-term business opportunities. Moreover, Tipp24 has extensive financial liquidity, mainly from equity capital, which provides considerable scope to grasp future growth opportunities – for example by means of acquisitions.

SUBSEQUENT EVENTS

There were no events subsequent to the reporting period which had a significant impact on the business development of Tipp24 SE.

RISK AND OPPORTUNITY REPORT

In our Management Report 2012, we described in detail all risks in connection with the business activities of Tipp24, as well as the management of these risks and systems to recognize such risks at an early stage. The risks can be divided mainly into sector and market risks, legal risks resulting from the regulatory environment for the operations of Tipp24, business risks, risks from the processing of gaming operations personnel risks and general business risks. Within the scope of this interim management report, we would like to focus in particular on the risks presented below:

Financing and currency risks

As Tipp24 conducts a significant proportion of its business in Euro, there is no significant currency risk for its core activities. However, the UK companies are exposed to a currency risk regarding the British Pound and their profit margins may be affected by currency fluctuations. Foreign associated companies are economically autonomous within their respective markets. This is underlined by the fact that they have local general managers who are also responsible for controlling the respective financing and currency risks.

Risks from payment transactions

National or international payment transaction restrictions may be introduced in connection with the further regulation of gaming markets. Moreover, the number of available payment service providers for the gaming market is restricted. As a consequence, there is a risk that such providers may leave this market segment and no suitable replacement may be available for Tipp24, even at a higher cost. Whereas cost increases for payment transactions would have a negative effect on the profitability of individual or even all Tipp24 companies, payment transaction restrictions or a lack of available payment service providers might have a significant adverse effect on the business activities of Tipp24.

Regulatory risks

There is a risk that the restrictive legal framework continued by the GlüStV 2012 may be upheld to a large extent or completely also in the medium term. For example, the Internet ban has been upheld in principle and private gaming offerings are forbidden or subject to the issue of permits without any legal claim to such permits. There are also no objective and predictable criteria regarding these permits. Tipp24 SE is making efforts to receive the permits in order to resume the operations it was forced to discontinue at the end of 2008. However, in view of the many years of legal wrangling between Tipp24 SE and the authorities, we assume that permit application processes involving Tipp24 SE will be burdened and that permits will either not be available at short notice or not on acceptable terms, and that initially we will be forced to engage in (further) legal disputes. Against this backdrop, we do not expect to regain sufficient access to the tremendous potential of the German gaming market in the near future.

In 2011, there was a favourable development in proceedings regarding the official ban and Tipp24 SE's use of offerings of its minority investments as well as in the resulting risks: a prohibition order forbidding Tipp24 SE's operations for 12 federal states »via« the UK products was legally repealed. A coercive payment with comparable grounds passed by the state of North Rhine-Westphalia was repealed again by the authorities after a verdict of VG Düsseldorf. The main reason for this repeal was that Tipp24 SE is not responsible for the decisions of the UK companies. We do not therefore expect any further coercive payments against Tipp24 SE due to the UK business, which the German authorities continue to regard as illegal on the basis of German gaming legislation. In view of the legal opinions and verdicts of the federal states, however, it cannot be completely excluded that certain authorities will issue further prohibition orders against Tipp24 SE, or impose coercive payments and regulatory fines which may be upheld in court.

Moreover, German authorities are attempting to directly forbid or prevent the UK companies from operating their own business model. Even if the legal basis for such action outside Germany is difficult to comprehend and its effect questionable, it cannot be excluded that such measures would hinder or prevent the business activities of the UK companies. As in the past, it is possible that the state lottery companies may claim the UK companies are being anticompetitive, as they allegedly contravene the GlüStV. Even if we assume that the UK companies are acting legally on the basis of valid concessions explicitly allowing the activity performed, it cannot be ruled out that they will fail to assert their rights in German courts. In this connection, we also cannot exclude the possibility that the UK regulatory authorities themselves may include restrictions in the licence in view of possible anti-trust proceedings in Germany. All in all, therefore, we cannot therefore exclude the possibility that the above mentioned risks may lead to a significant restriction in the business activities of the UK companies.

