

Tipp24de

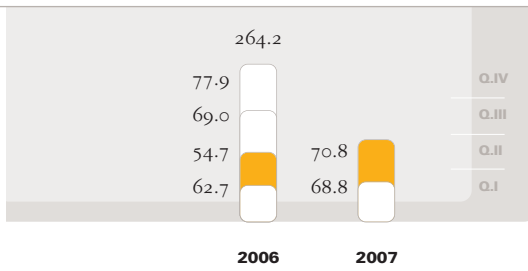
DYNAMIC GROWTH UNBROKEN

HALF-YEARLY FINANCIAL REPORT 01.01.–30.06.2007

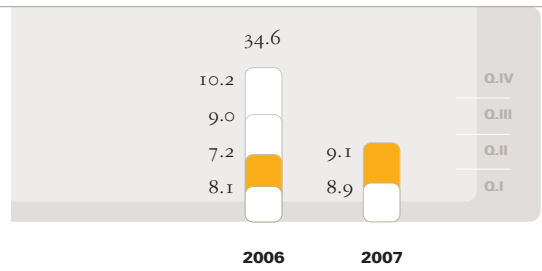
<i>BILLINGS Q.I–II</i>	<i>+18.9%</i>
<i>REVENUE Q.I–II</i>	<i>+17.1%</i>
<i>EBIT Q.I–II</i>	<i>–21.6%</i>
<i>REGISTERED CUSTOMERS Q.I–II</i>	<i>+136 thsd.</i>



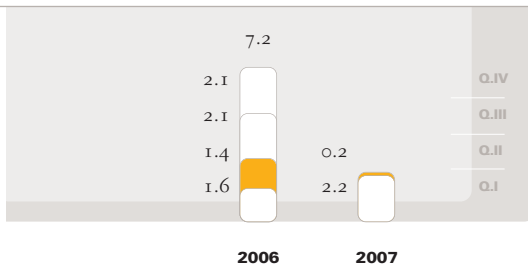
BILLINGS IN EUR MILLION



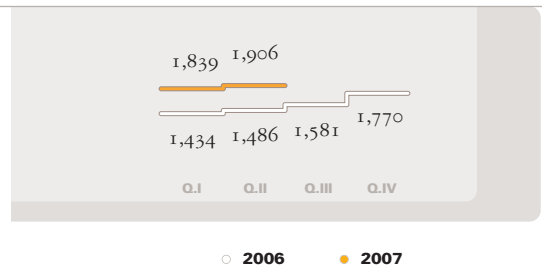
REVENUES IN EUR MILLION



EBIT IN EUR MILLION



REGISTERED CUSTOMERS IN THOUSAND



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(Rounding differences in the management report due to presentation in EUR thousand)

FOREWORD

Ladies and gentlemen, The dynamic growth of the Tipp24 Group remained unbroken in the first half of 2007: during a period in which there happened to be no major jackpots, billings grew by 19% and revenues by 17%. Although adjusted EBIT also rose by 37%, two special items were largely responsible for a decline of 21.6%. Capitalized one-off charges of EUR 1.4 million relating to our acquisition strategy were eliminated from the balance sheet and recognized in profit or loss. Moreover, there was an additional one-off personnel expense of EUR 350 thousand. Once again, our German activities accounted for the major share of revenues and EBIT in the first half of 2007.

The intensive political and legal discussion of Germany's gaming market continued unabated in the period under review. However, further indicative decisions and orders of the administrative court of Halle, the EU Commission and the Regional Appeal Court of Düsseldorf – presented in detail in our management report – all strengthen our position. We believe this confirms our view that political bodies will find it hard to restrict the growing market for online lottery brokerage against valid law and political common sense in the long term.

We continue to regard Tipp24's situation as generally robust and our prospects as excellent, even though ongoing discussions do not fully exclude the risk of at least a medium-term disruption, up to and including the complete prohibition of our present business model in Germany. We have sufficient resources to successfully prevail even in the face of a significant negative regulatory development. At the same time, we see an opportunity for sustained growth in a dynamically expanding European online lottery market and thus believe that Tipp24 is excellently positioned to benefit strongly from this development.

Allowing for the fact that there were no jackpot draws (by chance) in the first half of the year, we aim to add a further 300 thousand customers during the current business year – corresponding to the lower end of our projected growth range. We therefore expect to raise billings and revenue by just over 20%. Due to the scalability of our business model, we expect a strong increase in our EBIT result – adjusted for the above mentioned special items. Even including these items we expect to post a higher EBIT result than in the previous year.

With best regards,

The Executive Board

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Hamburg, 23 July 2007

Dr. Hans Cornehl Jens Schumann

Q.II 2007

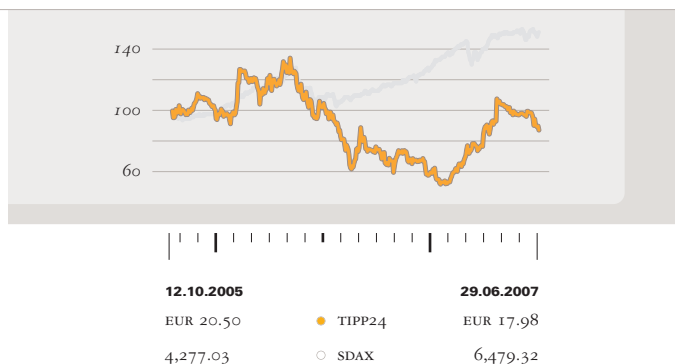
KEY CONSOLIDATED FIGURES OF TIPP24 AG ACC. TO IAS/IFRS

