

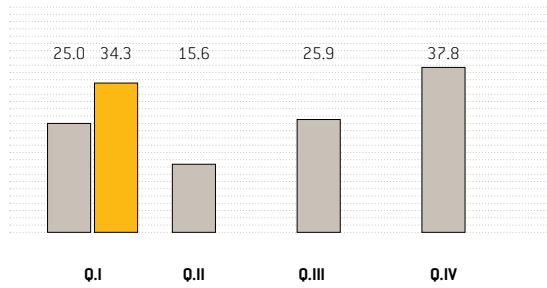
Tipp24de

WELL EQUIPPED
FOR A **RETURN** TO
THE GERMAN MARKET

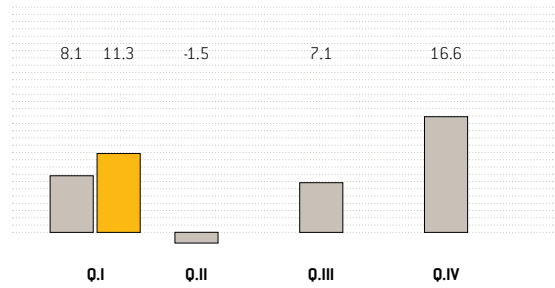
QUARTERLY REPORT Q.I

01.01.–31.03.2011

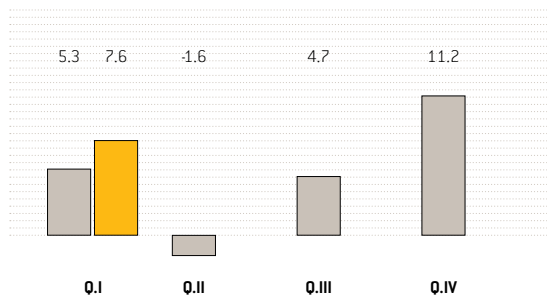
REVENUE in EUR million



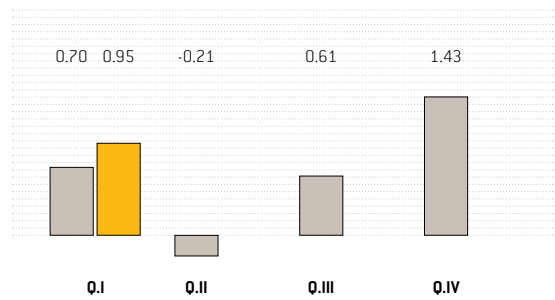
EBIT in EUR million



CONSOLIDATED NET PROFIT in EUR million



EARNINGS PER SHARE in EUR



■ 2010 ■ 2011

■ 2010 ■ 2011

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(Rounding differences in the Management Report due to presentation in EUR thousand)

LADIES AND GENTLEMEN,

After once again posting record earnings in fiscal 2010, Tipp24's success story continued in the first quarter of 2011 – also against the backdrop of largely balanced statistical effects in the Abroad segment. Consolidated revenues rose by 37.1% to EUR 34,274 thousand – whereby the Abroad segment contributed EUR 34,103 thousand and the Germany segment EUR 918 thousand. Consolidated EBIT grew by 40.0% to EUR 11,284 thousand: at EUR 13,604 thousand, the Abroad segment clearly outperformed the German segment's contribution of EUR -1,935 thousand. In the first quarter of 2011, therefore, the Abroad segment once again more than compensated for the negative impact of the State Treaty on Games of Chance (GlüStV) in Germany.

In view of recent jurisdiction in Germany and the current political signals, a permanent return to the German market now appears imminent: in September 2010, the European Court of Justice (ECJ) had questioned Germany's monopoly regulations as they appeared neither coherent nor systematic. In the meantime, the ECJ's doubts have been underlined by Germany's Federal Supreme Court and Federal Administrative Court. In several principal proceedings in recent months, German courts have ruled that for the field of lotteries the requirement to seek permission for brokerage from the respective federal states, the Internet ban and the advertising restrictions and prohibitions are inapplicable. The states are currently discussing possible amendments to the GlüStV; the state premiers held a further Extraordinary Conference on the subject in April 2011. We believe that the aim must be to create sensible and future-oriented market conditions for the brokerage of harmless lotteries, also via the Internet. With regard to the organizational, technological and financial requirements, Tipp24 SE is well equipped to make a swift return to the German market.

In view of the national and international challenges ahead, the Supervisory Board of Tipp24 SE resolved on 1 April 2011 to expand the Executive Board as of 1 July 2011 with the addition of two further members, thus laying the foundation for future growth. The former Executive Board members Marcus Geiss [42] and Petra von Strombeck [41], who left the Executive Board in late March 2009 following the introduction of regulatory restrictions, will return to Tipp24 SE in their old positions.

For the fiscal year 2011, we expect revenue and EBIT to reach at least the level of last year (EUR 104 million and EUR 30 million). This forecast takes into consideration uncertainties regarding negative statistical fluctuations and increased costs for re-establishing business in Germany of up to EUR 10 million.



Dr. Hans Cornehl
Executive Board

KEY CONSOLIDATED FIGURES OF TIPP24 SE ACC. TO IFRS

		Q.I 2011	Q.I 2010	Change, %
Revenue	EUR thsd.	34,274	24,991	+37.1%
EBIT	EUR thsd.	11,284	8,063	+40.0%
EBIT margin	%	32.9	32.3	0.6%-points
Net profit	EUR thsd.	7,555	5,324	+41.9%
Net profit margin	%	22.0	21.3	0.7%-points
Cashflow from operating activities	EUR thsd.	9,386	4,517	+107.8%
Equity (31.03.2011 / 31.12.2010)	EUR thsd.	100,465	92,921	+8.1%
Employees (31.03.)	Headcounts	122	116	+5.2%

(Rounding differences due to presentation in EUR thousand)

INVESTOR RELATIONS

PERFORMANCE OF THE TIPP24 SHARE SINCE IPO (Index 12.10.2005=100)



EUR 20.50

4,277.03

— Tipp24 EUR 31.52

— SDAX 5,198.75

SHARE

In the first quarter of 2011, the capital markets were also affected by the uncertainty surrounding developments in the Middle East on the one hand and the tsunami along Japan's Pacific coast with its devastating consequences on the other. Strong share price fluctuations were the consequence: the SDAX reached a new 3-year high in January before sliding more than 12% within just a few trading days. The index closed the first quarter at 5,129.68 points with a performance of -0.9%. Over the same period, the Tipp24 share price rose by 5.4% – investors were more upbeat about the company's future prospects in view of discussions to amend Germany's gaming legislation.