Overall, we believe it is probable that the courts will continue to rule that the German monopoly regulations are incoherent and disproportional. A coherent implementation of restrictions intended to prevent gambling addiction would not ignore the most dangerous games in this respect (commercial gaming machines) – even though some aspects of gaming arcades have been subjected to stricter regulations. Policy regarding casinos has hardly been changed. Moreover, the liberalization of sports betting affects an area of gaming which is clearly more dangerous than lotteries. Current advertising methods of state-run lotteries still contradict the aim of preventing gambling addiction and are instead aimed at gaining new customers – as repeatedly criticized by jurisdiction. Such incoherencies may result in further rulings which declare the new legislation to be inapplicable. It is unclear to what extent the views held by several courts in the past will be upheld, namely that only the monopoly is in-

effective, while the permit requirement and Internet ban are effective. The consequences of these views for the present situation are equally unclear – not least in view of that the courts have recently ruled on several occasions that the legal practice of the state monopolists and supervisory authorities is incoherent, e.g. regarding advertising for games of chance. There is a strong possibility that these questions in respect of the past will no longer be finally settled.

Following the changes introduced by the GlüStV 2012, many German authorities are probably now taking the standpoint again that the monopoly regulations are (or have become) compliant with EU law now. Despite the initial critical tendencies of jurisdiction, it is unclear how the courts will rule in these cases. Our reservations in this matter continue (see above). In summary, it cannot be excluded that the ongoing legal uncertainties arising from regulatory developments in Germany will lead to temporary or sustained restrictions for the existing or future business fields of Tipp24. This may have a significant negative impact on the financial position and performance of Tipp24.

Tax risks

As the result of a tax inspection, there is currently a dispute with the relevant tax authority regarding the validity of tax assessments for various items in the inspection period (fiscal years 2005 to 2007 inclusive). The relevant tax authority has issued a tax assessment and respective payment demand amounting to EUR 3.6 million (including interest). Tipp24 SE has appealed against the assessment and only accepted and paid additional demands totalling EUR 0.2 million. An application for suspension of execution was filed with the tax authorities for the remaining payment demand. This application has since been granted. Although we have grounds to believe that both items queried by the tax authority were correctly assessed in accordance with the relevant regulations, the possibility cannot be excluded that the relevant tax office may continue to challenge this different view – also via the financial courts – and may also prevail. As a result, there is a remaining tax risk of up to EUR 3.4 million, plus the corresponding time-related interest on arrears (6% p.a.) which might have a correspondingly negative effect on the financial position and performance of Tipp24. With regard to one disputed item, a verdict has been passed in our favour. The company is thus now awaiting new assessments which take this verdict into account. As they had not been received as of the preparation of these quarterly financial statements, the full amount of the risk is still carried as a contingent liability in the interim financial statements.

Risks from cash and financial investments

At the end of the reporting period, Tipp24 held cash in Germany and abroad totalling EUR 91,677 thousand, held in accounts with various major European banks and subject to the risks described in the Annual Report 2012 of Tipp24 SE on p. 34.

Bookmaking risks of MyLotto24 Limited

Statistical risks of winnings payouts

MyLotto24 Limited bears the bookmaking risks for secondary lotteries based on various European lotteries, whereby the payout ratios are based on those offered by the organizers of the primary lotteries. Due to statistical fluctuation, these ratios may be greater than the payout ratios determined by the gaming systems of the primary lotteries – for example, generally around 50% in the case of the German Lotto. They may even be temporarily greater than the stakes received by MyLotto24 Limited – as was the case in September 2009. Insofar as they are not covered by existing effective hedging arrangements, such statistical payout fluctuations may have a significant negative effect on the financial position and performance of MyLotto24 Limited, which through consolidation would also represent a burden for Tipp24 as a whole. In 2011, MyLotto24 Limited structured a so-called catastrophe bond (CAT bond) via an Insurance-Linked-Security (ILS) vehicle to partially transfer its jackpot payment risks to the capital market. MyLotto24 Limited informs Tipp24 SE immediately about individual payouts of at least EUR 5 million. Tipp24 SE currently has a communication guideline which requires the publication of such notifications. It is generally assumed that these announcements to the capital market are included in the company's ad hoc disclosure obligations. However, such notifications are checked in advance on a case-by-case basis.