		Q.I-II 2007	Q.I-II 2006	CHANGE %
Billings	EUR THOUSAND	139,583	117,355	+18.9
Revenues	EUR THOUSAND	17,958	15,329	+17.1
Gross margin	%	12.9	13.1	-0.2%-POINTS
EBIT	EUR THOUSAND	2,358	3,007	-21.6
EBIT margin	%	13.1	19.6	-6.5%-POINTS
Net profit	EUR THOUSAND	1,987	4,208	-52.8
Net Profit Margin	%	11.1	27.5	-16.4%-POINTS
Acquisition costs per new customer	EUR	27.10	22.18	+22.2
Cash flow from operating activities	EUR THOUSAND	5,157	2,260	+128.1
Equity	EUR THOUSAND	54,565	57,393	-4.9
Registered customers (as of 30 June)	THOUSAND	1,906	1,486	+28.3
Employees (as of 30 June)		147	143	+2.8

TIPP24 SHARE

DEVELOPMENT DAMPENED BY EXTERNAL FACTORS

PERFORMANCE OF THE TIPP24 SHARE



KEY FIGURES PER SHARE (XETRA)

Highest price (18.04.2007)	EUR 22.44
Lowest price (12.01.2007)	EUR 10.24
Share price (01.01.2007)	EUR 12.93
Share price (30.06.2007)	EUR 17.98
Average no. of shares (30.06.2007)	8.717 million
Earnings per share (undiluted/diluted)	EUR 0.23
Market capitalization (01.01.2007)	EUR 114.7 million
Market capitalization (30.06.2007)	EUR 159.5 million

SHAREHOLDER SERVICE

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

Share prices continued to rise amid buoyant trading in the second quarter of the year, setting new record levels. The SDax index climbed 4.7% during the period under review, from 6,188.08 to 6,479.32.

The Tipp24 share was able to continue the upward trend of the first three months during the second quarter – exceeding EUR 22 in April. Against the backdrop of ongoing regulatory discussions, however, the share price then fell towards the end of the reporting period to EUR 17.98.

Our share buy-back program, announced on 12 February 2007, was completed on 20 June 2007. During this period we bought almost 5% of capital stock (corresponding to 443,615 shares) in careful stock exchange trading for an average price of EUR 17.88.

In the second quarter of 2007, investor relations activities once again focused on discussions with current and potential investors concerning the regulatory environment.

INTERIM GROUP MANAGEMENT REPORT

GROWTH CONTINUED, SPECIAL ITEMS AFFECT RESULT

BUSINESS AND ECONOMIC CONDITIONS

SUCCESSFUL BUSINESS MODEL

Tipp24 AG brokers state-licensed and guaranteed gaming products via electronic media, especially the Internet. Its portfolio comprises the products of the Deutsche Lotto- und Totoblock (DLTB), the class lotteries, the German TV lottery and value-added combined products. We also offer 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 – with restrictions – since early 2005 with Puntogioco24 srl., which both offer comparable product portfolios and business models.

DYNAMIC ECONOMIC DEVELOPMENT CONTINUES IN EUROPE

The global economy made further strong progress in the first half of 2007 – there is still no end in sight to the strong economic upswing. The economies of the industrialized nations benefited in particular from a strong increase in output in the developing and emerging nations, which continued to enjoy dynamic growth in the first months of the year. Thanks to its export-oriented economy, Germany was able to benefit strongly from this development – an effect which more than compensated for the considerable negative impact of the recent increase in value added tax.

MARKET AND SECTOR

The intensive political and legal discussions concerning Germany's gaming market and the respective legislation continued to play a key role in the second quarter of the current fiscal year. The following significant legal decisions were made:

- On 26 April 2007 the administrative court of Halle suspended proceedings concerning the prohibition of our business activities in Saxony-Anhalt and simultaneously decided to refer the decision to Germany's Federal Constitutional Court as to whether gaming legislation in Saxony-Anhalt was irreconcilable with basic constitutional law (Grundgesetz) insofar as the aforementioned regulation introduces a statutory permission requirement for the private brokerage of directly or indirectly organized gaming (Lotto, Toto etc.) without determining at the same time a transitional period for brokerage activities already existing. At the moment, Tipp24 is allowed to continue its business activities in Saxony-Anhalt.
- Subsequent to the »detailed opinion« submitted as part of the formal notification process, the EU Commission issued a further statement on 14 May 2007 concerning the Draft State Treaty on Gaming (GlStV-E) of the German government. Considerable objections were expressed as to the compliance with EU law of the planned restrictions of free movement of capital, advertising

restrictions, the limitation of sales outlets, restricted distribution channels and competition restrictions. The German government was called upon to comment on these objections within 2 months.

- On 8 June 2007 the Regional Appeal Court of Düsseldorf confirmed the decision of the Federal Cartel Authority of 23 August 2006 which stated that the block agreement of »Deutscher Lotto- und Totoblock« and the resulting regionalization of the lottery business contravened Community law. In the simultaneous proceedings concerning provisional legal protection, the German Federal Court of Justice (BGH) also confirmed in principle the illegality of the regional cartels of the state lotteries. This regionalization is an integral part of the new State Treaty on Gaming.

RESEARCH & DEVELOPMENT

In the first half of the current fiscal year, our development activities focused on the following new products and product modifications:

- Development of various betting generators for Lotto, such as »Horoscope Tip«, »Shooter« and »Lotto Duo«,
- Development of scratch cards for the state of Lower Saxony,
- Development of »Summer Lotto« syndicate,
- Improvement of existing products, such as »Tipp-Highlight« for Oddset and revamping of tickets for Glücksspirale.

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

- Further development of systems for verifying customer data. Further development of software systems to analyze gaming behaviour of our customers,
- Ongoing adaptation of security systems to the latest standards,
- Ongoing development of software systems for expanded capacity.