We continued our investor relations activities in the first quarter of 2011 and discussed the company's business prospects and the development of regulatory conditions with numerous investors.

KEY SHARE FIGURES

Day of initial listing		12.10.2005
Year-opening price	01.01.2011	EUR 28.85
Market capitalization	01.01.2011	EUR 230 million
Closing price at the end of the period	31.03.2011	EUR 30.13
Market capitalization	31.03.2011	EUR 241 million
Highest price	27.01.2011	EUR 32.20
Lowest price	16.03.2011	EUR 26.98
Number of shares	31.03.2011	7,985 thousand
Number of own shares	31.03.2011	0
Average daily trading	01.01.–31.03.2011	24,864
Earnings per share (undiluted and diluted)	01.01.–31.03.2011	EUR 0.95

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	Deutsche Bank, Warburg, Hauck & Aufhäuser, Macquarie, Berenberg
Reuters	TIMGn.DE
Bloomberg	TIM GR

CONSOLIDATED INTERIM REPORT

BUSINESS & ECONOMIC CONDITIONS

REGULATORY CONDITIONS

For over ten years Tipp24 has been operating privately in a European lottery market which is still dominated by state operators. Tipp24's activities are divided strictly between its Germany and Abroad segments.

All in all, business in the Abroad segment comprises the brokering of state-run lottery products in Spain and Italy. In the UK, MyLotto24 Limited organizes secondary English lotteries based on various European lotteries and thus bears the bookmaking risk. Tipp24 Services Limited brokers tickets to MyLotto24 Limited.

In the Group's German segment, Schumann e. K. markets the German class lotteries NKL and SKL in cooperation with Tipp24 SE and Tipp24 Entertainment GmbH develops skill-based games for playing online. The segment also focuses on identifying and acquiring new business models in Germany and Europe.

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 brought in line with the regulatory environment – although Tipp24 continues to fight in the courts for the resumption of its business in Germany.

In the course of this realignment, Tipp24 SE transferred assets that it no longer required 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 these 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 GBP 30 thousand p.a.. The inclusion 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. In the following, Tipp24 SE and the consolidated group will be referred to simply as »Tipp24«.

ECJ AND GERMAN ADMINISTRATIVE COURTS DECLARE GLÜSTV INVALID – CONFIRMING LEGAL OPINION OF TIPP24 SE

In a number of preliminary ruling proceedings brought by German courts in connection with sports gambling cases (e.g. Carmen Media litigation), the European Court of Justice (ECJ) examined the regulations of Germany's gaming legislation, in particular the State Treaty on Games of Chance, with regard to their compliance with European law. On 8 September 2010, the ECJ proclaimed in two verdicts that the current and legal rulings of the referring German courts justified the courts' assumptions that significant regulations of the German State Treaty on Games of Chance (GlüStV) contravened EU law and were inapplicable. The regulations of Germany's gaming monopoly represented an unjustifiable restriction of the basic European freedoms of private suppliers. Moreover, the ECJ ruled that such an infringement of basic freedoms, as was the case under the old legislation, meant that the national law was immediately inapplicable, without any transition period for courts and authorities. We believe that – especially in the field of lotteries – this also affects the obligation of brokers to seek permission from the federal states, the prohibition of online gaming and the restriction and prohibition of advertising. The Administrative Court of Wiesbaden (Verwaltungsgericht – VG) confirmed the applicability of the permission requirement and internet ban for the field of lottery brokerage. The Administrative Courts of Halle and Chemnitz have already declared the above GlüStV restrictions inapplicable in very detailed verdicts.

The fundamental legal opinion of Tipp24 SE with regard to the GlüStV has now been clearly confirmed by the ECJ. Tipp24 SE therefore expects that the German legislation which forbids its operations in Germany – in contravention of EU law – will be adapted to the requirements of higher-ranking European legislation in the medium term. At the moment, the profits generated by the affiliated companies in the UK are retained on the level of MyLotto24 Limited. When certain conditions are met (e.g. a settlement of the legal situation in its favour), Tipp24 SE has the right to repurchase the sold shares from the foundation.

PLANNED RESUMPTION OF BUSINESS IN GERMANY

Against the backdrop of the ECJ ruling and the unifying confirmation of jurisdiction in Germany, we plan to resume our former brokerage of state-run lotteries in Germany as soon as possible. We have already fulfilled the main technological and organizational requirements for such a move. The financing of such a resumption of business is also secured. The political and legal requirements for the resumption of business are generally making good progress, but have not yet been fully achieved.

LEGAL MARKET SITUATION IN GERMANY

Despite the ECJ's clear rulings, a number of German courts and authorities have passed various decrees and verdicts in summary and principal proceedings in application of the GlüStV, which contravenes EU law. These affected both Tipp24 itself and various other market participants. All in all, these decrees and verdicts in contravention of the ECJ rulings have resulted in a very varied picture. As of early 2011, however, it appears that the situation is now becoming somewhat more unified. Various administrative courts have applied the rulings of the ECJ and declared key restrictions of the GlüStV as inapplicable.

In a verdict passed on 24 November 2010, for example, the German Federal Administrative Court (Bundesverwaltungsgericht – BVerwG) also applied the principle of consistency to the provisions of gaming legislation and rejected proceedings of the Bavarian Administrative Court calling for a further examination of the coherency of German gaming regulations and practice. This incoherency has already been determined by the referring administrative courts of Cologne and Stuttgart, amongst others, in application of the provisions contained in the ECJ's jurisdiction. Once again, doubts about the legality and effectiveness of the GlüStV have been confirmed.

The same is also indicated by a decision of Germany's Federal Supreme Court (Bundesgerichtshof – BGH) on 18 November 2010, which for legal reasons could only deal with legislation before the GlüStV was introduced. Despite being restricted to former legislation, the BGH cites in its verdict the ECJ's ruling on

»Carmen Media«, which only relates to the new GlüStV, as proof of its incompatibility with higher-ranking legislation and refers to the advertising practice of Germany's state-run lottery companies, which is still not exclusively focused on measures aimed at combating addiction.

