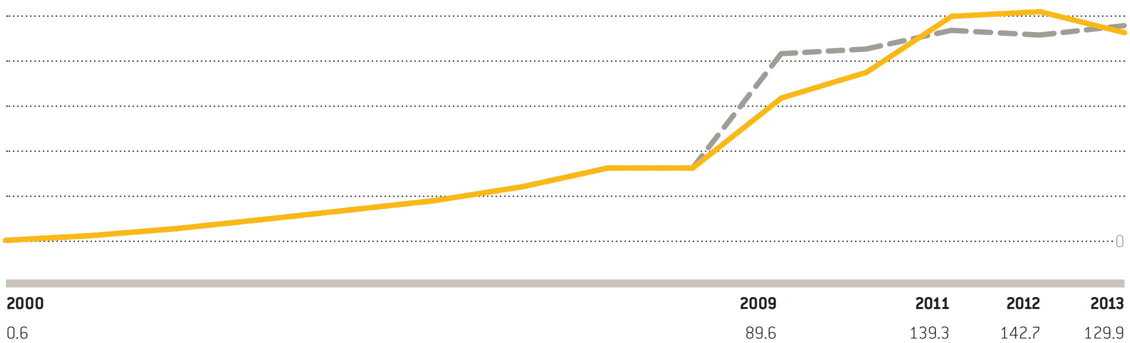
NEW HORIZONS

ANNUAL REPORT 2013

INVESTMENT HIGHLIGHTS

- ✓ Sustainably profitable core business
- ✓ Highly attractive growth opportunities
- ✓ Strong financial position to fund growth
- ✓ High dividend potential
- ✓ Leading online lottery know-how

REVENUES in EUR million



(Rounding differences within the annual report possible due to presentation in EUR thousand)

NEW HORIZONS WITH ATTRACTIVE POTENTIAL –

Tipp24 is making dynamic progress in a turbulent market. In 2013, we took a further major step – across the English Channel to London: the new location of our registered office as of 7 February 2014. From our new base in the UK – regarded as the centre of the European online gaming industry – we plan to achieve further growth: to tap the American market, to run our own lotteries and to exploit existing potential in Europe – a strategy which is being honoured by the capital market: our share price is performing strongly at

+29%

FOREWORD

WE'VE MOVED

– AND RUN OUR BUSINESS FROM LONDON SINCE FEBRUARY. HOWEVER, WE HAVE KEPT OUR LEGAL FORM AS AN "SE" AND ARE STILL LISTED IN THE PRIME STANDARD SEGMENT AND SDAX INDEX OF THE FRANKFURT STOCK EXCHANGE.

DR. HANS CORNEHL, CEO

Dr. Hans Cornehl has a doctorate in chemistry and has been a member of the Executive Board of Tipp24 SE since June 2002 and Chairman of the Executive Board since July 2011. Before joining Tipp24, Dr. Cornehl was Senior Investment Manager at the venture capital company Earlybird, where he specialised in investments in the media and telecommunications sector. He had previously gained management experience as a turnaround manager at a hospital. Dr. Cornehl started his career as an adviser for start-up, high-tech and spin-off companies at McKinsey & Company. Dr. Cornehl studied chemistry at the Technical University of Munich and gained his doctorate at the Technical University of Berlin.

ANDREAS KEIL, CFO

Andreas Keil, business graduate, has been Chief Financial Officer of Tipp24 SE since February 2013. After almost five years as CFO of the SDAX-listed specialty chemicals company H&R AG, he worked for a few months as a freelance business and financial consultant prior to joining Tipp24 SE. Since 1994, he held various management positions at the French Louis Dreyfus Group as well as at the US ConocoPhillips Group. After qualifying as a bank clerk and studying business administration, he began his career with the auditing company Ernst & Young GmbH.