All the above-mentioned projects were successfully completed by our in-house development departments in the first half of 2007. We did not acquire any external R&D know-how. The new product developments made a major contribution towards raising revenue.

In the first half of the current fiscal year, an average of 59 employees were involved with R&D activities on a full-time or part-time basis. R&D expenses amounted to around EUR 1.4 million and resulted mainly from personnel costs.

EARNINGS, FINANCIAL POSITION AND NET ASSETS

SPECIAL ITEMS AFFECT PERFORMANCE

The Tipp24 Group successfully continued its dynamic growth course of the past few years in the period under review. In comparison with the previous year, there were three **special items** to consider:

- There were no major jackpots in Germany and Spain in the first or second quarters of 2007 (by chance).
- Consultancy charges of EUR 1.4 million for specific projects relating to the implementation of the Group's acquisition strategy and incurred mainly in the previous year were capitalized in accordance with the relevant IFRS regulations. Against the backdrop of ongoing discussions in the regulatory

environment, the respective projects have now been indefinitely postponed and the assets concerned were eliminated in the second quarter of 2007 with an effect on earnings.

- There was a one-off personnel charge of EUR 350 thousand in the second quarter.

Adjusted EBIT up 37%

In the first six months of the current fiscal year there was a year-on-year decline in **EBIT** of 21.6% to EUR 2,358 thousand, while the EBIT margin fell by 6.5% points to 13.1%. This development can be attributed mainly to the aforementioned special items.

After adjustment for these special items, EBIT amounted to EUR 4,131 thousand (+37.3%), corresponding to an EBIT margin of 23.0% (+3.4% points).

In total, there was a year-on-year increase in other operating expenses of 25.4% to EUR 10,408 thousand, compared with an increase in revenues of 17.1% to EUR 17,958 thousand.

The development of EBIT continued to be influenced mainly by the company's German operations, which contributed EUR 2,413 thousand in the first half-year. The domestic EBIT margin fell by 7.8% points to 15.4%, as the two aforementioned special items only affected the »Germany« segment. Adjusted for these effects, EBIT amounted to EUR 4,185 thousand and the EBIT margin to 26.7%. The »Abroad« segment contributed EUR –55 thousand (prior year: EUR –85 thousand) to EBIT.

Consolidated net profit fell by 52.8% to EUR 1,987 (prior year: 4,208) thousand as a result of a positive one-off tax effect in the previous year, as well as the aforementioned special items in the period under review. **Earnings per share** (undiluted and diluted) fell from EUR 0.47 to EUR 0.23.

Revenues up 17.1%

In the first half of 2007, there was a year-on-year increase in **registered customers** of 420 thousand to 1,906 thousand. Compared with the balance sheet date, new registered customers rose by just 136 thousand – partly as a result of the unfavourable jackpot situation. **Billings** reached EUR 139,583 thousand – representing a year-on-year increase of 18.9%.

At 12.9% the ratio of billings to revenues – **gross margin** – was slightly below the prior-year figure of 13.1%. The ratio was much higher in our »Abroad« segment, where the gross margin reached 24.2%, compared with 12.0% for the »Germany« segment (prior year: Abroad 26.5%; Germany 12.1%).

Revenues – consisting mainly of commissions and additional fees – rose by 17.1% to EUR 17,958 thousand in the period under review. Revenues were dominated by the contribution of our German operations, which accounted for 87.2% of total revenues. Revenues in Germany were up 17.7% on the prior-year period to EUR 15,657 thousand. Billings in Germany grew correspondingly by 18.6% to EUR 130,083 thousand. In our »Abroad« segment we were able to raise billings by 24.2% to EUR 9,501 thousand in the first six months, despite a lack of any relevant jackpot draws.

Q.II 2007

Half-year comparison Q.I-II 2007	Q.I-II 2007		Q.I-II 2006		CHANGE	
	EUR THSD.	%	EUR THSD.	%	EUR THSD.	%
Billings	139,583		117,355		22,228	+18.9
Remitted stakes less commissions	121,626		102,026		-19,599	+19.2
Revenues	17,958	100.0	15,329	100.0	2,629	+17.1
Personnel expenses	-5,199	28.9	-3,875	25.3	-1,324	+34.2
Other operating expenses	-10,408	58.0	-8,301	54.2	-2,107	+25.4
Less other operating income	401	2.2	217	1.4	185	+85.4
Operating expenses	-15,205	84.7	-11,960	78.0	-3,246	+27.1
EBITDA	2,753	15.3	3,370	22.0	-617	-18.3
Amortization/depreciation	-394	2.2	-362	2.4	-32	+8.8
EBIT ¹⁾	2,358	13.1	3,007	19.6	-649	-21.6
Financial result	1,085	6.0	211	1.4	875	+415.1
Net profit before taxes	3,444	19.2	3,218	21.0	226	+7.0
Income taxes	-1,456	8.1	990	6.5	-2,446	-
Net profit	1,987	11.1	4,208	27.5	-2,221	-52.8
Breakdown of other operating expenses						
Marketing expenses	5,190	28.9	5,056	33.0	-134	+2.6
– Marketing expenses for own customers	3,677	20.5	3,636	23.7	-42	+1.1
– Business Service commissions	1,512	8.4	1,420	9.3	-92	+6.5
Direct operating costs	1,485	8.3	1,376	9.0	-110	+8.0
Other costs of operations	3,733	20.8	1,869	12.2	-1,864	+99.7
Other operating expenses	10,408	58.0	8,301	54.2	2,107	+25.4

¹⁾ adjusted EBIT figures: EBIT EUR 2,358 thousand
Special items EUR 1,772 thousand
EBIT (adjusted) EUR 4,131 thousand (EBIT margin 23.0% and +37.3% over previous year)

Development of key income statement positions

There was a year-on-year increase in **personnel expenses** of 34.2% to EUR 5,199 thousand in the first half of 2007 – due mainly to the recruitment of further staff in the Tipp24 Group, especially in the third quarter of 2006. Moreover, there were additional one-off charges of EUR 350 thousand in the second quarter. As a result, the increase in personnel expenses was proportionately higher than the rise in revenues and consequently the personnel expense ratio increased by 3.6% points to 28.9%. At the end of the quarter, the number of employees amounted to 147 (143).

