

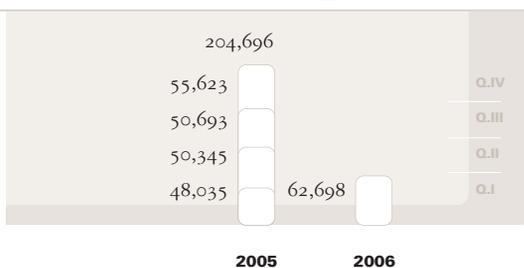
STILL ON COURSE FOR GROWTH

Quarterly Report | 01.01. - 31.03.2006

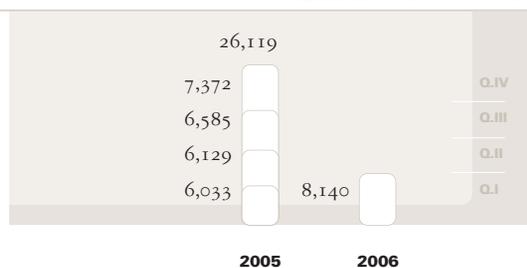
<i>BILLINGS</i>	<i>+ 30.5%</i>
<i>REVENUES</i>	<i>+ 34.9%</i>
<i>EBIT</i>	<i>- 0.1%</i>
<i>REGISTERED CUSTOMERS</i>	<i>+ 112 thousand</i>

Q1

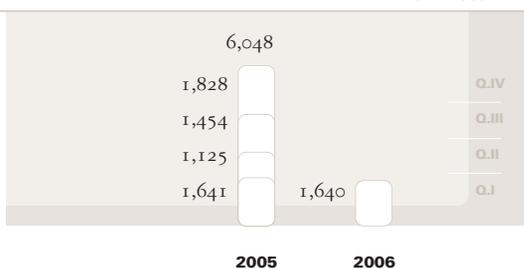
BILLINGS IN EUR THOUSAND



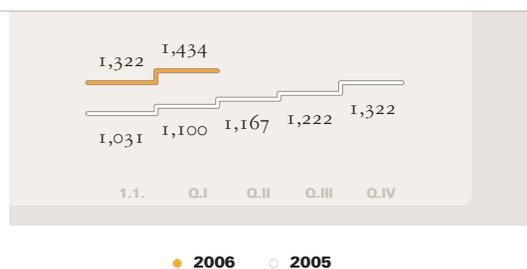
REVENUES IN EUR THOUSAND



EBIT IN EUR THOUSAND



REGISTERED CUSTOMERS IN THOUSAND



CONTENTS

FOREWORD

Ladies and gentlemen, we are pleased to be able to inform you that Tipp24 AG is continuing to make strong progress: we regard the company's performance in the first quarter as very good, easily reaching our targets for billings (+ 30.5%), revenues (+ 34.9%) and earnings (EBIT - 0.1%). We are particularly pleased with the strong growth of our foreign business, whose contribution to total revenues almost doubled.

Very large jackpots in February for Lotto in Germany and Euromillions in Spain provided further impetus and helped add a further 112 thousand registered customers since the start of the year. Additional investments in marketing enabled us to fully leverage the favorable jackpot situation in the first quarter. As a consequence, EBIT remained at the prior-year level – as expected. We were able to gain a further partner for the submission of game tickets in the state lottery operator for Baden-Württemberg – this provides Tipp24 with further stability on the organizer side, especially with regard to margins and our lottery network.

We continued to pursue our strategic growth targets in the first quarter of the new year. As planned, we began intensive testing of peer-to-peer skill games with a representative group of consumers and expect to receive reliable results from these tests in the third quarter of 2006. This will enable us to formulate a firm strategy for entry into this market. In addition, we began analyzing three further lottery markets in preparation for the next step of our foreign expansion strategy. Teams in France, the UK and Poland are currently assessing local market conditions, the structure of the respective online segments, the regulatory environment and our potential market entry strategies. Based on these analyses, we shall decide in the third quarter of 2006 with which strategy we aim to address which market.

In view of the ongoing dynamic growth of the online lottery market – in addition to our own strong performance – we regard future business prospects as favorable and confirm our forecast for 2006: we expect revenue growth of 30-40% and an increase in EBIT of 50%.

With best regards,

The Executive Board

Dr. Hans Cornehl, Marc Peters, Jens Schumann

KEY CONSOLIDATED FIGURES OF TIPP24 AG ACC. TO IAS/IFRS

		Q.1 2006	Q.1 2005	CHANGE %
Billings	EUR THOUSAND	62,698	48,035	+ 30.5
Revenues	EUR THOUSAND	8,140	6,033	+ 34.9
Gross margin	%	13.0	12.6	+ 0.4% POINTS
EBIT	EUR THOUSAND	1,640	1,641	- 0.1
EBIT margin	%	20.1	27.2	- 7.1% POINTS
Net profit	EUR THOUSAND	2,210	888	+ 148.9
Acquisition costs per new customer	EUR	18.96	18.74	+ 1.2
Cash flow from operating activities	EUR THOUSAND	993	6,843	- 85.5
Equity	EUR THOUSAND	55,396	8,705	+ 536.4
Registered customers (31 March)	THOUSAND	1,434	1,100	+ 30.4
Employees (31 March)		134	103	+ 30.1