DR. HELMUT BECKER, CMO

Dr. Helmut Becker has been Chief Marketing Officer of Tipp24 SE since June 2013. He was previously a member of the Supervisory Board of Tipp24 SE from mid 2011 and Chief Commercial Officer of XING AG from September 2009. He was responsible there for the divisions Product, Marketing and Revenues. Before joining XING AG, Dr. Helmut Becker was Senior Director Advertising and Internet Marketing of eBay Germany and Managing Director of eBay Advertising AG. Prior to this, he headed the eBay subsidiary Shopping.com in Germany as Managing Director and was Director of Strategy and Corporate Development at eBay. He began his career as a consultant at McKinsey. Dr. Helmut Becker studied physics at the University of Hamburg and gained his PhD at the University of Cambridge.

LADIES AND GENTLEMEN,

2013 was an exciting and eventful year for Tipp24 in which we made some significant strategic moves for the future: Tipp24 SE already acquired a share of the UK-based company Geonomics Global Games Limited in late 2012 in order to tap new growth fields. As part of our strategic realignment, we then took the decision in March 2013 to propose a resolution to last year's Annual General Meeting to relocate our registered office to the UK – widely regarded as the centre of the European online gaming industry. On 7 February 2014, we completed the relocation with the entry of our new address in the UK's commercial register (Companies House).

STRATEGY: INTERNATIONALIZATION

We are focusing on three main directions: firstly, the minority shareholdings in the UK are planning to continue their operations. At the same time, we want to act as partners for lottery companies and major portals and help them to market lottery products online by offering our leading technological and marketing expertise as a service provider. We believe the American lottery market in particular – where we see a clear trend towards deregulation – offers great opportunities. Finally, we want to run lotteries ourselves in the medium to long term. With the acquisition of a stake in the UK-based company Geonomics – the inventor of a geo-based online lotto game – we already took a major strategic step towards acquiring our own licences and establishing a business division dedicated to providing Internet services to lottery companies. We plan to acquire a majority shareholding in the medium term. This investment represents a key element in the implementation of our international growth strategy.

Moreover, we aim to play an active role in the possible market consolidation in Europe brought about by changing regulatory conditions and grasp the opportunities for non-organic growth should they arise. As of 7 February 2014, this expansion is being coordinated from our new headquarters in London. Together with our company base, we have also transferred our Corporate Social Responsibility (CSR) activities to the UK's capital: with a new CSR concept, we aim to sponsor those projects which will improve the quality of life at a local level. We shall be selecting the corresponding initiatives via a Community Fund and partnerships with established organisations, such as charities or local foundations. Support may also involve voluntary work by our own employees.

EXECUTIVE BOARD: EXPANDED

In order to provide a wider foundation for the further successful development of Tipp24 SE, the Executive Board was expanded in 2013: in February, we gained an experienced Chief Financial Officer (CFO) with international expertise in Andreas Keil and in June a Chief Marketing Officer (CMO) with many years of in-depth experience in the international online sector in Dr. Helmut Becker. We look forward to expanding Tipp24's international business together with our new Executive Board members.

DEVELOPMENT: SUCCESSFUL FISCAL YEAR 2013

The continued successful development of Tipp24 SE in fiscal year 2013 provides a solid foundation: despite two high winnings payouts of MyLotto24 Limited of EUR 6.8 million in August and EUR 15.7 million in December with a full impact on revenue, we were able to generate total revenues of EUR 129,933 thousand in 2013 (prior year: EUR 142,731 thousand). Against a backdrop of various special items, consolidated EBIT of EUR 19,459 thousand was 65.5% below the prior-year figure. In addition to the aforementioned winnings payouts, there were non-recurring costs for the preparation of new business fields, the necessary adjustment to hedging structures in our secondary lottery business, the start of restructuring activities for our IT platform and provisions for the one-off Stamp Duty Reserve Tax levied by the UK government in connection with the transfer of Tipp24 shares.