There was a year-on-year increase in **other operating expenses** of 25.4% to EUR 10,408 thousand in the first half of the fiscal year. The development in detail was as follows:

- **Marketing expenses** rose by 2.6% to EUR 5,190 thousand (28.9% of revenues; +4.1% points). They are divided into marketing expenses for our own customers and commissions paid to Business Service partners. Marketing expenses for our own customers were up 1.1% to EUR 3,677 thousand in the first half-year, compared to last year. Commissions to Business Service partners grew by 6.5% to EUR 1,512 thousand, in line with the development of billings in this business field.

– **Direct operating expenses** increased by 8.0% to EUR 1,485 thousand and thus accounted for 1.1% of billings (prior year: 1.2%). In relation to revenues, this cost ratio fell by 0.7% points to 8.3%.

Other costs of operations rose by 99.7% to EUR 3,733 thousand (prior year: EUR 1,869 thousand). This was largely due to legal advice in connection with the current regulatory discussions. This increase was mainly caused by the above mentioned special item – reclassification of consultancy costs for acquisition projects with an effect on profit or loss – amounting to EUR 1.4 million. Additional costs for legal advice and lobbying in connection with the current regulatory discussions also contributed to the increase in this item. The development of **other operating income** was 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 half of 2007 by EUR 32 thousand (+8.8%) to EUR 394 thousand. This development is in line with the volume of investments made.

SOLID FINANCIAL POSITION

On 12 February 2007, Tipp24 announced the implementation of a share buyback program under which almost 5% of capital stock (443,615 shares) was acquired. The program was limited in duration from 19 February to 30 September 2007. We closed the program on schedule on 20 June 2007 with the purchase of 443,615 shares (or almost 5% of capital stock) at an average price of EUR 17.88. This corresponds to a total purchase price of EUR 7,972 thousand. At the end of the second quarter, the repurchased shares had a value of EUR 7,976 thousand. The reduction in equity capital is largely due to the effect of the share buyback program netted with the result for the first six months.

As of the balance sheet date, equity capital fell by EUR 6.1 million to EUR 54.6 million. In comparison with 31 December 2006, the equity ratio was down 2.8% points, from 73.3% to 70.5%. The balance sheet total was also reduced by 6.5% to EUR 77.4 million. Other liabilities remained stable at EUR 19.7 million.

Other liabilities IN EUR THOUSAND

	30.06.2007	31.12.2006
Liabilities for gaming operations	18,128	17,756
Liabilities for taxes	654	366
Liabilities relating to social security	55	90
Others	844	599
	19,681	18,810

Q.II 2007

Investment analysis

In the period under review, we made total investments of EUR 337 thousand. The major share of this total was accounted for by the expansion of our infrastructure in Germany (software EUR 130 thousand, hardware EUR 89 thousand and EUR 37 thousand for furniture, fixtures and office equipment). Outside Germany, investments also focused on technical and office fittings for our subsidiaries (EUR 81 thousand).

The main investment projects in the first six months were the expansion of our accounting system and the ongoing development of our live systems. We will continue to expand these systems in 2007 in line with growing capacity requirements and the ongoing development of security standards. We also plan to continually update our office systems.

Liquidity analysis

Key cash flow positions IN EUR THOUSAND	Q.I-II 2007	Q.I-II 2006
Cash flow from operating activities	5,157	2,260
Cash flow from investing activities	1,890	-2,924
Cash flow from financing activities	-7,972	0
= Net increase/decrease in cash and cash equivalents	-925	-663
Cash and cash equivalents at beginning of the period	60,703	57,174
Non-disclosed Profit/Loss	-142	0
Change in cash, cash equivalents and securities	61	-61
= Cash and cash equivalents at end of the period	59,697	56,449

At EUR 5,157 thousand, **cash flow from operating activities** was significantly higher in the first quarter of 2007 than in the previous year (EUR 2,260 thousand). In comparison with the same period last year, the balance of changes in other assets and other liabilities – which mainly reflects the accounting of gaming operations (receivables from banks and credit card companies, receivables/payables from/to lottery organizers, payables to customers) – made a far more significant contribution to cash flow (EUR +2,416 thousand, prior year: EUR -807 thousand). This change is within the usual statistical variation in the processing of gaming activities. **Cash flow from investing activities** fell by EUR 4,814 thousand, compared with the previous year, to EUR 1,890 thousand.

The decrease was mainly due to a financial investment made last year of EUR 2,500 thousand and the sale of a financial asset during the period under review amounting to EUR 2,227 thousand. **Cash flow from financing activities** amounted to EUR -7,972 thousand and was caused by the above mentioned share buyback program. In the previous year it amounted to EUR 0 thousand. At EUR 7,047 thousand, **free cash flow** was well above the prior-year level.