TIPP24 SHARE

TIPP24 – SOUND INVESTMENT

PERFORMANCE OF THE TIPP24 SHARE



KEY FIGURES PER SHARE (XETRA)

Highest price (3 February 2006)	EUR 26.00
Lowest price (18 January 2006)	EUR 18.82
Share price (1 January 2006)	EUR 20.30
Share price (31 March 2006)	EUR 24.70
Earnings per share (undiluted)	EUR 0.25
Market capitalization (1 January 2006)	EUR 180.11 million
Market capitalization (31 March 2006)	EUR 219.15 million

SHAREHOLDER SERVICE

WKN	784714
ISIN	DE0007847147
Ticker symbol	TIM.DE
Stock exchange	Frankfurt
Market segment	Official Market, Prime Standard
Designated Sponsors	Deutsche Bank AG, Morgan Stanley Bank AG
Coverage	Deutsche Bank AG, Morgan Stanley Bank AG, Warburg/SES, Berenberg Bank, Sal Oppenheim, Citigroup
Reuters	TIMGn.DE
Bloomberg	TIM GR

+ 22% IN FIRST QUARTER OF 2006

Following initial losses in the first few weeks of the year, German stocks continued to perform well in the first quarter of 2006. The Tipp24 share followed this trend: from the beginning of the year (EUR 20.30) to the end of the quarter (EUR 24.70), the share price rose by some 22%.

In order to keep up with growing demand from the capital market, we strengthened our Investor Relations team as of 1 March with a new manager, Mr. Frank Hoffmann.

We staged several foreign roadshows in the first quarter, which gave us the opportunity to hold numerous one-on-one talks, and presented the Tipp24 Group and its growth prospects at a variety of conferences.

In the course of the current fiscal year, several research institutes have started to cover us: in addition to Deutsche Bank and Morgan Stanley, we are now also being regularly analyzed by Warburg/SES, Berenberg Bank, Sal Oppenheim and Citigroup. Further information on these studies can be requested from our Investor Relations team.

INTERIM GROUP MANAGEMENT REPORT

STILL ON COURSE FOR GROWTH

BUSINESS AND ECONOMIC CONDITIONS

SUCCESSFUL BUSINESS MODEL

Tipp24 AG markets state-licensed and guaranteed gaming products via electronic media, especially the internet. Its portfolio comprises the products of the Deutsche Lotto- und Totoblocks (DLTB), the class lotteries, the German TV lottery and value-added combined products. Tipp24 AG also offers selected partners with high-reach websites the complete handling of their internet lottery activities. We have also been active on the Spanish market since 2002 with Ventura24 S.L. and on the Italian market since early 2005 with Puntogioco24 srl., which both offer comparable product portfolios and business models.

POSITIVE ECONOMIC CONDITIONS

At the beginning of 2006, the global economy continues to enjoy good health. Although the US economy is showing signs of falling consumer demand, the prospects for Japan and Europe have improved greatly. The economic upturn in the Euro zone is expected to gather further momentum in the first half of the year from increases in both domestic and foreign demand. Growth of approx. 2% is forecast for the German economy.

MARKET AND SECTOR: NO SURPRISES

On 28 March 2006 the Federal Constitutional Court (Bundesverfassungsgericht) pronounced its long-awaited verdict on Germany's gaming laws. The verdict was generally in line with our expectations, as described in detail in the Group's risk report. There were no other significant developments in our sector environment during the first quarter of 2006, which have not already been described in our Annual Report 2005.

RESEARCH & DEVELOPMENT

In the first quarter of 2006, our development activities focused on the following new products and product modifications:

- New development of the »ARD-Fernsehlotterie« product (TV lottery show) for the German market,
- New development of the Spanish standard lottery products »BonoLoto«, »La Quiniela« and »El Gordo«.

Furthermore, we carried out the following optimizations and introduced the following new technologies:

- Ongoing adaptation of security systems to the latest standards,
- Development of software systems to analyze gaming behavior of our customers.

All the above-mentioned projects were completed by our in-house development departments. We did not acquire any external R&D know-how.

At the end of the first quarter, 49 employees were involved with R&D activities on a full-time or part-time basis. R&D expenses amounted to EUR 0.6 million and resulted mainly from personnel costs.

EARNINGS, FINANCIAL POSITION AND NET ASSETS

EARNINGS: CONTINUED GROWTH

The Tipp24 Group successfully continued its dynamic growth in the first quarter of 2006. In comparison with the previous year, there were two **special effects** to consider:

- The draw for the highest-ever jackpot (EUR 183 million) in the history of the Spanish Euromillions lottery in February 2006 resulted in a comparatively strong increase in new customers, billings and the activity rate of existing customers.