Risks from the assertion of claims from hedging transactions

It cannot be fully excluded that insurers fail to fulfil their payment obligations in future and that such claims have to be enforced in court. Such refusals to pay only have a direct impact on the financial position and performance of MyLotto24 Limited, and thus on Tipp24 by means of consolidation, if the corresponding claim has been recognized at all in the balance sheet – for example as a result of an initial payment pledge.

REPORT ON EXPECTED DEVELOPMENTS

According to the executive boards of our minority shareholdings, they intend to continue their growth strategy in the Abroad segment. In particular, the provision of technology and marketing services for international lottery operators enabling them to successfully market their products online, appear to be a new and promising business field in the medium term.

In particular, there are recognizable signs of deregulation in North America – and Tipp24 is well placed to tap this online lottery market as a partner of the state lottery companies.

With its acquisition of a stake in the UK company Geonomics Global Games Limited in December 2012, Tipp24 implemented its strategy of acquiring its own licences on the one hand and driving the establishment of a new international business division dedicated to providing Internet services to lottery companies on the other.

Tipp24 acquired the stake in Geonomics as this company greatly strengthens its strategic alignment in various ways. Firstly, Geonomics has an outstanding and rare product innovation in the field of lotteries. This innovation is currently being marketed to lottery companies, especially on the North American market. There are tremendous synergies with Tipp24's business approach in these markets. Geonomics is currently establishing its US sales organization in line with plans.

At the same time, Geonomics and Tipp24 are collaborating on the marketing of the Geonomics product to end users in the UK. Product design and market image are currently being optimized. The product is set to be launched at the beginning of the fourth quarter. This business is expected to generate revenue streams as of the coming year.

EXPECTED EARNINGS POSITION

After consideration of price increases, we still expect to achieve revenues of EUR 130 to 140 million and EBIT of EUR 20 to 30 million in its fiscal year 2013. This forecast takes account of costs for necessary adjustments to hedging structures in its secondary lottery business and additional, mostly non-recurring, costs for the preparation of new business fields totalling EUR 15 million. The stated ranges for revenues and EBIT also take account of statistical fluctuations in payouts for the secondary lottery business. Although EBIT after the first six months amounted to EUR 21.4 million, Tipp24 SE is upholding the EBIT forecast it issued on 28 March 2013. The reason is firstly the positive statistical deviation from the expected value in the first half-year which cannot be deemed permanent, and secondly the additional costs explained in the forecast which were only incurred to a minor extent in the first six months.

OPPORTUNITIES OF THE EXPECTED DEVELOPMENT

In view of the above-mentioned discussion of the legal framework, we believe it is unlikely that Germany's legislators will act against valid law and political common sense by restricting the growing market of online lottery brokerage in Germany. Moreover, a variety of verdicts may also result in steps towards deregulation in the medium term with a direct or indirect impact on lotteries. With its international alignment, Tipp24 may benefit more than average from such a development: above all, it would also enable further internationalization – thus significantly increasing access to our product portfolio and enabling Tipp24 to enter new European markets with its existing products. Above all, we see clear signs of deregulation in North America which may lead to an opening of the online lottery market. This would result in increased demand for Tipp24's core competency in the field of technology and marketing services.