The ECJ's instructions regarding interpretation are binding – beyond the proceedings themselves. The political and legal implementation of the ECJ's and BVerwG's rulings will probably take a few more months.

In addition to the general questions of coherency regarding gaming legislation, there are also growing doubts among Germany's administrative courts in the more specific area of lottery brokerage, concerning the proportionality of restrictions (Internet ban) and their alignment with the aim of combating gambling addiction. In proceedings brought by Tipp24, both VG Halle and VG Chemnitz established that Germany's gaming regulations were disproportional due to considerable doubts regarding the existence of any lottery addiction. VG Halle had conducted an extensive survey among guardianship courts and addiction clinics to settle the existence of such a lottery addiction. It found that lottery addiction played a very minor role, if at all. Against this backdrop, the two courts ruled that there was a disproportion between the aim and the means, and that the current obligation of brokers to seek permission, the Internet ban and the so-called territoriality/regionalism of German Lotto (i.e. the restriction of Lotto marketing to individual federal states) as regulated by the GlüStV contravened EU law. However, VG Wiesbaden ruled that the permission requirement and internet ban were still applicable as these restrictions were generally valid, irrespective of the existing sports betting monopoly, and thus implemented coherently in Germany.

LEGAL MARKET SITUATION ABROAD

The markets of our Abroad segment present a varied picture with regard to the development of the prevailing legal conditions. Whereas the UK offers a generally stable legal environment in line with market requirements, significant legal changes to the regulation of sports betting and poker – also on the Internet – are expected in Spain. To what extent the online brokerage of lotteries will be affected in future by these regulations is not clear at present.

In Italy, there is an ongoing dispute with the Italian anti-trust authorities. The question to be settled is whether the current obligation for all market participants to run online brokerage of the state-licensed lottery SuperEnalotto exclusively via the applet of organiser Sisal (which has hitherto also proven to be unsuitable for the market) represents a contravention of anti-trust law. The relevant departments of the European Commission have since become involved in the proceedings. There is a possibility that the matter may be settled in the course of the current year.

RESEARCH & DEVELOPMENT

In the first quarter of 2011, our domestic R&D activities focused on expanding the product range of our Skill-Based Games division.

In the Abroad segment, the new gaming software was expanded further and put into operation on schedule on 31 January 2011. Further enhancements were also made to the software after it had been put into operation. This project is managed directly abroad and operated in cooperation with external service companies. In addition, our companies 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 first quarter of 2011, an average of 9 employees were involved with R&D activities on a full-time or part-time basis in Germany, and 21 in the Abroad segment. R&D expenses amounted to around EUR 124 thousand (prior year: EUR 53 thousand) in the Germany segment and EUR 229 thousand (prior year: EUR 205 thousand) in the Abroad segment.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

EARNINGS

When comparing figures with those of the previous year, it should be considered that in the first quarter of 2011 total payouts for secondary lotteries were EUR 0.9 million below the expected payout value (prior year: EUR 4.9 million above the expected value) with a positive impact on revenues of the same amount. Nevertheless, there was a burden on EBIT of EUR -0.3 million (prior year: EUR -4.5 million).

	Q.I 2011		Q.I 2010		Change %
	in EUR thsd.	%	in EUR thsd.	%	
Revenues	34,274	100.0	24,991	100.0	37.1
Personnel expenses	-2,590	-7.6	-2,403	-9.6	7.8
Other operating expenses	-20,221	-59.0	-15,057	-60.3	34.3
Other operating income	1,198	3.5	1,237	4.9	-3.2
Operating expenses	-21,613	-63.1	-16,223	-64.9	33.2
EBITDA	12,662	36.9	8,767	35.1	44.4
Amortization and depreciation	-1,378	-4.0	-705	-2.8	95.5
EBIT	11,284	32.9	8,063	32.3	40.0
Financial result	101	0.3	136	0.5	-26.1
Earnings before taxes	11,385	33.2	8,199	32.8	38.9
Income taxes	-3,830	-11.2	-2,875	-11.5	33.2
Profit	7,555	22.0	5,324	21.3	41.9
Breakdown of other operating expenses					
Marketing expenses	-2,555	-7.5	-2,377	-9.5	7.5
Direct operating expenses	-11,333	-33.1	-7,847	-31.4	44.4
Other expenses of operations	-6,333	-18.5	-4,834	-19.3	31.0
Other operating expenses	-20,221	-59.0	-15,057	-60.3	34.3

EBIT

Due to the significant regulatory restrictions imposed on lottery activities and start-up losses in the Skill-Based Games division, the Germany segment posted an EBIT result of EUR -1,935 thousand (prior year: EUR -1,855 thousand) in the first quarter of 2011.

The Abroad segment, however, achieved an EBIT result of EUR 13,604 thousand (prior year: EUR 9,396 thousand).

After the first quarter of 2011, consolidated EBIT amounted to EUR 11,284 thousand (prior year: EUR 8,063 thousand). The EBIT margin rose by 0.6 %-points from 32.3% to 32.9%. Adjusted for statistic deviation from the expected level of payouts, EBIT amounted to EUR 11,541 thousand (prior year: EUR 12,563 thousand) and the EBIT margin reached 34.5% (prior year: 42.0%). The first quarter of 2011 was burdened by insurance costs in connection with high jackpots, depreciation of the newly

developed gaming software and increased costs incurred while putting this software into operation.

In the period under review, the financial result amounted to EUR 101 thousand (prior year: EUR 136 thousand).

Consolidated net profit rose by 41.9% in the first quarter of 2011 to EUR 7,555 thousand (prior year: EUR 5,324 thousand), while the net operating margin after tax reached 22.0% (prior year: 21.3%). Compared to the previous year, the tax rate fell by 1.4 %-points to 33.6%. Losses of companies which cannot be offset with positive results of other minority investments had a negative influence on the consolidated tax rate.

Compared to the previous year, return on equity fell from 7.6% to 7.5%.

Earnings per share (undiluted and diluted) increased from EUR 0.70 to EUR 0.95.

REVENUES

In the Germany segment, revenues reached EUR 918 thousand in the period under review (prior year: EUR 835 thousand), while the Abroad segment posted revenues of EUR 34,103 thousand (prior year: EUR 24,811 thousand).