- The investment of the major proportion of liquid funds in tax-efficient, reverse convertible transactions resulted in a tax income according to IFRS. This is a one-off effect which, nevertheless, will have a considerable beneficial impact on the Group's average tax ratio for the year as a whole. This special tax effect is not contained in the Forecast Report of our annual financial statements for fiscal year 2005 nor in this quarterly report. It only refers to the expected development of our core operating business.

In addition to the above mentioned special items, we did not observe any specific seasonal or cyclical influences on our business in the first quarter.

In total, we succeeded in exceeding our targets with regard to the number of registered customers and thus billings, revenues and earnings in the first quarter of 2006. We therefore reaffirm the earnings forecast which we already made for fiscal year 2006 as a whole.

	Q.1 2006		Q.1 2005		CHANGE	
	EUR THOUSAND	%	EUR THOUSAND	%	EUR THOUSAND	%
Billings	62,698		48,035		14,663	30.5
Remitted stakes less commissions	- 54,558		- 42,002		12,556	29.9
Revenues	8,140	100	6,033	100	2,107	34.9
Personnel expenses	- 1,889	- 23.2	- 1,499	- 24.8	- 390	26.0
Other operating expenses	- 4,523	- 55.6	- 2,782	- 46.1	- 1,741	62.6
Less other operating income	94	1.1	49	0.8	45	91.8
Operating expenses	- 6,318	- 77.6	- 4,232	- 70.1	- 2,086	49.3
EBITDA	1,822	22.4	1,801	29.9	21	1.2
Amortization/depreciation	- 182	- 2.2	- 160	- 2.7	- 22	13.8
EBIT	1,640	20.1	1,641	27.2	- 1	-0.1
Financial result	- 31	- 0.4	49	0.8	- 80	- 163.3
Net profit before taxes	1,609	19.8	1,690	28.0	- 81	- 4.8
Income taxes	601	7.4	- 802	- 13.3	1,403	- 174.9
Net profit	2,210	27.1	888	14.7	1,322	148.9
Breakdown of other operating expenses						
Marketing expenses	2,789	34.3	1,615	26.8	1,174	72.7
Direct operating costs	807	9.9	690	11.4	117	17.0
Other operating costs	927	11.4	477	7.9	450	94.3
Other operating expenses	4,523	55.6	2,782	46.1	1,741	62.6

Development of earnings

At EUR 1,640 thousand, **EBIT** almost reached its prior-year level (- 0.1%), while the EBIT margin fell by 7.1% points to 20.1%. Although revenues grew by 34.9% to EUR 8,140 thousand, there was a year-on-year increase in other operating expenses of 62.6% to EUR 4,523 thousand. This strong rise in costs was due mainly to marketing expenses, which accounted for 34.3% of revenues (prior year: 26.8%), and other operating expenses, which accounted for 11.4% of revenues (prior year: 7.9%). Further details are provided in the section »Development of key income statement positions«. The development of EBIT was influenced mainly by the company's »Germany« segment, which contributed EUR 1,622 thousand to EBIT in the first quarter. The EBIT margin in this segment fell by 9.8% points to 22.9%. The »Abroad«

segment made a small positive EBIT contribution of EUR 18 thousand in the first quarter of 2006, compared EUR - 203 thousand in the previous year.

At EUR 2,210 thousand, **earnings after tax** were two-and-a-half times greater than in the same period last year. There was a corresponding increase in net operating margin after tax of 12.4% points to 27.1%. This strong increase, compared with EBIT, is due to tax income of EUR 601 thousand resulting from the investment of a large proportion of liquid funds in reverse convertible transactions in the first quarter. This is a one-off effect in the first quarter of 2006 which, nevertheless, will have a considerable beneficial impact on the Group's tax ratio for the year as a whole.

Earnings per share (undiluted) grew in the first quarter from EUR 0.13 to EUR 0.25, compared with the same period last year. In order to guarantee comparability, the calculation for the periods before the capital increase from company funds of 24 August 2005, during which two further shares were issued per share, includes corresponding adjustments of the share numbers, pursuant to IAS 33, by a factor of three. The increase in earnings per share of 92.3% is less than the total increase in net profit, due to the effect of the capital increase of 2,176 thousand shares during the initial public offering.

Development of revenues

In the first quarter of the current fiscal year, there was a year-on-year increase in **registered customers** of 334 thousand to 1,434 thousand. Due to the favorable jackpot situation, we gained 112 thousand registered customers in the first quarter of 2006, compared with the balance sheet date. As a result, we were able to raise billings in the first quarter to EUR 62,698 thousand – an increase of 30.5% in comparison to the previous year.

The ratio of billings to revenues – **gross margin** – increased by 0.4% points to 13.0%. This was due mainly to the larger proportion of billings in our foreign segment, where gross margin reached 26.3% and was thus considerably higher than the 12.1% gross margin of our German segment.

We were able to raise **revenues** – consisting mainly of commissions and additional fees – by 34.9% to EUR 8,140 thousand.