ASSET SITUATION

The assets of Tipp24 mainly comprise current assets amounting to EUR 72,258 thousand (prior year: EUR 77,054 thousand as of the balance sheet date). In turn, these consist largely of cash, cash equivalents and securities (EUR 59,697 thousand), receivables from lottery organizers resulting from winnings of brokered tickets (EUR 3,015 thousand), receivables from banks and credit card companies for customer payments (EUR 2,886 thousand) and security retainers (EUR 963 thousand). In the first half of 2007,

we also held EUR 3.787 thousand in short-term financial investments. The development of assets largely reflects the development of earnings and increased billings. Moreover, Tipp24 has intangible assets – mainly software – amounting to EUR 435 thousand, property, plant and equipment – mainly hardware and office equipment – amounting to EUR 1,096 thousand, long-term financial assets totalling EUR 3,000 thousand and deferred tax assets amounting to EUR 588 thousand.

Other assets and prepaid expenses IN EUR THOUSAND	30.06.2007	31.12.2006
Receivables from gaming operations	6,864	7,407
Prepaid expenses	592	1,520
Other	563	637
	8,019	9,564

ASSESSMENT OF THE ECONOMIC POSITION

The current regulatory discussions bear the risk of at least medium-term disruption, up to the complete prohibition of our present business model in Germany, and could thus have a considerable impact on the assets, financial position and earnings of the company. Nevertheless, we regard Tipp24's situation as generally robust. Tipp24 has sufficient resources to successfully prevail even in the face of significant negative regulatory developments.

At the same time, the Executive Board sees the opportunity for sustained encouraging growth in the future. This was confirmed once again by our success in the first half of fiscal 2007. In comparison with other sectors, the online lottery market in Germany, as well as in Spain and Italy, is still underdeveloped.

Providing there are no changes in the regulatory environment, annual growth of 27% or more is forecast for the coming years. Tipp24 is excellently positioned to benefit strongly from this development. Furthermore, we see attractive additional potential in new product categories and in the course of possible deregulation of European lottery markets. The Group has considerable financial liquidity, mainly from equity capital. This gives us considerable scope to grasp future growth opportunities – for example by means of acquisitions.

SUBSEQUENT EVENTS

There were no major events subsequent to the reporting period which had a significant effect on the business development of our Group.

RISK REPORT

In our annual report 2006, 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 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. In addition to this description of our risks, we would like to focus in particular on the following risks:

LEGAL RISKS

Draft State Treaty on Gaming (GIStV-E)

In the follow-up to the verdict of the Federal Constitutional Court (Bundesverfassungsgericht – BVerfG) of 28 March 2006, there have been various judicial verdicts, official directives and political statements of intent at various levels (including the very highest) with regard to the regulation of the gaming sector, some of which are highly contradictory. The respective state authorities are mainly pursuing a policy of strictly defending the state's gaming monopoly while extending it to a marketing monopoly under the guise of effectively combating gambling addiction. In this connection, 15 state premiers (one voted against) approved the current GIStV-E at the Minister President Conference of 13 December 2006 and resolved to immediately implement the necessary EU notification process and to sign and ratify the GIStV-E in early 2007. Meanwhile, the state premier of Schleswig-Holstein also intends to sign the GIStV-E.

The GIStV-E contains a general prohibition of marketing for all gaming products, including lotteries, via the Internet. In addition, it includes a sweeping ban on advertising for all forms of gaming. The GIStV-E is to come into effect on 1 January 2008. It also contains a provision that ratification by just 13 of the 16 state parliaments is sufficient. A one-year grace period until the end of 2008 is planned for existing market players, like Tipp24, which nevertheless constitutes an actual barrier with regard to gaining new customers via the Internet.

As far as we are informed, the GIStV-E cannot come into effect without the signatures of all 16 state premiers and the ratification of all 16 state parliaments. The latter has been confirmed by an official report prepared by the legal service of the Schleswig-Holstein state parliament.

The legality of the GIStV-E is also highly controversial. Reputable legal experts, such as Prof. Dr. jur. Rupert Scholz (University of Munich, emer.), Prof. Dr. jur. Clemens Weidemann (University of Würzburg), Prof. Dr. jur. Bodo Pieroth (University of Münster), Prof. Dr. jur. Hans-Detlef Horn (University of Marburg) and Prof. Dr. jur. Georg Hermes (University of Frankfurt) have documented its illegality regarding constitutional and EU law in expert opinions made available to us.

In this connection, a notification process had to be initiated in December 2006 with the EU Commission for the draft of the GIStV-E. On 22 March 2007 the German government was informed in a »detailed opinion« that the notified GIStV-E represented an infringement of EU legislation in significant areas. The German government – as the legal representative of the federal states for the EU – was called upon to review the criticized aspects of the notified GIStV-E by 23 April 2007 and to revise it correspondingly.

In their reply, the federal states insisted on maintaining their draft. This caused the EU Commission to formulate a further letter in which additional infringements of the GlStV-E against EU law were listed. Despite the infringements against current EU legislation as criticized by the EU Commission, Germany's state premiers signed the notified GlStV-E in its present form and have presented it for ratification by their respective state parliaments. The latter is planned for the middle of the second half of 2007.

The possibility cannot be excluded that these verdicts, directives and political discussions may result in the issuing of laws, ordinances or other directives which together may have a significant adverse effect on the development of the lottery market and thus also on the future business development of Tipp24. In particular, should the GlStV-E in its current form and subsequent legislation based on the draft State Treaty come into force, this could result in the complete elimination of Tipp24's current business basis in Germany. However, the probability that in such a case Tipp24 would receive temporary legal protection for the continuation of its activities in Germany from the respective courts has grown considerably as a result of the »detailed opinion« issued by the EU Commission.

Lottery law in Saxony-Anhalt

In early February 2006, the state administration of Saxony-Anhalt informed us that, in their opinion, Tipp24 was contravening the lottery laws of the state of Saxony-Anhalt. 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 for some time due to the aforementioned regulation. Contrary to our opinion, the state administration of Saxony-Anhalt believes that all gaming brokers require permission, irrespective of whether they charge additional fees.