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. The 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 underlying 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. 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 quarterly financial statements and earnings position, the effect of deviations between the expected and actual payouts is therefore stated in the following.

In the first quarter of 2011, consolidated revenues grew by 37.1% from EUR 24,991 thousand to EUR 34,274 thousand. Adjusted for the chance effects described above, revenues in the period under review would have grown by 11.8% from EUR 29,894 thousand to EUR 33,414 thousand. As of 31 March 2011, the actual payout ratio differed by -1.6 %-points (prior year: 9.4 %-points) from the expected value.

DEVELOPMENT OF KEY INCOME STATEMENT POSITIONS

In the first quarter of 2011, personnel expenses were above the prior-year figure and amounted to EUR 2,590 thousand (prior year: EUR 2,403 thousand). The personnel expense ratio fell by 2.0 %-points to 7.6%. Headcount amounted to 122 (prior year: 116) at the end of the quarter.

There was a year-on-year increase in other operating expenses of 34.3% to EUR 20,221 thousand (prior year: EUR 15,057 thousand). The development in detail was as follows:

- Marketing expenses grew by 7.5% to EUR 2,555 thousand (prior year: EUR 2,377 thousand).
- Direct operating expenses rose by 44.4% to EUR 11,333 thousand (prior year: EUR 7,847 thousand). This item is strongly influenced by licence and operator fees as well as costs in connection with hedging transactions of MyLotto24 Limited. The latter amounted to EUR 4,995 thousand in the period under review (prior year: EUR 3,674 thousand). This year-on-year increase was largely due to the increase in business volume and the corresponding hedging of risks involved with high jackpots.
- Other operating expenses increased by 31.0% to EUR 6,333 thousand (prior year: EUR 4,834 thousand) – a rise which resulted mainly from increased outsourcing costs. This item also includes non-capitalized costs for the launch of new gaming software.

FINANCIAL POSITION

Compared with the balance sheet date, Tipp24's equity capital grew by EUR 7,544 thousand to EUR 100,465 thousand. The equity ratio has since increased by 1.3 %-points to 72.8%, while the balance sheet total has risen by 6.1% to EUR 138,007 thousand.

Short-term other liabilities, which mainly result from advance payments, winnings payments owed to customers not yet settled as of the balance sheet date, and licence and operator fees owed to gaming licensors, rose by 11.1% to EUR 19,488 thousand in the period under review (31 December 2010: EUR 17,536 thousand).

Other liabilities in EUR thsd.	31 Mar. 2011	31 Dec. 2010
Liabilities from gaming operations ¹⁾	16,530	15,571
Tax liabilities	1,915	909
Liabilities from social security	154	118
Others	889	938
	19,488	17,536

¹⁾ Including liabilities from license and operator fees.

(Possible rounding differences due to presentation in EUR thousand)

INVESTMENT ANALYSIS

In the period under review, investing activities resulted in net cash flow of EUR -11,770 thousand (prior year: EUR -42,325 thousand). Proceeds and disbursements from financial investments resulted in net cash flow of EUR -10,024 thousand (prior year: EUR -39,801 thousand). Net cash flow from investments in our operating business totalled EUR -1,746 thousand (prior year: EUR -2,525 thousand), whereby investment focused mainly on the now completed project to renew gaming software, as well as on the ongoing expansion and continual updating of live systems. Systems are continually expanded and updated in line with growing capacity requirements, as well as changing security standards and technologies.

LIQUIDITY ANALYSIS

At EUR 9,386 thousand, cash flow from operating activities in the first quarter of 2011 exceeded the prior-year level (EUR 4,517 thousand), mainly as a result of the increase in consolidated net profit.

As explained in the investment analysis section above, cash flow from investing activities grew year on year by EUR 30,555 thousand to EUR -11,770 thousand.

Cash flow from financing activities amounted to EUR 0 (prior year: EUR 0). Tipp24 has available funds in the form of cash and short-term financial assets of EUR 98.5 million (prior year: EUR 82.9 million). This ensures that our operator of secondary lotteries, MyLotto24 Limited, always has sufficient short-term liquidity for the swift payment of high jackpot winnings.

Key cash flow positions in EUR thsd.	Q.I 2011	Q.I 2010
Cash flow from operating activities	9,386	4,517
Cash flow from investing activities	-11,770	-42,325
<i>thereof financial investments</i>	-10,024	-39,801
<i>thereof operative investments</i>	-1,746	-2,525
Cash flow from financing activities	0	0
Change in cash	-2,384	-37,808
Cash at the beginning of the period	42,673	69,111
Cash at the end of the period	40,289	31,302
Short-term financial assets	58,240	51,602
Available funds	98,528	82,904

(Possible rounding differences due to presentation in EUR thousand)

ASSET SITUATION

Asset structure

The assets of Tipp24 mainly comprise current assets amounting to EUR 108,854 thousand (31 December 2010: EUR 100,569 thousand). These consist largely of cash (EUR 40,289 thousand), short-term financial assets (EUR 58,240 thousand) and other assets and prepaid expenses (EUR 8,081 thousand). Moreover, Tipp24 has intangible assets (mainly software)

amounting to EUR 24,385 thousand, financial assets of EUR 1,600 thousand, property, plant and equipment (mainly hardware and office equipment) amounting to EUR 1,305 thousand and deferred tax assets amounting to EUR 1,863 thousand.

The development of assets mainly reflects increased revenues and the development of earnings.

Other assets in EUR thsd.	31 Mar. 2011	31 Dec. 2010
Receivables from gaming operations	3,615	3,546
Prepaid expenses	1,359	1,247
Receivables from tax authorities for sales tax	1,178	1,160
Others	1,929	2,011
	8,081	7,964

(Possible rounding differences due to presentation in EUR thousand)

MANAGEMENT'S ASSESSMENT OF THE ECONOMIC POSITION

The success of Tipp24 in the first quarter of 2011 was mainly driven by the Abroad segment. Against this backdrop, we continue to regard Tipp24's situation as generally robust: the company has sufficient resources to successfully prevail, even in the face of significant negative regulatory conditions. Above all, however, in view of what we regard as the obvious incompatibility of current gaming legislation in Germany with constitutional, EU and anti-trust law, we believe that it is unlikely that such legislation can be upheld in the long term. This belief has been confirmed by the ECJ and recent German jurisdiction with regard to its incompatibility with EU law. Current discussions regarding the new GlüStV to be introduced as of 1 January 2012 are at least considering the partial liberalization of German gaming law, which would make it possible once more to broker state-run lotteries via the Internet. However, the decisive details which will determine whether the online brokerage of state lotteries is to be allowed not only de jure but also de facto, have still not been finally discussed and resolved.