Revenues were once again dominated by the contribution of our German operations, which accounted for 87.0% of total revenues in the first quarter of 2006. They were up 25.7% on the prior-year period to EUR 7,083 thousand. Billings in Germany grew by 26.0% to EUR 58,670 thousand, while gross margin remained at the prior-year level of 12.1%. The contribution of our foreign operations grew from 6.6% in the first quarter of 2005 to 13% in the period under review.

Development of orders

Owing to the nature of our business it is not expedient to disclose the development of orders. Customer orders are regularly carried out very soon after receipt.

Development of key income statement positions

There was a year-on-year increase in **personnel expenses** of 26.0% to EUR 1,889 thousand in the first quarter of 2006, due mainly to the recruitment of further staff. The increase in personnel expenses was proportionately less than the rise in revenues, however, and consequently the personnel expense ratio fell to 23.2% (24.8%). At the end of the quarter, the number of employees amounted to 134 (103).

Other operating expenses saw year-on-year growth of 62.6% to EUR 4,523 thousand in the first quarter. The development in detail was as follows:

- **Marketing expenses** rose by 72.7% to EUR 2,789 thousand (34.3% of revenues). They are divided into marketing expenses for our own customers and commissions paid to Business Service partners. Marketing expenses for our own customers grew by 65.7% to EUR 2,142 thousand, compared to last year. We used the favorable jackpot situation in the first quarter of 2006 to strengthen our customer canvassing activities. Commissions to Business Service partners were up 100.6% to EUR 646 thousand, compared with the same period last year. This increase resulted from the expansion of activities with WEB.DE and the acquisition of the new Business Service partners T-Online and RTLtipp.de.
- **Direct operating expenses** grew by 17.0% – and thus much more slowly than billings – to EUR 807 thousand and accounted for 1.3% of total billings (prior year: 1.4%). Due to improved conditions for payment transactions and more efficient protection against payment defaults, we were able to achieve economies of scale.

- The year-on-year increase in **other operating costs** of 94.3% (EUR 450 thousand) to EUR 927 thousand in the first quarter resulted partly from an increase in the proportion of fixed costs due to IPO-related expenses. These include costs of around EUR 240 thousand for legal advice, IR consultancy, tax advice, production of the annual report, preparation of the Annual Shareholders' Meeting, roadshows, D&O insurance and listing fees. Additional costs of around EUR 75 thousand were also incurred by test and analysis projects in connection with the expansion of our business activities. The remaining additional costs of EUR 135 thousand, compared with the previous year, were due mainly to office costs resulting from the increase in headcount.

The development of **other operating income** is generally in line with the usual operating fluctuations at Tipp24 for this item.

In comparison with the previous year, **amortization/depreciation** on intangible assets and property, plant and equipment grew in the first quarter of 2006 by 13.8% to EUR 182 thousand.

FINANCIAL POSITION

Due to the positive result earned so far in the present fiscal year, equity rose by EUR 2.2 million to EUR 55.4 million. Compared with the balance sheet of 31 December 2005, there was a corresponding increase in the equity ratio of 5.3% points, from 73.7% to 79.0%.

Other liabilities fell by 27.6% to EUR 12,443 thousand, due mainly to a decrease in liabilities for gaming operations. Due to the public holidays around New Year and the year-end lotteries in Germany and Spain, liabilities to customers for winnings not yet remitted and to lottery companies for tickets not yet paid are always higher as of 31 December than on 31 March. These amounts are settled in the first few days of the new year.

Investment analysis

In the quarter under review, we made total investments of EUR 2,713 thousand. The major share of this total was a short-term financial investment with capital guarantee and fixed and variable interest components, in which we invested EUR 2,500 thousand. The remaining amount was devoted mainly to developing our German operations (software EUR 46 thousand, hardware EUR 66 thousand and EUR 40 thousand for furniture, fixtures and office equipment). Outside Germany, investments focused on technical and office fittings for our subsidiaries (EUR 61 thousand).

The main technical investment projects in the first quarter were the establishment of test systems for peer-to-peer skill games and the ongoing expansion of our live systems.

We will continue to expand our live systems in 2006 in line with growing capacity needs and the continuing development of security standards. We also plan to regularly update our office systems.

Other liabilities IN EUR

	31 March 2006	31 Dec. 2005
Liabilities for gaming operations	10,951,739.92	15,342,259.91
Liabilities for taxes	527,987.11	391,633.62
Liabilities relating to social security	26,901.31	164,119.17
Others	936,074.95	1,296,550.46
	12,442,703.29	17,194,563.16

Key cash flow positions IN EUR THOUSAND	Q.1 2006	Q.1 2005
Cash flow from operating activities	993	6,843
Cash flow from investing activities	- 2,713	- 309
Cash flow from financing activities	0	- 8
= Net increase/decrease in cash and cash equivalents	- 1,720	6,526
+ Cash and cash equivalents at beginning of the period	57,174	12,892
- Change in pledged cash and cash equivalents	- 62	- 153
= Cash and cash equivalents at end of the period	55,392	19,264

Liquidity analysis

At EUR 993 thousand, **cash flow from operating activities** was EUR 5,850 thousand lower than in the previous year – due mainly to a major prize which a Tipp24 customer won toward the end of the first quarter of 2005. The prize money received from the game operator was carried as of the end of the period. The customer was not paid until the beginning of the following quarter.