Furthermore, Tipp24 believes that the legality of the lottery law of Saxony-Anhalt is at least questionable. This law serves to define in detail the State Treaty on Lotteries adopted by all federal states in 2004. This State Treaty on Lotteries explicitly recognizes the legality of private brokerage activities. In the lottery law mentioned above, however, greatly extended conditions for permission were introduced, which are practically unachievable – for example, the brokerage activity has to be in the public interest. This law thus 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.

In early January 2007 the state administration of Saxony-Anhalt served an injunction forbidding Tipp24 AG from carrying out its business operations in Saxony-Anhalt. According to the wording of the injunction, this affects both the brokerage of participation in lotteries in Saxony-Anhalt, especially as the commercial organizer of lottery teams, and advertising for lotteries which are illegal in Saxony-Anhalt and which can be called up in Saxony-Anhalt. The prohibition had immediate effect. Tipp24 has filed a suit for temporary legal protection with the relevant administrative court. The ban has been suspended until a decision has been reached in the principal proceedings and the lottery law of Saxony-Anhalt has been referred to the Federal Constitutional Court due to constitutional objections. A decision in the principal proceedings cannot be made before this examination.

Should Tipp24 AG be permanently prevented from carrying out its business in Saxony-Anhalt, this would lead to a reduction in revenue in the middle six-figure euro range per year and a similar decrease in EBIT, based on the company's business volume in fiscal 2006 from the moment of the effective prohibition. In addition, Tipp24 may face non-criminal, and possibly also criminal 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. On 12 July 2006 criminal proceedings were finally instituted. At the same time, since 4 July 2006 the website of Puntogioco24 has been blocked due to a directive issued by the Italian authorities. It is therefore not possible for Tipp24 AG to carry out its business activities in Italy at present. An injunction against this directive has been applied for.

Tipp24 does not believe that Puntogioco24's activities breach the above mentioned 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.

There is a significant risk that the blocking of our website might be upheld and that our business in Italy might have to be completely terminated. This would result in a minor single-digit percentage reduction of our revenue expectations for the current year. No adverse effect on earnings is expected in such a case, as Puntogioco24 is still generating start-up losses. The investments made by Tipp24 in Puntogioco24 so far consist mainly of its cumulative start-up losses.

BUSINESS RISKS

Termination of agreements between state lottery companies and Tipp24

Tipp24 has signed agreements with eight lottery companies which regulate Tipp24's online brokerage of state-licensed lottery products, and in particular transaction processing and the commissions paid for such brokerage. These agreements can be terminated by either party at short notice. Should the majority of these state lottery companies, or even all of them, decide to terminate their agreements with Tipp24, this might impede or even prevent direct transaction processing with the state lottery companies. This might result in a reduction of the average commission fee, and thus of our gross margin, and have further significant adverse effects on Tipp24's net assets, financial position and results of operations.

FORECAST REPORT

Allowing for the fact that there were no jackpot draws (by chance) in the first half of the year, we aim to win 300 thousand new registered clients during the current business year – corresponding to the lower end of our projected growth range. We therefore expect to raise billings and revenue by just under 20%. Due to the scalability of our business model, we expect a strong increase in our EBIT result – adjusted for the above mentioned special items totalling EUR 1.8 million. Even including these items we expect to post a higher EBIT result than in the previous year. The current GlStV-E does not include any restrictions of our business activities in Germany in the current fiscal year. Against this backdrop, we expect that the current political and legal discussions will not have any direct impact on our business activities in the current year – with the exception of additional costs for lobbying and legal advice.

OPPORTUNITIES

In the above-mentioned discussions 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. Recently announced verdicts, especially of the Federal Constitutional Court and the Federal Cartel Authority, as well as supplementary regulations on a European level, may result in steps towards deregulation in the medium term with a direct or indirect impact on lotteries. As an internationally aligned company, Tipp24 may benefit more than average from such a development: our German customers, above all, would gain access to further highly attractive 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 to freely pursue its business interests.

Q.II 2007

CONSOLIDATED INCOME STATEMENT ACC. TO IFRS

IN EUR	Q.II 2007	Q.II 2006	Q.I-II 2007	Q.I-II 2006
Billings	70,806,227.82	54,657,609.52	139,583,428.67	117,355,333.99
Remitted stakes less commissions	-61,756,551.75	-47,468,265.52	-121,625,501.79	-102,026,018.16
Revenue	9,049,676.07	7,189,344.00	17,957,926.88	15,329,315.83
Other operating income	104,626.87	121,819.70	401,396.45	216,511.59
Total operating performance	9,154,302.94	7,311,163.70	18,359,323.33	15,545,827.42
Operating expenses				
Personnel expenses	-2,806,611.84	-1,985,807.76	-5,198,654.98	-3,875,045.95
Amortization/depreciation on intangible assets and property, plant and equipment	-189,798.08	-179,885.41	-394,112.77	-362,263.98
Other operating expenses	-5,996,663.42	-3,777,695.11	-10,408,088.33	-8,301,018.61
Result from operating activities	161,229.60	1,367,775.42	2,358,467.25	3,007,498.88
Financial result	549,849.88	241,409.51	1,085,236.19	210,677.55
Result from ordinary activities	711,079.48	1,609,184.93	3,443,703.44	3,218,176.43
Income taxes	-361,101.55	388,749.81	-1,456,325.50	990,153.47
Consolidated net profit	349,977.93	1,997,934.74	1,987,377.94	4,208,329.90
Earnings per share (undiluted and diluted; in EUR/share)	0.04	0.23	0.23	0.47
Weighted average number of ordinary shares outstanding (undiluted and diluted)	8,716,751	8,872,319	8,716,751	8,872,319