The Executive Board sees the opportunity for sustained encouraging growth in the medium term. In comparison with other sectors, the online lottery market in Germany, Spain, Italy and the UK is still underdeveloped – there is therefore a strong probability that the sector will enjoy significant growth 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 ongoing deregulation of European lottery markets. Tipp24 has extensive financial liquidity, mainly from equity capital. This provides considerable scope to grasp future growth opportunities – for example by means of acquisitions.

SUBSEQUENT EVENTS

The Supervisory Board of Tipp24 SE has resolved to expand the Executive Board as of 1 July 2011 with the addition of two further members. The former Executive Board members Marcus Geiss and Petra von Strombeck, who left the Executive Board in late March 2009, will return to Tipp24 SE in their old positions.

Marcus Geiss will be responsible in future for the Corporate Development and New Markets divisions. Petra von Strombeck will take over the Sales, Marketing and Brand Management divisions. The current sole member of the Executive Board, Dr. Hans Cornehl, will be Chairman of the expanded Executive Board. He remains responsible for Strategy, Investor Relations, Communication, HR and Finance.

REPORT ON EXPECTED DEVELOPMENTS AND ASSOCIATED MATERIAL OPPORTUNITIES AND RISKS

In our annual report 2010, 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 recognise 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 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. The UK companies are exposed to a currency risk regarding the British Pound. The profit margins of these companies 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 IN THE EXECUTION OF LARGE DEVELOPMENT PROJECTS

The operating companies in the Abroad segment of Tipp24 have invested in the international standardization and improvement of their gaming software over the past two-and-a-half years as part of a very large development project involving several external partners and binding considerable internal resources. This software was put into operation in late January 2011 without any significant disruptions. Nevertheless, there is a risk that in the course of operation – and especially during the start-up phase – material development errors may occur which restrict or delay the full usage of the software. This may lead to considerable subsequent investments for improvement work, the restriction of gaming operations and an adjustment of the carrying value of capitalized development costs, which in turn would have a significant adverse effect on the earnings, financial position and net assets of Tipp24.

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.

RISKS FROM FINANCIAL INVESTMENTS

Tipp24 has cash in Germany and abroad totalling EUR 40,289 thousand, which is held in accounts with various major European banks. There is no evidence of any significant default risk. Should the global financial crisis deepen further and should – against all expectations – neither the national bank support systems nor the support packages provided by the leading industrialized states fail to avert the collapse of individual banks, this may result in the breakdown of various or possibly all credit institutes as well as all national support systems. Such a scenario may lead to the partial or complete loss of our cash deposits. Short-term financial assets of EUR 58,240 thousand are invested widely and comprise mainly investments with high credit ratings. The collapse of individual issuers of such securities may lead to the partial or complete loss of these financial assets. The financial assets and cash deposits currently held also bear a significant interest risk. A further reduction in interest rates may mean that no income can be generated from cash deposits and financial assets.

LEGAL RISKS RESULTING FROM THE DEVELOPMENT IN GERMANY

As a result of the extensive Internet prohibition and other restrictions of the GlüStV in Germany, we were still unable to pursue the overwhelming proportion of our German business. In spite of the ECJ ruling of 8 September 2010, that of the BVerwG on 24 November 2010 and those of various other administrative courts which confirm our own assessment of the situation, there is still a risk that this restrictive legal framework may be upheld in the short to medium term.

Within the framework of its remit, the ECJ has examined the restrictions of the GlüStV with regard to its compliance with EU law and in response to inquiries brought by several German courts has confirmed reservations regarding the compliance of Germany's gaming laws with EU law. In application of the principles determined by the ECJ, the BVerwG also referred to the contradictory nature of the German gaming monopoly. The application of these instructions regarding interpretation, however, is initially still the duty of the national authorities and courts in Germany. In view of the doubts expressed by the supreme court, however, there is a not insignificant probability that the national courts will come to the conclusion, based on their own findings, that the German monopoly regulations are incoherent and thus

disproportional. A coherent implementation of legislation intended to prevent gambling addiction would not ignore what the ECJ and BVerwG believe to be the most dangerous games (commercial gaming machines), whose operation is currently allowed and even facilitated for private persons – irrespective of which legislator is responsible, federal or state. Moreover, the current advertising methods of state-run lotteries are not conducive to preventing gambling addiction. Such incoherencies justified the decision that the European freedom of private persons to provide services was restricted in a disproportional manner. The ECJ further clarified that standards which infringe EU law could not be tolerated even temporarily but were inapplicable. German authorities and certain courts are currently adopting the view that the monopoly regulations may be ineffective, but that the need to seek permission and the Internet ban were still effective. Based on numerous legal analyses and court verdicts to the contrary, we regard this view as incorrect. In the medium term, however, it remains to be seen to what extent enforceable prohibition orders can now be suspended or repealed by the courts and authorities on the basis of the European instructions. However, the courts must observe the interpretation of the ECJ which is binding in respect of decisions for the authorities and courts.

In the short to medium term, Tipp24 is still restricted in its direct access to the huge market potential of Germany, which it was able to exploit in the past. Since the end of 2008, various authorities have forbidden Tipp24 SE from brokering domestic and foreign games to customers in Germany. For the time being, these prohibition orders are still enforceable – even after the ECJ and BVerwG rulings. Tipp24 SE observes these regulations, whereby it should be noted that Tipp24 SE has never brokered foreign games. At the same time, some authorities also tried to force Tipp24 SE by means of injunctions to abandon the business model of the UK companies. These official orders are immediately enforceable and failure to meet them would result in coercive payments. However, as Tipp24 SE is not authorized to give directions to the UK companies (also before the sale of majority voting rights to the Swiss foundation) and no further details were provided as to how Tipp24 SE should achieve this with regard to the UK companies and their activities, we regard these requests as legally indeterminate and impossible to meet. This applies all the more since control has been transferred. We therefore challenged these orders in court. In two cases of a prohibition order