Cash flow from investing activities grew by EUR 2,404 thousand, compared with the previous year, to EUR 2,713 thousand. This was due to the investment of EUR 2,500 thousand in the first quarter of 2006 in a short-term, held-to-maturity financial investment with capital guarantee.

The cash flow from our IPO in October 2005 was the main reason for the strong year-on-year increase in cash and cash equivalents. The company's cash and cash equivalents consist mainly of bank balances (EUR 48,093 thousand) and money market fund units

bearing a capital guarantee and a six-monthly interest guarantee (EUR 6,544 thousand). There are no other currency, interest or exchange rate risks.

ASSET SITUATION

The assets of Tipp24 mainly comprise current assets amounting to EUR 61,887 thousand (EUR 64,840 thousand as of 31 Dec. 2005). In turn, these consist largely of cash, cash equivalents and securities (EUR 55,392 thousand), short-term financial assets (EUR 2,500 thousand) and other receivables (EUR 3,370 thousand). The change in other assets compared with 31 December 2005 results mainly from changes in receivables from gaming operations, similar to changes in liabilities for gaming operations, and is in line with usual operating fluctuations for this item.

Other assets and prepaid expenses IN EUR	31 March 2006	31 Dec. 2005
Receivables from gaming operations	2,758,282.30	6,763,245.63
Prepaid expenses	282,848.37	113,700.38
Other	329,092.87	326,114.34
	3,370,223.54	7,203,060.35

Tipp24 also has intangible assets – mainly software – amounting to EUR 455 thousand, property, plant and equipment – mainly hardware and office equipment – amounting to EUR 1,186 thousand and held-to-maturity financial assets totaling EUR 5,000 thousand. The remaining deferred tax assets amounted to EUR 1,548 thousand at the end of the quarter.

ASSESSMENT OF THE ECONOMIC POSITION

We continue to regard the economic position of the Tipp24 Group as very stable with excellent development prospects. This was confirmed once again by the success of our first quarter 2006. Tipp24 is excellently positioned to benefit strongly from the ongoing growth of those online lottery markets in which we

operate. The IPO of Tipp24 AG has greatly enhanced our scope to grasp growth opportunities – for example through acquisitions. We have taken the first steps toward utilizing this additional growth potential with our tests in the field of peer-to-peer skill games and the identification of further foreign markets.

SUBSEQUENT EVENTS

In April 2006 we concluded agreements with one further state lottery company and can now also submit game tickets in Bremen.

On 12 April 2006 the lock-up period for early investors of Tipp24 AG – agreed in connection with our IPO – expired. This affects approx. 20.3% of capital stock held by Earlybird and a further 6.8% of capital stock held by other investors. On 13 April 2006, Dr. Hans-Wilhelm Jenckel, deputy chairman of the Supervisory Board, reported the sale of all his 17,517 shares in Tipp24 AG at a price of EUR 24.50, representing a total volume of EUR 429,166.50.

RISK REPORT

In our Annual Report 2005, we described in detail all risks in connection with our business activities, 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 operating risks, market risks and risks resulting from the regulatory environment for the operations of Tipp24. In addition to this description of our risks, we would like to focus in particular on three risks from the regulatory environment:

FEDERAL CONSTITUTIONAL COURT VERDICT ON SPORTS BETTING MONOPOLY

On 28 March 2006 the Federal Constitutional Court (Bundesverfassungsgericht – BVerfG) announced its long-awaited verdict on the legality of private sports betting in Germany. The essence was that the current sports betting monopoly was unconstitutional, but that it could continue to exist providing it ensured effective measures to combat addictive gambling in future. The BVerfG censured, for example, the simple and widespread availability of the state-run sports betting organization Oddset and its extensive advertising. The state was instructed to either redesign its product by late 2007 in such a way that it met requirements for combating gambling addiction (e.g. restricted access, information instead of advertising), or to open the market for private companies. It was also stated that the current legislation would remain valid until the end of 2007 and that therefore all suppliers, with the exception of Oddset, were operating illegally. It is not currently possible to foresee the short-term reaction to this verdict of the respective government authorities, especially that of the regulatory authorities in the various federal states and of the state lottery companies. There is a possibility that a strict program to combat gambling addiction will be pursued and that, in excess of the BVerfG's demands, not only advertising for sports betting but also for other lottery products will be restricted or even abandoned, even though the latter is regarded as considerably less addictive. This might also hamper

the advertising activities of Tipp24. Moreover, the lottery product portfolio might be restricted by the removal of certain products or the discontinuation of projects to launch new products. These factors in particular might have a significant adverse effect on the development of the lottery market and thus especially also on the future business development of Tipp24.