CONSOLIDATED INCOME STATEMENT FROM 1 JANUARY TO 30 JUNE ACC. TO IFRS

	Q.I–II 2013	Q.I–II 2012	Q.II 2013	Q.II 2012
in EUR thousand				
Revenues	76,424	68,194	39,051	32,758
Other operating income	2,010	4,106	1,304	3,627
Income from the distribution of shares in Lotto24 AG	0	18,850	0	18,850
Total operating performance	78,434	91,151	40,355	55,235
Personnel expenses	-5,600	-5,958	-2,999	-3,082
Amortization/depreciation on intangible assets and property, plant and equipment	-3,654	-3,437	-1,912	-1,759
Other operating expenses	-47,739	-43,229	-26,048	-23,916
Marketing expenses	-2,715	-3,015	-1,364	-1,629
Direct costs of operations	-28,572	-21,777	-16,522	-11,929
Other costs of operations	-16,452	-18,437	-8,163	-10,358
Result from operating activities (EBIT)	21,441	38,527	9,396	26,479
Revenues from financial activities	386	496	37	195
Expenses from financial activities	-155	-205	-82	-128
Share of result from associated companies	-364	0	-234	0
Financial result	-133	292	-279	68
Result from ordinary activities	21,308	38,818	9,117	26,546
Income taxes	-5,909	-9,705	-2,728	-6,026
Profit from continued operations	15,400	29,114	6,390	20,521
Profit after tax from discontinued operations	-2	921	6	784
Consolidated net profit	15,398	30,034	6,396	21,305
Earnings per share (undiluted and diluted, in EUR/share)	1.89	3.76	0.77	2.67
Earnings per share from continued operations (undiluted and diluted, in EUR/share)	1.89	3.65	0.77	2.57
Weighted average of ordinary shares outstanding (undiluted and diluted, in shares)	8,151,755	7,985,088	8,318,421	7,985,088

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM 1 JANUARY TO 30 JUNE ACC. TO IFRS

	Q.I–II 2013	Q.I–II 2012	Q.II 2013	Q.II 2012
in EUR thousand				
Net profit for the period after tax	15,398	30,034	6,396	21,305
Other result				
Unrealized gains/losses from revaluation of financial assets held for sale (subsequently reclassified to profit and loss as required)	-322	6	-136	-31
Other result after tax	-322	6	-136	-31
Total net profit after tax	15,076	30,040	6,260	21,276

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2013 ACC. TO IFRS

	30/06/2013	31/12/2012
ASSETS in EUR thousand		
Current assets		
Cash and pledged cash	91,677	78,303
Short-term financial assets	69,625	53,776
Trade receivables	108	71
Income tax refund claims	6	6
Other current assets and prepaid expenses	10,060	9,482
Current assets held for sale	0	698
Total current assets	171,477	142,336
Non-current assets		
Intangible assets	15,787	18,054
Other equipment, furniture & fixtures and leased assets	1,959	2,226
Financial assets	8,280	8,281
Shares in associated companies	18,032	18,395
Other non-current assets and prepaid expenses	480	269
Deferred tax assets	1,982	1,656
Total non-current assets	46,520	48,881
	217,997	191,217

	30/06/2013	31/12/2012
EQUITY AND LIABILITIES in EUR thousand		
Current liabilities		
Trade payables	6,347	6,568
Other liabilities	17,099	18,900
Financial liabilities	89	110
Deferred income	2,352	3,460
Income tax liabilities	7,532	6,510
Short-term provisions	2,480	3,456
Liabilities in connection with the sale of current assets held for sale	0	410
Total current liabilities	35,900	39,414
Non-current liabilities		
Long-term provisions	0	83
Deferred tax liabilities	1,309	1,344
Total non-current liabilities	1,309	1,427
Equity		
Subscribed capital	8,385	7,985
Capital reserves	22,742	7,805
Other reserves	-188	134
Retained earnings	149,849	134,451
Total equity	180,788	150,375
	217,997	191,217

CONSOLIDATED CASH FLOW STATEMENT FROM 1 JANUARY TO 30 JUNE

	Q.I–II 2013	Q.I–II 2012
in EUR thousand		
Profit from continued operations before tax	21,308	38,818
Profit from discontinued operations after tax	-2	921
Result before tax	21,306	39,739
Adjustments for		
Amortization/depreciation on non-current assets	3,654	3,437
Result from disposal of non-current assets	6	-750
Result from foreign exchange transactions	339	127
Revenues from financial activities	-386	-496
Expenses from financial activities	155	205
Income from the distribution of shares in Lotto24 AG and deconsolidation of Lotto24 AG	0	-20,359
Deconsolidation of Giochi24 S.r.l.	-4	0
Share of result from associated companies	364	0
Changes in		
Trade receivables	-37	-103
Other assets and prepaid expenses	-537	-2,513
Financial assets	0	2,351
Non-current other assets or prepaid expenses	-210	297
Trade payables	-218	600
Other liabilities	-1,522	-4,253
Financial liabilities	-21	-12
Short-term provisions	-1,059	-2,450
Deferred income	-1,108	-178
Non-current provisions	4	1,828
Interests received	386	518
Interests paid	-155	-205
Taxes paid	-5,028	-7,185
Cash flow from operating activities	15,929	10,596
Investing activities		
Changes (net) on financial investments (short-term)	-16,183	-13,217
Payments for investments in intangible assets	-706	-749
Proceeds from the sale of intangible assets	0	500
Payments for investments in property, plant and equipment	-425	-155
Proceeds from the sale of property, plant and equipment	3	-25
Cash flow from investing activities	-17,311	-13,646