Q.II 2007

CONSOLIDATED BALANCE SHEET ACC. TO IFRS

ASSETS IN EUR	30.06.2007	31.12.2006
Current assets		
Cash and cash equivalents	59,696,561.67	60,702,758.83
Pledged cash	0.00	61,387.20
Short-term financial assets	3,787,120.00	6,013,814.44
Trade receivables	29,925.27	18,170.27
Income tax refund claims	725,025.23	693,610.49
Other assets and prepaid expenses	8,019,289.39	9,564,270.87
Total current assets	72,257,921.56	77,054,012.10
Non-current assets		
Intangible assets	434,774.58	372,831.08
Other equipment, furniture and fixtures and leased assets	1,096,182.11	1,216,717.32
Financial assets	3,000,000.00	3,000,000.00
Deferred tax assets	588,198.45	1,150,826.72
Total non-current assets	5,119,155.14	5,740,375.12
	77,377,076.70	82,794,387.22
EQUITY AND LIABILITIES IN EUR	30.06.2007	31.12.2006
Current liabilities		
Trade payables	1,756,192.57	2,122,606.59
Other liabilities	19,681,293.80	18,810,222.09
Deferred income	235,297.12	379,478.02
Income tax liabilities	623,738.21	445,105.32
Provisions	511,897.63	371,045.17
Total current liabilities	22,808,419.33	22,128,457.19
Non-current liabilities		
Deferred tax liabilities	3,497.04	14,249.00
Total non-current liabilities	3,497.04	14,249.00
Equity		
Subscribed capital	8,872,319.00	8,872,319.00
Capital reserves	41,143,321.36	41,143,321.36
Earned Surplus	40,600.00	0.00
Other Reserves	-120,630.02	21,690.02
Retained earnings	12,601,728.59	10,614,350.65
Own shares	-7,972,178.60	0.00
Total equity	54,565,160.33	60,651,681.03
	77,377,076.70	82,794,387.22

Q.II 2007

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD 1 JANUARY TO 30 JUNE

IN EUR	Q.I-II 2007	Q.I-II 2006
Cash flow from operating activities		
Result from operating activities	2,358,467.25	3,007,498.88
<i>Adjustments for:</i>		
Amortization/depreciation on non-current assets	394,112.77	362,402.32
Loss on the disposal of non-current assets	983.83	37,805.57
<i>Changes in:</i>		
Trade receivables	-11,755.00	93,157.99
Other assets	1,544,981.48	3,531,234.33
Trade payables	-366,414.02	260,773.77
Other liabilities	871,071.71	-4,338,051.22
Provisions	140,852.46	-18,996.09
Deferred income	-144,180.90	26,314.03
Interest received and similar income	1,092,150.56	9,930,862.25
Earned Surplus	40,600.00	0.00
Interest paid and similar expenses	0.00	-9,720,184.70
Taxes paid	-764,145.41	-912,344.88
Cash flow from operating activities	5,156,724.73	2,260,472.25
Cash flow from investing activities		
Disbursements for financial investments	2,226,694.44	-2,500,000.00
Investments in intangible assets	-183,232.72	-102,836.08
Investments in property, plant and equipment	-153,272.17	-320,879.81
Cash flow from investing activities	1,890,189.55	-2,923,715.89
Cash flow from financing activities		
Own shares	-7,972,178.60	0.00
Cash flow from financing activities	-7,972,178.60	0.00
Change in cash, cash equivalents and securities		
Change in cash, cash equivalents and securities	-925,264.32	-663,243.64
Cash, cash equivalents and securities at the beginning of the period	60,702,758.83	57,173,611.83
Non-cash income from securities	-142,320.04	0.00
Change in pledged cash and cash equivalents	61,387.20	-61,387.20
Cash, cash equivalents and securities at the end of the period	59,696,561.67	56,448,980.99
Composition of cash, cash equivalents and securities at the end of the period		
Cash on hand, bank balances and checks	33,257,689.91	28,987,334.13
Current investments	26,438,871.76	27,523,034.06
Pledged cash, cash equivalents and securities	0.00	-61,387.20
	59,696,561.67	56,448,980.99

Q.II 2007

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN EUR	SHARE CAPITAL	CAPITAL RESERVES	OTHER RESERVES	RETAINED EARNINGS	OWN SHARES	TOTAL EQUITY
As at 1 January 2006	8,872,319.00	41,143,321.36	0.00	3,169,516.45	0.00	53,185,156.81
Net profit for the period	0.00	0.00	0.00	4,208,329.90	0.00	4,208,329.90
As at 30 June 2006	8,872,319.00	41,143,321.36	0.00	7,377,846.35	0.00	57,393,486.71
Net unrealised gains/losses	0.00	0.00	21,690.02	0.00	0.00	21,690.02
Net profit for the period	0.00	0.00	0.00	3,236,504.30	0.00	3,236,504.30
As at 31 Dec. 2006	8,872,319.00	41,143,321.36	21,690.02	10,614,350.65	0.00	60,651,681.03
Own shares	0.00	0.00	0.00	0.00	-7,972,178.60	-7,972,178.60
Earned surplus	0.00	0.00	0.00	40,600.00	0.00	40,600.00
Net unrealised gains/losses	0.00	0.00	-142,320.04	0.00	0.00	-142,320.04
Net profit for the period	0.00	0.00	0.00	1,987,377.94	0.00	1,987,377.94
As at 30 June 2007	8,872,319.00	41,143,321.36	-120,630.02	12,642,328.59	-7,972,178.60	54,565,160.33