LOTTERY LAW IN SAXONY-ANHALT

In early February 2006, the state lottery of Saxony-Anhalt informed us that, in their opinion, Tipp24 was contravening the lottery laws of the state of Saxony-Anhalt. We received a letter with the same content from the respective authorities of Saxony-Anhalt in late March 2006. According to these laws, game brokers offering lottery products in Saxony-Anhalt and charging additional fees, are required to apply for state permission. As Tipp24 does not charge its customers additional fees for its standard products («Lotto«, «Glücksspirale«, «Keno« etc.), we do not believe that these regulations apply to us. We have not offered the product »Spielgemeinschaften«, for which Tipp24 charges its customers additional fees, in Saxony-Anhalt since mid-2005 due to the aforementioned regulation.

Furthermore, Tipp24 believes that the legality of the lottery law of Saxony-Anhalt is at least questionable. This law goes far beyond merely specifying the details of the State Treaty on Lotteries. Moreover, there are also serious doubts from a constitutional law perspective, e.g. a possible contravention of the fundamental right of freedom to choose an occupation. An extensive report published in early April 2006 by Klaus Lüderssen, Professor for Criminal Law at the University of Frankfurt/Main, supports Tipp24's interpretation of the law.

Irrespective of the actual legal validity of Saxony-Anhalt's lottery law, Tipp24 may be forbidden to broker lottery products without additional fees, at least until the matter is finally settled. Tipp24 would then have to temporarily cease sales to customers in Saxony-Anhalt. In 2005, less than 1.5% of billings were generated by customers in Saxony-Anhalt. Moreover, in this connection Tipp24 might be exposed to administrative and possibly criminal law sanctions.

ELECTRONIC BETTING IN ITALY

In May 2005, the public prosecutor launched a preliminary investigation against the managing director of Puntogioco24 on suspicion of a breach of the ban on accepting bets via electronic communications media without authorization or without being properly engaged to accept bets via this form of media. In April 2006 an official hearing period began on this topic, which is expected to last until early June 2006. After this period has ended, the relevant public prosecutor will decide whether criminal proceedings are to be instituted – which we believe to be likely. No further measures have been implemented or announced by the authorities to date which would or might restrict Puntogioco24's business.

Tipp24 does not believe that Puntogioco24's activities breach these provisions because Puntogioco24 does not operate as a broker of lottery products but is instead engaged by lottery players to deliver the lottery tickets to an authorized lottery agent on their behalf. The gaming agreement is entered into directly between the lottery player and the lottery operator. Because of this direct relationship, the lottery player has a direct claim to the prize proceeds.

However, it cannot be ruled out that our business in Italy may be restricted or completely terminated. This would have a material effect on Tipp24's net assets, financial position and results of operations and, in particular, could lead to the total loss of all investments made in Puntogioco24.

FORECAST REPORT

In general, Tipp24 plans to continue its growth strategy of the past few years also in future. In addition to further growth in our core market of Germany, we also aim to extend our product portfolio with the addition of a further product category, e.g. peer-to-peer skill games for money. In this connection, we would seek to acquire a company already active in this field. Initial revenue and earnings effects from this project are expected in the fourth quarter of 2006. At the same time, we are preparing market entry in at least one further European market. Initial revenue and earnings effects from this project are expected in 2007.

Against this backdrop, we aim to raise billings and revenues by 30-40 % p.a. in each of the next two years. In the current fiscal year, we plan to increase EBIT by around 50% net profit after tax by more than 70%. These figures do not take account of special tax items. Both these figures are also expected to continue growing strongly in the following year. This growth is to be generated mainly by attracting around 300-400 thousand new customers per year, while maintaining the current activity rate and billings per customer rate.

On the basis of our first-quarter results – which were slightly above expectations in all relevant performance categories – we are confident that we can achieve the above mentioned forecasts.

OPPORTUNITIES

We judge the implications of the above mentioned BVerfG verdict as overall neutral for our business development. In the short to medium term, Oddset remains the only legal sport betting product in Germany. This product is brokered by Tipp24. Any possible restriction of ticket sales through betting offices might even benefit online brokerage in the medium term. In the long term, the BVerfG verdict and respective EU regulations might result in deregulation measures, which could at least indirectly affect the lottery business. As an internationally operating company, Tipp24 may benefit more than average from this development. In particular, it would allow our German customers access to further highly attractive foreign products and enable Tipp24 to enter new markets with its existing products. Deregulation would also probably result in a complete clarification of the legal situation in Italy and thus provide our Italian subsidiary Puntogioco24 with the opportunity for faster growth.