and a coercive payment from January 2009, we failed to achieve a court suspension. In a further case, the authority itself lifted a prohibition order and two coercive payments following a notice from the administrative court and recognition of their illegality. In this case, no decision can be taken until principal proceedings have been completed. As the UK companies manage their business independently and Tipp24 SE cannot control them, we do not expect any further coercive payments. In contrast to this, in summary proceedings of the administrative Court of Hesse in June 2010, it was assumed that Tipp24 SE controlled the offerings of the UK companies despite the legal transfer of control. With reference to these proceedings, the district government of Düsseldorf imposed a fine of EUR 100,000 in July 2010 based on the offerings of the UK companies and threatened further coercive payments. Due to Tipp24 SE's inability to control these companies, we regard this fine as a clear violation of valid law and shall challenge it in court. Tipp24 SE appealed to the administrative Court of Düsseldorf, which has since pronounced that the enforcement of such coercive payments must be temporarily suspended until a decision is taken in the summary proceedings. Against this backdrop, it cannot be excluded that certain authorities will impose further coercive payments and regulatory fines which will be upheld in court. Moreover, German authorities are attempting to directly forbid or prevent the UK companies from operating their own business model, even though the UK companies operate on the basis of concessions issued by the UK Gambling Commission and, according to the ECJ ruling on the interpretation of EU law, German legislation is to be regarded as incoherent and inapplicable. 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.

In their capacity as market participants, certain state lottery companies also believe that the UK companies contravene the GlüStV and are thus anticompetitive. 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. 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.

Finally, Germany's supervisory authorities still also regard skill-based games as illicit gaming or for not permissible via the Internet and have announced a ban. In their capacity as market participants, certain state lottery companies are striving to forbid skill-based games by attempting to legally enforce an alleged contravention of German gaming law. We believe that the games offered on the website operated by Tipp24 Entertainment GmbH (www.tipp24games.de) are all knowledge-based or skill-based games which do not require permission. It cannot be ruled out, however, that we will fail to assert this claim in German courts. In the German state of North-Rhine Westphalia, the respective gaming authorities have issued a prohibition order against the game »Hush Hasis Mau Mau« which is temporarily enforceable in the area of the state. Should further games be removed from the website in future for similar considerations, without the ability to create a replacement of equal value, this would represent a significant restriction for the business of Tipp24 Entertainment GmbH, which would lead to a reduction in the value of the intangible assets disclosed in the balance sheet of Tipp24.

BOOKMAKING RISKS OF MYLOTTO24 LIMITED

Statistical risks of winnings payouts

MyLotto24 Limited bears the bookmaking risks for secondary lotteries based on various European lotteries. The payout ratios are based on those offered by the organisers 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, 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 – and thus have a significant negative effect on the earnings, financial position and net assets of MyLotto24

Limited, which through consolidation would also represent a burden for Tipp24 as a whole. 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 this announcement to the capital market is 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

MyLotto24 Limited has partially limited its bookmaking risk by conducting hedging transactions. The major winnings of EUR 31.7 million which MyLotto24 Limited experienced in September 2009 were thus also insured in the amount of EUR 21.7 million by such hedging transactions. The insurer has since completely rejected the claims from these transactions so that MyLotto24 Limited must now enforce them in court. It cannot be fully excluded that the relevant courts fail to recognize the claims, in part or as a whole, or that in the case of an out-of-court settlement such claims are only met in part. The receivable is not carried in the balance sheet. It cannot be fully excluded that insurers fail to fulfil their payment obligations also in future and that such claims have to be enforced in court. As such contingent receivables are not carried in the balance sheet, such a refusal to pay would have no impact on the earnings, financial position and net assets of MyLotto24 Limited, which through consolidation would also represent a burden for Tipp24 as a whole.

FORECAST AND OPPORTUNITY REPORT

In general, Tipp24 SE plans to clarify the legal and political conditions for its business model in Germany by utilising all available appeal possibilities and continuing its political lobbying. We aim to resume business activities in Germany with the brokerage of state-run lotteries as soon as possible. In addition, we intend to expand the activities of Tipp24 Entertainment GmbH in the field of skill-based games. According to the executive boards of our minority shareholdings, the growth strategy in Europe is also to be continued.

EXPECTED EARNINGS POSITION

Tipp24 still plans to clarify the legal and political conditions in Germany by utilising all available appeal possibilities and continuing its political lobbying. We aim to resume our business activities in Germany – brokering state-run lotteries – as swiftly as possible. Tipp24 therefore appeals to the persons responsible to use the current opportunity to create sensible and forward-looking conditions for the online brokerage of harmless lotteries.

According to the executive boards of our minority shareholdings, the business strategy in the rest of Europe is also to be continued.

For its fiscal year 2011, Tipp24 expects revenue and EBIT to reach at least the level of last year (EUR 104 million and EUR 30 million). This forecast takes into consideration uncertainties regarding negative statistical fluctuations and increased costs for re-establishing business in Germany of up to EUR 10 million.

SIGNIFICANT 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. The recently announced verdict of the ECJ on 8 September 2010, as well as verdicts of Germany's anti-trust authorities and subsequent court instances for EU anti-trust legislation, various temporary verdicts at German administrative and civil courts, and supplementary regulations and official pronouncements on a European level 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 allow Tipp24 SE to resume operations on the German market and enable further internationalization – thus significantly increasing access to our product portfolio and enabling Tipp24 to enter new markets with its existing products.