	Q.I-II 2013	Q.I-II 2012
in EUR thousand		
Capital increase	16,000	0
Payments for transactions costs	-663	0
Cash flow from financing activities	15,337	0
Changes in cash and pledged cash	13,956	-3,050
Cash at the beginning of the period (except pledged cash)	77,946	63,366
Changes due to consolidation	-582	-267
Changes in pledged cash	0	100
Cash at the end of the period (except pledged cash)	91,320	60,149
Composition of cash at the end of the period		
Cash and pledged cash	91,677	60,806
Pledged cash	-357	-657
	91,320	60,149

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR thousand	Share capital	Capital reserves	Other reserves	Retained earnings	Total equity
As at 1 Jan. 2012	7,985	7,805	-21	113,523	129,292
Contribution to other provisions	0	0	0	0	0
Dividend in kind	0	0	0	-19,963	-19,963
Adjustments of balance sheet loss	0	0	0	0	0
Withdrawal from capital reserves	0	0	0	0	0
Share-based payments	0	0	-54	0	-54
Other results	0	0	210	0	210
Net profit 2012	0	0	0	40,891	40,891
Total net profit 2012	0	0	0	40,891	40,891
As at 31 Dec. 2012	7,985	7,805	134	134,451	150,375
As at 1 Jan. 2013	7,985	7,805	134	134,451	150,375
Contribution to other provisions	0	0	0	0	0
Dividend in kind	0	0	0	0	0
Capital increase	400	15,600	0	0	16,000
Transaction costs for capital increase	0	-663	0	0	-663
Adjustments of balance sheet loss	0	0	0	0	0
Withdrawal from capital reserves	0	0	0	0	0
Share-based payments	0	0	0	0	0
Other results	0	0	-322	0	-322
Net profit 2013	0	0	0	15,398	15,398
Total net profit 2013	0	0	-322	15,398	15,076
As at 30 June 2013	8,385	22,742	-188	149,849	180,788

SEGMENT REPORTING

For the purposes of corporate control, Tipp24 is organized in business units with the following two segments, which differ in terms of the control exercised:

The »Germany« segment comprises all activities in Germany which are controlled by Germany. This includes activities in Germany and the UK. The »Abroad« segment mainly comprises activities in the UK, as well as in Spain and Italy, which are controlled by the UK.

Revenue from these business segments corresponds to the revenue of the operating units (Group subsidiaries) which are controlled by either Germany or the UK.

No segments were pooled together to form the above business segments. The development of each segment is evaluated on the basis of revenue and EBIT. The group-wide financial management system (including financial expenses and income) and income taxes are controlled separately according to the geographical segments »Germany« and »Abroad« and allocated to the individual business segments. Transfer prices between segments were calculated at standard conditions on an arm's length basis.

Q.II in EUR thousand	Germany		Abroad		Consolidation		Consolidated	
	01/04/–30/06/		01/04/–30/06/		01/04/–30/06/		01/04/–30/06/	
	2013	2012	2013	2012	2013	2012	2013	2012
Revenue	91	122	38,961	32,795	0	-160	39,051	32,758
Depreciation/amortization	-29	-47	-1,287	-1,116	595	595	-1,912	-1,759
EBIT	-2,201	14,397	12,566	11,087	-968	995	9,396	26,479
Financial result	-360	-72	43	139	37	0	-279	68
Income taxes	-10	-4,821	-2,941	-3,042	224	1,840	-2,728	-6,026
Profit from continued operations	-2,571	9,504	9,668	8,184	-707	2,835	6,390	20,521
Assets	60,398	36,142	136,310	94,932	-50,326	-36,282	146,381	94,791