CONSOLIDATED INCOME STATEMENT FROM 1 JANUARY TO 31 MARCH ACC. TO IFRS

IN EUR	Q.I 2006	Q.I 2005
Billings	62,697,724.47	48,034,855.00
Remitted stakes less commissions	- 54,557,752.64	- 42,001,958.00
Revenue	8,139,971.83	6,032,897.00
Other operating income	94,691.89	49,484.59
Total operating performance	8,234,663.72	6,082,381.59
Operating expenses		
Personnel expenses	- 1,889,238.19	- 1,499,122.91
Amortization/depreciation on intangible assets and property, plant and equipment	- 182,378.57	- 160,081.85
Other operating expenses	- 4,523,323.50	- 2,782,207.27
Result from operating activities	1,639,723.46	1,640,969.56
Financial result	- 30,731.96	49,398.40
Result from ordinary activities	1,608,991.50	1,690,367.96
Income taxes	601,403.66	- 802,492.96
Consolidated net profit	2,210,395.16	887,875.00
Earnings per share (<i>undiluted and diluted; in EUR/share</i>)	0.25	0.13
Weighted average number of ordinary shares outstanding (<i>undiluted and diluted; in units</i>)	8,872,319	6,696,273

Q.1 2006

CONSOLIDATED BALANCE SHEET AS OF 31 MARCH ACC. TO IFRS

ASSETS IN EUR	31 March 2006	31 Dec. 2005
Current assets		
Cash, cash equivalents and securities	55,392,190.06	57,173,611.83
Pledged cash, cash equivalents and securities	61,387.20	0.00
Short-term financial assets	2,500,000.00	–
Trade receivables	22,293.15	165,779.86
Income tax refund claims	541,279.05	297,257.71
Other assets and prepaid expenses	3,370,223.54	7,203,060.35
Total current assets	61,887,373.00	64,839,709.75
Non-current assets		
Intangible assets	454,671.36	446,313.32
Other equipment, furniture and fixtures and leased assets	1,186,499.64	1,175,456.16
Financial assets	5,000,000.00	5,000,000.00
Deferred tax assets	1,548,224.11	673,766.93
Total non-current assets	8,189,395.11	7,295,536.41
	70,076,768.11	72,135,246.16
EQUITY AND LIABILITIES IN EUR	31 March 2006	31 Dec. 2005
Current liabilities		
Trade payables	1,542,648.77	1,240,712.71
Current finance lease liabilities	0.00	37,475.65
Other liabilities	12,442,703.29	17,194,563.16
Deferred income	255,029.10	180,961.67
Income tax liabilities	211,048.00	0.00
Provisions	198,505.16	200,282.19
Total current liabilities	14,649,934.32	18,853,995.38
Non-current liabilities		
Non-current finance lease liabilities	0.00	47,893.25
Deferred tax liabilities	31,281.82	48,200.72
Total non-current liabilities	31,281.82	96,093.97
Equity		
Subscribed capital	8,872,319.00	8,872,319.00
Capital reserves	41,143,321.36	41,143,321.36
Retained earnings	5,379,911.61	3,169,516.45
Total equity	55,395,551.97	53,185,156.81
	70,076,768.11	72,135,246.16

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD 1 JANUARY TO 31 MARCH

IN EUR	Q.I 2006	Q.I 2005
Cash flow from operating activities		
Result from operating activities	1,639,723.46	1,640,969.56
<i>Adjustments for:</i>		
Amortization/depreciation on non-current assets	182,516.91	160,081.85
Loss on the disposal of non-current assets	11,027.37	0.00
<i>Changes in:</i>		
Trade receivables	143,486.71	- 136,245.66
Other assets	3,832,836.81	- 303,469.11
Trade payables	301,936.06	- 167,098.84
Other liabilities	- 4,837,228.77	5,858,140.10
Provisions	- 1,777.03	- 67,572.28
Other	74,067.43	- 133,693.17
Interest received	292,738.50	49,398.40
Disbursements for reverse convertible transactions	- 323,085.93	0.00
Interest paid	- 384.53	0.00
Taxes paid	- 322,945.76	- 57,910.35
Cash flow from operating activities	992,911.23	6,842,600.50
Cash flow from investing activities		
Disbursements for financial investments	- 2,500,000.00	0.00
Investments in intangible assets	- 63,579.62	- 41,751.61
Investments in property, plant and equipment	- 149,366.18	- 266,787.46
Cash flow from investing activities	- 2,712,945.80	- 308,539.07
Cash flow from financing activities		
Finance lease payments	0.00	- 8,425.26
Cash flow from financing activities	0.00	- 8,425.26
Change in cash, cash equivalents and securities	- 1,720,034.57	6,525,636.17
Cash, cash equivalents and securities at the beginning of the period	57,173,611.83	12,891,965.57
Increase in pledged cash and cash equivalents	- 61,387.20	- 153,120.00
Cash, cash equivalents and securities at the end of the period	55,392,190.06	19,264,481.74
Composition of cash and cash equivalents at the end of the period		
Cash on hand, bank balances and checks	48,132,317.16	17,737,703.79
Current investments	7,259,872.90	1,526,777.95
	55,392,190.06	19,264,481.74