Q.II 2007

SEGMENT REPORTING

Q.II

IN EUR THOUSAND	GERMANY		ABROAD		CONSOLIDATION		CONSOLIDATED	
	01.04.– 30.06.2007	01.04.– 30.06.2006	01.04.– 30.06.2007	01.04.– 30.06.2006	01.04.– 30.06.2007	01.04.– 30.06.2006	01.04.– 30.06.2007	01.04.– 30.06.2006
Billings	66,346	51,034	4,460	3,623	0	0	70,806	54,658
Revenue	7,954	6,220	1,095	970	0	0	9,050	7,189
Depreciation/amortization	168	161	22	19	0	0	190	180
EBIT	288	1,470	-127	-103	0	0	161	1,368
Financial result							550	242
Income taxes							-361	389
Consolidated net profit							350	1,999
Assets	-3,489	2,480	133	55	-27	-104	-3,382	2,430
Debts	754	361	199	75	-27	-4	926	433
Investments	80	105	62	106	0	0	143	211

Q.I–II

IN EUR THOUSAND	GERMANY		ABROAD		CONSOLIDATION		CONSOLIDATED	
	01.01.– 30.06.2007	01.01.– 30.06.2006	01.01.– 30.06.2007	01.01.– 30.06.2006	01.01.– 30.06.2007	01.01.– 30.06.2006	01.01.– 30.06.2007	01.01.– 30.06.2006
Billings	130,083	109,704	9,501	7,651	0	0	139,583	117,355
Revenue	15,657	13,302	2,301	2,027	0	0	17,958	15,329
Depreciation/amortization	350	329	44	34	0	0	394	362
EBIT	2,413	3,092	-55	-85	0	0	2,358	3,007
Financial result							1,085	211
Income taxes							-1,456	990
Consolidated net profit							1,987	4,208
Assets	76,685	72,826	3,750	3,328	-3,058	-3,646	77,377	72,507
Debts	19,484	12,605	3,600	2,728	-271	-220	22,812	15,114
Investments	256	2,757	81	167	0	0	337	2,924

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 geo-

graphical 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

This unaudited half-yearly financial report according to Sec. 37w (5) p.1 and p.5 WpHG of Tipp24 AG as at 30 June 2007 was prepared in accordance with the IFRS and IFRIC of the International Accounting Standards Board (IASB) as valid at the balance sheet date.

The period under review is from 1 January to 30 June 2007.

The same accounting policies and calculation methods were used for this half-yearly financial report as for the consolidated financial statements as at 31 December 2006.

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

	30.06.2007 %	31.12.2006 %	YEAR OF INITIAL CONSOLIDATION
Ventura24 S.L., Madrid/Spain	100	100	2001
GSG Lottery Systems GmbH, Hamburg	100	100	2001
Puntogioco24 s.r.l., Monza/Italy	100	100	2004

In accordance with IAS 27 and SIC 12.10, Schumann OHG, Hamburg, was included in the consolidated financial statements, even though Tipp24 AG does not hold an equity interest or voting rights in it.

SHARE-BASED REMUNERATION

The stock option plan of Tipp24 AG is a share-based remuneration system with compensation via equity instruments, so that the fair value is calculated at the time of granting. As of fiscal year 2007, the Company values the stock option plan 2005 of

Tipp24 AG using financial valuation methods according to the Black-Scholes-Merton formula. A total amount of EUR 41 thousand for share-based remuneration was recognized in personnel expenses in the first half of 2007.

Q.II 2007

FINANCIAL INSTRUMENTS

The following table shows the significance of key financial instruments for our assets and earnings positions.

IN EUR THOUSAND	BOOK VALUE		FAIR VALUE	
	30.06.2007	31.12.2006	30.06.2007	31.12.2006
Financial assets				
Credit balances with credit institutes and cash				
	33,258	5,099	33,258	5,099
Other primary financial assets				
Available-for-sale financial assets	30,226	59,593	30,226	59,593
Held-to-maturity financial assets	3,000	5,024	3,000	5,006
– short-term	0	0	0	0
– long-term	3,000	0	3,000	0
Other financial assets (short-term)	6,864	8,205	6,864	8,205
	40,090	72,822	40,090	72,804
Financial liabilities				
Trade payables				
	-1,756	-2,123	-1,756	-2,123
Other liabilities				
	-18,128	-17,756	-18,128	-17,756

Tipp24 only invests in financial assets secured by a capital guarantee. Financial assets currently held bear no currency risk and only a very limited interest risk.

The latter applies merely to a part of the potential yield, but not to the invested amounts.

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 27. The transactions and legal relationships of the companies included in the consolidated finan-

cial statements with these persons are detailed in the Annual Report 2006. In the period under review, there were no further business or legal relations with related parties.

Q.II 2007

OTHER DISCLOSURES

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

Mr. Marc Peters left the company with effect from 30 June 2007.

The members of the Supervisory Board in the period under review were Klaus F. 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 half of 2007 (Directors' Dealings). As of 30 June 2007 the members of the Executive Board held the following amounts of shares in Tipp24 AG:

DIRECTORS' DEALINGS	AS OF 31.12.2006	CHANGE	AS OF 30.06.2007
<i>Executive Board</i>			
Dr. Hans Cornehl	134,695	0	134,695
Marc Peters	903,520	0	903,520
Jens Schumann	903,518	0	903,518

Hamburg, 23 July 2007

The Executive Board

Dr. Hans Cornehl Jens Schumann

FINANCIAL CALENDAR 2007

5 NOVEMBER

INTERIM REPORT 3RD QUARTER

12 NOVEMBER

ANALYST CONFERENCE (FRANKFURT)

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