Q.I–II in EUR thousand	Germany		Abroad		Consolidation		Consolidated	
	01/01/–30/06/		01/01/–30/06/		01/01/–30/06/		01/01/–30/06/	
	2013	2012	2013	2012	2013	2012	2013	2012
Revenue	193	265	76,232	68,660	0	-730	76,424	68,194
Depreciation/amortization	-60	-93	-2,493	-2,153	1,191	1,191	-3,654	-3,437
EBIT	-3,836	11,325	26,621	26,403	-1,343	798	21,441	38,527
Financial result	-768	-91	430	383	205	0	-133	292
Income taxes	-14	-3,953	-6,203	-6,565	309	814	-5,908	-9,705
Profit from continued operations	-4,618	7,281	20,848	20,220	-829	1,612	15,400	29,114
Assets	60,398	36,142	136,310	94,932	-50,326	-36,282	146,381	94,791

SELECTED EXPLANATORY NOTES

GENERAL

The following interim report as of 30 June 2013 was approved for publication by a resolution of the Executive Board on 5 August 2013.

The condensed interim report for the first six months of 2013 was prepared in accordance with IAS 34 (Interim Financial Reporting), taking into account the valid IFRS standards and IFRIC interpretations of the International Accounting Standards Board (IASB) as applicable in the EU.

As of 30 June 2013, there were no valid standards or interpretations not yet adopted by the EU with an impact on the interim financial statements. As a consequence, the interim financial statements also comply with the IFRS as issued by the IASB. All accounting guidelines of the Company applied in the consolidated financial statements as of 31 December 2012 were also considered in drafting these interim financial statements.

The reporting period is 1 January to 30 June 2013.

The same accounting policies and calculation methods were used for this condensed interim report as for the consolidated financial statements as at 31 December 2012.

In a purchase contract dated 22 November 2012, Giochi24 S.r.l. was sold to Intent Ventures Holding SCA, subject to state approval. This approval was granted on 31 January 2013. Giochi24 S.r.l. left the consolidated group on 31 January 2013 and was deconsolidated.

Tipp24 Investment2 Limited, London, UK, was included as a subsidiary of the consolidated group during the reporting period. There were no other changes to the consolidated group of companies compared to 31 December 2012.

SHARE-BASED REMUNERATION

The stock option plans of Tipp24 SE are a share-based remuneration system with compensation via equity instruments so that the fair value is calculated at the time of granting. The Company values the stock option

plans of Tipp24 SE using financial valuation methods according to the Black-Scholes-Merton formula.

REVENUES

Compared with the first six months of 2012, revenues as at 30 June 2013 rose by EUR 8,230 thousand to EUR 76,424 thousand. As of 30 June 2013, deviations from the actual payout ratio accounted for 14.0% (prior year: 7.5%) of revenues.

For the organization of secondary lotteries, reference is made to the organization of lottery gaming systems which have a fixed ratio of payouts to stakes. This ratio of payouts to stakes is known as the payout ratio. In the lottery gaming systems organized by the operators of those reference games of relevance to Tipp24, there is a fixed underlying payout ratio of 50% in the gaming system for ongoing lottery draws. This fixed payout ratio also corresponds to the expected payout ratio for the organization of secondary lotteries. There may be deviations from this

expected value during the actual draws of secondary lotteries. These deviations are chance effects and thus represent statistical fluctuations of the ratio of payouts to stakes. A payout ratio above the expected value results in revenues below the expected revenue figure, while a lower payout ratio increases actual revenues in comparison to the expected figure.

In order to aid comprehension of the consolidated interim financial statements and earnings, the following table presents the reconciliation of actual revenues with revenues adjusted for chance effects and the effect of deviations between actual winnings payouts and the expected value.

	Q.I-II 2013		Q.I-II 2012		Deviation absolute
	in EUR thousand	%	in EUR thousand	%	
Revenues	76,424	100.0	68,194	100.0	8,230
+/- Deviation between actual winnings payouts and expected value	-10,687	-14.0	-5,136	-7.5	-5,551
Revenues adjusted for chance effects	65,737	86.0	63,058	92.5	2,679

PERSONNEL EXPENSES

The year-on-year reduction in personnel expenses of EUR 358 thousand resulted mainly from a savings in Executive Board remuneration.