Q.1 2006

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2005 AND Q.1 2006

IN EUR	SHARE CAPITAL	CAPITAL RESERVES	ACCUMULATED PROFIT/LOSS	TOTAL EQUITY
As at 1 January 2005	2,232,091.00	5,732,781.01	- 148,008.82	7,816,863.19
Net profit as of 31 March 2005	0.00	0.00	887,875.00	887,875.00
As at 31 March 2005	2,232,091.00	5,732,781.01	739,866.18	8,704,738.19
Capital reduction from redemption of shares	- 4,417.00	0.00	0.00	- 4,417.00
Capital increase from cash contribution	4,417.00	0.00	0.00	4,417.00
Capital increase from company funds	4,464,182.00	- 4,464,182.00	0.00	0.00
Capital increase from cash contribution of IPO	2,160,000.00	42,120,000.00	0.00	44,280,000.00
Capital increase from discounted employee shares	16,046.00	275,991.20	0.00	292,037.20
IPO expenses	0.00	- 4,228,897.71	0.00	- 4,228,897.71
Tax effect on costs of capital increase from IPO	0.00	1,707,628.86	0.00	1,707,628.86
Net profit 1 April to 31 December 2005	0.00	0.00	2,429,650.27	2,429,650.27
As at 1 January 2006	8,872,319.00	41,143,321.36	3,169,516.45	53,185,156.81
Net profit for the period	0.00	0.00	2,210,395.16	2,210,395.16
As at 31 March 2006	8,872,319.00	41,143,321.36	5,379,911.61	55,395,551.97

SEGMENT REPORTING

IN EUR THOUSAND	GERMANY		ABROAD		CONSOLIDATION		CONSOLIDATED	
	I JAN. - 31 MAR. 2006	I JAN. - 31 MAR. 2005	I JAN. - 31 MAR. 2006	I JAN. - 31 MAR. 2005	I JAN. - 31 MAR. 2006	I JAN. - 31 MAR. 2005	I JAN. - 31 MAR. 2006	I JAN. - 31 MAR. 2005
Billings	58,670	46,547	4,028	1,488	0	0	62,698	48,035
Revenue	7,083	5,634	1,057	399	0	0	8,140	6,033
Depreciation/amortization	167	149	15	11	0	0	182	160
EBIT	1,622	1,844	18	- 203	0	0	1,640	1,641
Financial result							- 31	49
Income taxes							601	- 802
Consolidated net profit							2,210	888
Assets	70,346	24,638	3,273	601	- 3,542	- 1,339	70,077	23,900
Debts	12,244	13,950	2,653	2,233	- 216	- 103	14,681	16,081
Investments	2,652	360	61	17	0	0	2,713	377

The Group distinguishes between the segments »Germany« and »Abroad«. The »Abroad« segment comprises the Group's activities in Spain and Italy. In the context of segment reporting for the geographical segments, segment revenue relates to the geographi-

cal location of the operating units (group subsidiaries) which generate that revenue. This more or less equates to the geographical location of the respective customers.

ADDITIONAL NOTES

GENERAL

The quarterly financial statements of Tipp24 AG as at 31 March 2006 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) valid at the balance sheet date.

The period under review is from 1 January to 31 March 2006.

The same accounting policies and calculation methods were used for this quarterly report as for the consolidated financial statements as at 31 December 2005.

The basis of consolidation has not changed. It consists of the subsidiaries listed below, in which the Company holds/held the following interests:

	31 MARCH 2006 %	31 DEC. 2005 %	YEAR OF INITIAL CONSOLIDATION
Ventura24 S.L., Madrid/Spain	100	100	2001
GSG Lottery Systems GmbH, Hamburg	100	100	2001
Puntogioco24 srl., Monza/Italy	100	100	2004

Schumann OHG, Hamburg, was included in the consolidated financial statements in accordance with

IAS 27 and SIC 12.10, although Tipp24 AG does not hold any equity interest or voting rights in it.

RELATED PARTIES

The members of Tipp24 AG's Executive Board and Supervisory Board as well as their immediate relatives are regarded as related parties in accordance with IAS 24. The transactions and legal relationships of the companies included in the consolidated finan-

cial statements with these persons are detailed in the Annual Report 2005. There were no transactions or legal relationships with related parties.

OTHER DISCLOSURES

Dr. Hans Cornehl, Marc Peters and Jens Schumann were members of the Executive Board in the period under review.

The members of the Supervisory Board in the period under review were Klaus Jaenecke (Chairman), Dr. Hans-Wilhelm Jenckel (Deputy Chairman) and Annet Aris.

The members of the Executive Board and Supervisory Board did not acquire or sell shares in Tipp24 AG in the first quarter of 2006 (Directors' Dealings). As of 31 March 2006 they held the following amounts of shares in Tipp24 AG (Directors' Holdings):

NAME	AS OF 31 MARCH 2006
<i>Executive Board</i>	
Dr. Hans Cornehl	134,695
Marc Peters	903,520
Jens Schumann	903,518
<i>Natural person in close relationship to Executive Board</i>	
Dr. Stephanie Cornehl	53,576
<i>Supervisory Board</i>	
Dr. Hans-Wilhelm Jenckel	17,517

Hamburg, May 2006

The Executive Board

gez. Dr. Hans Cornehl gez. Marc Peters gez. Jens Schumann

FINANCIAL CALENDAR 2006

18 MAY 2006

ANNUAL GENERAL MEETING

10 AUGUST 2006

INTERIM REPORT 2ND QUARTER 2006

6 NOVEMBER 2006

INTERIM REPORT 3RD QUARTER 2006

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