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD 1 JANUARY TO 31 MARCH ACC. TO IFRS

	Q.1 2011	Q.1 2010
in EUR		
Revenues	34,274,476.74	24,990,592.59
Other operating income	1,197,824.83	1,237,017.61
Total operating performance	35,472,301.57	26,227,610.20
Operating expenses		
Personnel expenses	-2,589,865.03	-2,403,004.99
Amortization/depreciation on intangible assets and property, plant and equipment	-1,377,708.75	-704,779.72
Other operating expenses	-20,220,554.04	-15,057,229.25
Total marketing expenses	-2,554,995.56	-2,376,833.03
Total direct costs of operations	-11,332,554.48	-7,846,583.87
Total other costs of operations	-6,333,004.00	-4,833,812.35
Result from operating activities (EBIT)	11,284,173.75	8,062,596.24
Revenues from financial activities	158,382.28	154,879.48
Expenses from financial activities	-57,667.88	-18,579.75
Financial result	100,714.40	136,299.73
Result from ordinary activities	11,384,888.15	8,198,895.97
Income taxes	-3,830,008.17	-2,874,850.41
Consolidated net profit	7,554,879.98	5,324,045.56
Earnings per share (diluted and undiluted, in Euro/share)	0.95	0.70
Weighted average of ordinary shares outstanding (diluted and undiluted, in shares)	7,985,088	7,623,908

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

	Q.I 2011	Q.I 2010
in EUR		
Net profit for the period	7,554,879.98	5,324,045.56
Other result		
Unrealized gains/losses from revaluation of financial assets held for sale	-10,925.83	5,398.00
Other result after tax	-10,925.83	5,398.00
Total net profit after tax	7,543,954.15	5,329,443.56

CONSOLIDATED BALANCE SHEET AS OF 31 MARCH ACC. TO IFRS

	31 Mar. 2011	31 Dec. 2010
ASSETS in EUR		
Current assets		
Cash	40,288,852.38	42,673,131.77
Pledged cash	1,283,603.02	1,283,533.24
Short-term financial assets	58,239,639.79	48,226,340.87
Trade receivables	26,313.90	26,638.77
Income tax refund claims	934,337.70	395,910.63
Other assets and prepaid expenses	8,080,914.20	7,963,908.08
Total current assets	108,853,660.99	100,569,463.36
Non-current assets		
Intangible assets	24,385,388.48	23,863,458.12
Property, plant and equipment	1,305,071.99	1,458,708.77
Financial assets	1,600,000.00	1,600,000.00
Deferred tax assets	1,862,964.48	2,521,421.46
Total non-current assets	29,153,424.95	29,443,588.35
	138,007,085.94	130,013,051.71

	31 Mar. 2011	31 Dec. 2010
LIABILITIES in EUR		
Current liabilities		
Trade payables	6,986,572.31	5,834,006.71
Other liabilities	19,487,627.57	17,536,134.51
Financial liabilities	89,113.96	87,321.49
Deferred income	4,079,779.71	4,561,252.98
Income tax liabilities	4,549,652.40	4,920,282.20
Provisions (short-term)	2,269,797.84	3,971,963.56
Total current liabilities	37,462,543.79	36,910,961.45
Non-current liabilities		
Provisions (long-term)	0.00	0.00
Deferred tax liabilities	79,771.59	181,273.85
Total non-current liabilities	79,771.59	181,273.85
Equity		
Subscribed capital	7,985,088.00	7,985,088.00
Capital reserves	43,814,586.79	43,814,586.79
Other reserves	-136,313.41	-125,387.58
Retained earnings	48,801,409.18	41,246,529.20
Own shares	0.00	0.00
Total equity	100,464,770.56	92,920,816.41
	138,007,085.94	130,013,051.71

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

	Q.1 2011	Q.1 2010
in EUR		
Profit before tax	11,384,888.15	8,198,895.97
Adjustments for		
Amortization/depreciation on non-current assets	1,377,708.75	704,779.72
Revenues from financial activities	-158,382.28	-154,879.48
Expenses from financial activities	57,667.88	18,579.75
Changes in		
Trade receivables	324.87	-40.23
Other assets and prepaid expenses	-117,006.12	-302,200.41
Trade payables	1,152,565.60	562,887.39
Other liabilities	1,951,493.06	927,214.67
Financial liabilities	1,792.47	0.00
Provisions (short-term)	-1,702,165.72	-428,164.28
Deferred income	-481,473.27	-977,138.44
Provisions (long-term)	0.00	-55,000.00
Interest received	158,382.28	154,879.48
Interest paid	-57,667.88	-18,579.75
Taxes paid	-4,182,110.32	-4,114,106.33
Cash flow from operating activities	9,386,017.47	4,517,128.06
Financial investments (short-term)	-32,481,073.16	-46,798,972.03
Proceeds from financial investments (short-term)	0.00	6,998,275.02
Proceeds from financial investments (long-term)	22,456,848.41	0.00
Investments in intangible assets	-1,703,006.32	-2,458,904.53
Proceeds from intangible assets	0.00	96,000.00
Investments in property, plant and equipment	-42,996.01	-161,853.48
Cash flow from investing activities	-11,770,227.08	-42,325,455.02
Cash flow from financing activities	0.00	0.00

	Q.I 2011	Q.I 2010
in EUR		
Change in cash	-2,384,209.61	-37,808,326.96
Cash at the beginning of the period	42,673,131.77	69,110,738.74
Change in pledged cash	-69.78	0.00
Cash at the end of the period	40,288,852.38	31,302,411.78
Composition of cash at the end of the period		
Cash	41,572,455.40	31,552,979.28
Pledged cash and securities	-1,283,603.02	-250,567.50
	40,288,852.38	31,302,411.78

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR	Share Capital	Capital Reserves	Other Reserves	Retained Earnings	Own Shares	Total Equity
As at 1 January 2010	7,985,088.00	39,342,251.01	-146,285.77	21,103,974.16	-3,885,923.04	64,399,104.36
Other results	0.00	0.00	5,398.00	0.00	0.00	5,398.00
Net profit 2010	0.00	0.00	0.00	5,324,045.56	0.00	5,324,045.56
Total net profit	0.00	0.00	5,398.00	5,324,045.56	0.00	5,329,443.56
As at 31 March 2010	7,985,088.00	39,342,251.01	-140,887.77	26,428,019.72	-3,885,923.04	69,728,547.92
Sale of own shares	0.00	8,949,500.00	0.00	-3,885,923.04	3,885,923.04	8,949,500.00
Adjustment of balance sheet loss	0.00	-4,477,164.22	0.00	4,477,164.22	0.00	0.00
Share-based payments	0.00	0.00	12,796.00	0.00	0.00	12,796.00
Other results	0.00	0.00	2,704.19	0.00	0.00	2,704.19
Net profit 2010	0.00	0.00	0.00	14,227,268.30	0.00	14,227,268.30
Total net profit	0.00	0.00	2,704.19	14,227,268.30	0.00	14,229,972.49
As at 31 December 2010	7,985,088.00	43,814,586.79	-125,387.58	41,246,529.20	0.00	92,920,816.41
As at 1 January 2011	7,985,088.00	43,814,586.79	-125,387.58	41,246,529.20	0.00	92,920,816.41
Other results	0.00	0.00	-10,925.83	0.00	0.00	-10,925.83
Net profit 2011	0.00	0.00	0.00	7,554,879.98	0.00	7,554,879.98
Total net profit 2011	0.00	0.00	-10,925.83	7,554,879.98	0.00	7,543,954.15
As at 31 March 2011	7,985,088.00	43,814,586.79	-136,313.41	48,801,409.18	0.00	100,464,770.56

SEGMENT REPORTING

In the following, Tipp24 SE and the companies belonging to its consolidated group will be referred to jointly as Tipp24.