OTHER OPERATING EXPENSES

The increase in other operating expenses resulted mainly from increased hedging costs incurred during the restructuring of the hedging profile (year-on-year increase of EUR 5,349 thousand), which was offset in part by savings in the field of consultancy fees of EUR 1,346 thousand.

TAXES

On conclusion of the tax inspection, the relevant tax authority has issued tax assessments and respective payment demands amounting to EUR 3.6 million (including interest). There is still a dispute with the relevant tax authority regarding the validity of tax assessments in the case of one of two contested items. Tipp24 SE has appealed against the assessment and has only paid additional demands totalling EUR 0.2 million. With regard to the remaining payment demands, an application was made to the tax authorities for execution to be suspended, which has since been granted. Although we have grounds to believe that both items queried by the tax authority were correctly assessed in accordance with the relevant regulations, the possibility cannot be excluded that the relevant tax authority may pursue its opposing assessment in court and

may eventually prevail. The legal view held by the company is supported in all aspects by tax consultants and, if necessary, we shall also pursue the matter via the fiscal courts. As a result, there is a remaining tax risk of up to EUR 3.4 million, plus the corresponding time-related interest on arrears (6% p.a.) which might have a correspondingly negative effect on the earnings, financial position and net assets of Tipp24. With regard to one disputed item, a verdict has been passed in our favour. The Company is thus awaiting new assessments which take this verdict into account. As they had not been received as of the preparation of these quarterly financial statements, the full amount of the risk is still carried as a contingent liability in the interim financial statements.

CAPITAL INCREASE

On 16 April 2013, the Executive Board of Tipp24 SE – with the approval of the Supervisory Board – resolved on a capital increase for cash of 5.01% of share capital under the exclusion of shareholder subscription rights. The company's share capital was increased by EUR 400,000, from EUR 7,985,088 to EUR 8,385,088, by making partial use of the company's Authorized Capital as adopted by the Annual General Meeting of 29 June 2011. To this end, the company issued 400,000 new, registered, no-par value shares with dividend entitlement as of 1 January 2012.

The share capital is fully paid and divided into 8,385,088 registered, no-par value shares.

At the Annual General Meeting of 29 June 2011, the following changes to the Company's share capital were adopted:

The Executive Board is authorized, subject to the approval of the Supervisory Board, to increase share capital in the period up to 28 June 2016 by up to a total of EUR 1,597 thousand by issuing on one or more occasions in whole or in partial amounts new no-par value shares in return for cash or contributions in kind (Authorized Capital 2011/I).

Following the adopted and successfully completed capital increase of 16 April 2013, the Executive Board is authorized, subject to the approval of the Supervisory Board, to increase share capital in the period up to 28 June 2016 by up to a total of EUR 1,197 thousand by issuing on one or more occasions in whole or in partial amounts new no-par value shares in return for cash or contributions in kind (Authorized Capital 2011/I).

The capital increase includes amounts received above par value on issue of the share capital. In the course of the increase in share capital, an amount of EUR 15,600 thousand was added to capital reserves. The transaction costs for the capital increase amounted to EUR 663 thousand. As a result, capital reserves increased by EUR 14,937 thousand – from EUR 7,805 thousand to EUR 22,742 thousand.

INCOME TAXES

The tax calculation of Tipp24 SE is based on a tax ratio which suitably reflects the tax expense.

in EUR thousand	Q.I–II 2013	Q.I–II 2012
Current income tax expense	6,274	8,144
Current deferred tax expense/income	-365	1,561
Total income taxes	5,909	9,705

DISCONTINUED OPERATIONS

As of 31 December 2011, Tipp24 Entertainment was classified as a discontinued operation. Its result can be broken down as follows:

in EUR thousand	Q.I–II 2013	Q.I–II 2012
Revenues	0	1,383
Expenses	-2	-462
Expenses from financial activities	0	0
Impairment charge from restatement at fair value	0	0
Profit before tax from discontinued operations	-2	921
Income taxes	0	0
Profit after tax from discontinued operations	-2	921
Earnings per share from discontinued activities (basic and diluted, in EUR/share)	0.00	0.12

SHARES IN ASSOCIATED COMPANIES

The Group holds a shareholding of 21.85% in Geonomics Global Games Limited, London, UK.

in EUR thousand	30/06/2013
Share in the assets and liabilities of the associated company	
Current assets	2,192
Non-current assets	399
Current liabilities	166
Non-current liabilities	0
Equity	2,425

The cost for acquiring a 21.85% stake in Geonomics Global Games Limited amounted to EUR 18,395 thousand and was disclosed as of 30 June 2013 at EUR 18,032 thousand, as the loss of Geonomics Global Games Limited for the first six months of 2013 attributable to the investment amounted to EUR 364 thousand.

The purchase agreement includes an earn-out payment of EUR 2,300 thousand, which will remain as a contingent liability until 2015.

OBJECTIVES AND METHODS OF CAPITAL MANAGEMENT

Tipp24 operates a decentralized capital management system. All key decisions concerning the financial structure of the Germany segment are taken by the Executive Board of Tipp24. MyLotto24 Limited is responsible for capital management of the Abroad segment, with the exception of Tipp24 Services Limited which undertakes its own capital management. The principles and objectives of financial management, as well as the risks which Tipp24 is exposed to, are presented in the current risk report.

Interest rate risk

Tipp24 invests the majority of its funds in a combination of fixed term deposits and short-term government bonds. 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 the closing date with a simulated interest rate increase of 50 base 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 EUR 694 thousand. Under consideration of the duration of those investments currently in the portfolio, there would be an expected reduction of EUR 119 thousand. The overall effect, therefore, would amount to EUR 575 thousand.

Currency risk

Tipp24 is exposed to a currency risk as a result of GBP exchange rates. The risk arises from payments received and made in foreign currency which differ from Tipp24's functional currency and are not always offset by payments in the same currency of the same amount and with the same maturities. Moreover, a part of financial assets is denominated in Pounds and thus exposed to a currency risk.

In order to determine the currency risk, a fluctuation of the Euro to British Pound exchange rate of 10% was assumed as of 30 June 2013. On the basis of this assumption, a revaluation of the British Pound against the Euro of 10% to 0.9429 GBP/EUR would result in an effect of EUR -2,776 thousand on earnings. A devaluation of the British Pound against the Euro of 10% to 0.7715 GBP/EUR would result in an effect of EUR 3,393 thousand on earnings.

SUBSEQUENT EVENTS

There were no events subsequent to the reporting period which had a significant impact on the business development of Tipp24 SE.

RELATED PARTIES

The members of Tipp24 SE's Executive Board and Supervisory Board are regarded as related parties in accordance with IAS 24. Oliver Jaster and Thorsten Hehl are members of the Supervisory Board. The operating business of Schumann e. K. was outsourced to a related company of Oliver Jaster and Thorsten Hehl, Günther Direct Services GmbH. In return, Günther Direct Services received compensation of EUR 35 thousand in the period under review.

Jens Schumann a member of the Supervisory Board of Tipp24 SE and at the same time sole partner of Schumann e. K. This structure has existed in comparable form since 2002 and was chosen because class lotteries only issue sales licenses at present to natural persons or companies in which neither the liability of the company or its direct and indirect partners is limited. A cooperation agreement is in place between Tipp24 SE 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 Tipp24. Tipp24 SE provides Schumann e. K. with services in the field of controlling, 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 Tipp24 SE, Tipp24 SE has undertaken to indemnify them 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 Tipp24 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.

The charitable foundation »Fondation enfance sans frontières«, owner of the preference shares of MyLotto24 Limited and Tipp24 Service Limited, has been identified as a related party. It reported that it had not received any payments from Tipp24 during the reporting period.

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

Hamburg, 8 August 2013

The Executive Board

Dr. Hans Cornehl

Andreas Keil

Dr. Helmut Becker

RESPONSIBILITY STATEMENT

To the best of my knowledge, and in accordance with the applicable interim reporting principles, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the

position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining fiscal year.

Hamburg, 8 August 2013

The Executive Board

Dr. Hans Cornehl

Andreas Keil

Dr. Helmut Becker

FINANCIAL CALENDAR

6 NOVEMBER 2013 NINE-MONTH REPORT

11–13 NOVEMBER 2013 ANALYST CONFERENCE (FRANKFURT)

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