For the purposes of corporate control, Tipp24 is organized in business units with the following two geographic segments:

The »Germany« segment comprises all activities in Germany, while the »Abroad« segment mainly comprises the Group's activities in the UK, as well as in Spain and Italy.

Revenue from these business segments corresponds to the revenue of the geographical location of the operating units (Group subsidiaries) which generate that revenue. This more or less equates to the geographical location of the respective customers.

Q.I in EUR thsd.	Germany		Abroad		Consolidation		Consolidated	
	1 Jan.–31 Mar.		1 Jan.–31 Mar.		1 Jan.–31 Mar.		1 Jan.–31 Mar.	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenue	918	835	34,103	24,811	-747	-655	34,274	24,991
Depreciation/amortization	215	244	769	461	393	0	1,378	705
EBIT	-1,935	-1,855	13,604	9,396	-385	522	11,284	8,063
Financial result	-26	58	127	79	0	0	101	136
Income taxes	-17	272	-3,914	-2,979	102	-169	-3,830	-2,875
Consolidated net profit	-1,978	-1,525	9,816	6,496	-283	354	7,555	5,324
Assets	45,650	40,272	68,541	53,102	-37,221	-34,382	76,970	58,992

SELECTED EXPLANATORY NOTES

GENERAL

The condensed consolidated interim report as of 31 March 2011 was approved for publication by a resolution of the Executive Board on 6 May 2011.

The condensed consolidated interim report for the first three months of the fiscal year 2011 was prepared in accordance with IAS 34 (Interim Financial Reporting).

The condensed consolidated interim report does not include all information and disclosures required by the consolidated annual financial statements and is therefore to be read in conjunction with the consolidated annual financial statements as of 31 December 2010.

The reporting period is from 1 January to 31 March 2011.

The same accounting policies and calculation methods were used for this quarterly report as for the consolidated financial statements as at 31 December 2010.

SHARE-BASED REMUNERATION

The stock option plan of Tipp24 SE 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 SE using financial valuation methods according to the Black-Scholes-Merton formula.

REVENUES

Revenues grew by 37.1% to EUR 34.3 million as of 31 March 2011. Adjusted for the chance effects, revenues in the first quarter of 2011 would have grown by 11.8% to EUR 33.4 million. In the first quarter of 2011, the actual payout ratio differed by -1.6 %-points (prior year: 9.4 %-points) from the expected value.

The following table presents the reconciliation between actual revenues and revenues adjusted for chance effects, as well as the impact of deviations between actual winnings payouts and the expected value.

Revenues

in EUR thsd.	31 Mar. 2011		31 Mar. 2010		Deviation absolute
Revenues adjusted for chance effects	33,414	97.5%	29,412	117.9%	4,002
+/- Deviations between actual winnings payouts and expected value	-860	-2.5%	4,473	17.9%	-5,333
Revenues	34,274	100.0%	24,939	100.0%	9,335

OBJECTIVES AND METHODS OF CAPITAL MANAGEMENT

Tipp24 operates a decentralized capital management system. All key decisions concerning the financial structure of the German 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 our current risk report.

Interest rate risk

There is an interest rate risk in respect of liquid funds and short-term financial assets (together EUR 99.8 million). If short-term interest rates change by 50 base points, this would result in a change in interest income of EUR 499 thousand p.a.. Irrespective of this fact, there is an increased default risk with respect to both interest agreed for financial assets as well as the invested sums themselves and bank deposits.

Currency risk

The Company 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 the Company's functional currency and are not always offset by payments in the same currency of the same amount and with the same maturities.

In order to determine the currency risk, a fluctuation of the Euro to GBP exchange rate of 10% was assumed as of 31 March 2011. On the basis of this assumption, a revaluation of the Euro against the GBP of 10% to 0.9721 GBP/EUR would result in an effect of EUR 217 thousand on earnings. A devaluation of the Euro against the GBP of 10% to 0.7953 EUR/GBP would result in an effect of EUR -265 thousand on earnings.

The financial assets currently held do not bear any currency risk.

SUBSEQUENT EVENTS

The Supervisory Board of Tipp24 SE has resolved to expand the Executive Board as of 1 July 2011 with the addition of two further members. The former Executive Board members Marcus Geiss and Petra von Strombeck, who left the Executive Board in late March 2009, will return to Tipp24 SE in their old positions.

Marcus Geiss will be responsible in future for the Corporate Development and New Markets divisions. Petra von Strombeck will take over the Sales, Marketing and Brand Management divisions. The current sole member of the Executive Board of Tipp24 SE, Dr. Hans Cornehl, will be Chairman of the expanded Executive Board. He remains responsible for Strategy, Investor Relations, Communication, HR and Finance.

RELATED PARTIES

The members of Tipp24 SE's Executive Board and Supervisory Board, as well as their immediate relatives, are regarded as related parties in accordance with IAS 24. With a shareholding of 27.17%, Günther Holding owns a significant stake in Tipp24 SE and is therefore regarded as a related party. The operating business of Schumann e. K. was outsourced to Günther Direct Services GmbH, an affiliated company of Günther

Holding. In return, Günther Direct Services received compensation of EUR 60 thousand in the period under review.

There were no other significant transactions with related parties during the period under review.

Hamburg, 6 May 2011

Dr. Hans Cornehl

The Executive Board

FINANCIAL CALENDAR

29 JUNE 2011	ANNUAL GENERAL MEETING
5 AUGUST 2011	HALF-YEAR REPORT
8 NOVEMBER 2011	NINE-MONTH REPORT
IN NOVEMBER 2011	ANALYST CONFERENCE (FRANKFURT)

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