Adjusted for random statistic deviations, consolidated revenues amounted to EUR 133,058 thousand and were thus 3.5% above the prior-year figure of EUR 128,612 thousand. The similarly adjusted EBIT result amounted to EUR 27,321 thousand, following EUR 50,309 thousand in the previous year – whereby the latter figure included a positive special item of EUR 18,850 thousand from the spin-off of Lotto24 AG.

OUTLOOK: EXCITING

On the basis of our solid performance in fiscal year 2013, we expect further encouraging figures for 2014: revenues are likely to rise to between EUR 135 and EUR 145 million, while EBIT is expected to reach EUR 25 to EUR 35 million. This forecast takes account of costs for the readjustment of hedging structures in our secondary lottery business as well as additional, mostly non-recurring costs for the preparation of new business fields amounting to approximately EUR 10 million. The stated ranges also take account of statistic fluctuations in payouts for our secondary lottery business. On 12 March 2014, Tipp24 recorded jackpot winnings of around EUR 6.7 million. Including this jackpot, winnings payouts for secondary lotteries up to this point were just EUR 3.9 million above the expected statistical value and were therefore not included in the forecast for 2014.

Dr. Hans Cornehl
Chairman

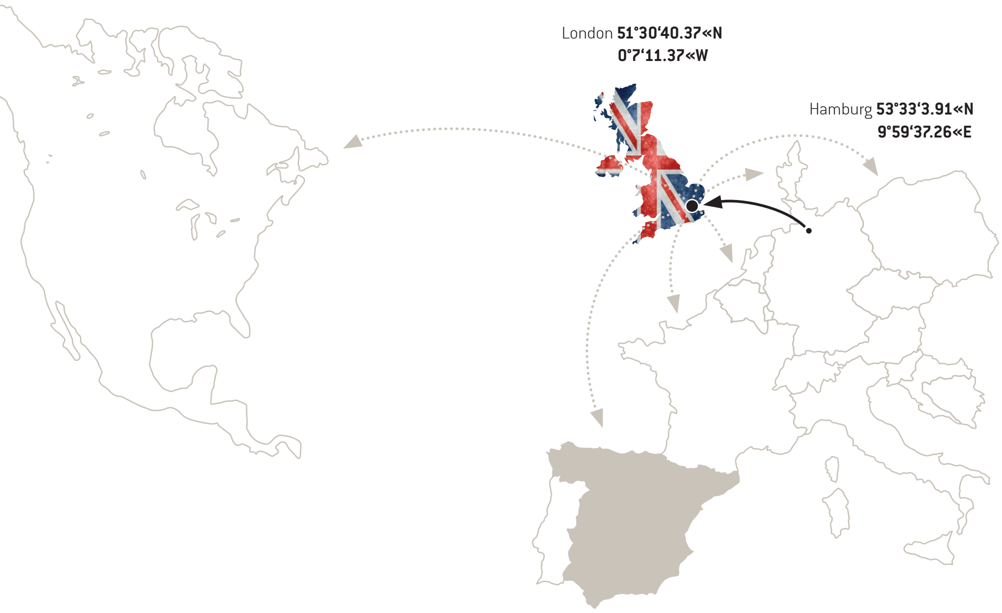
Andreas Keil

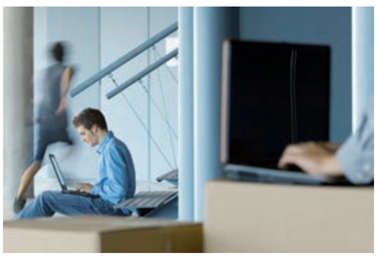
Dr. Helmut Becker

WE ARE
MOVING ON!

We've moved – The relocation of our registered office became effective on 7 February 2014 after being entered in the registry of the UK's Companies House. The move is a logical consequence of the strategic realignment of Tipp24 SE: we will focus in future on our international business activities – especially in the UK and North America – which we intend to develop further from our base in London.

London provides excellent conditions for the strategic development and internationalization of our company. We plan to fully exploit the opportunities which the UK offers. As the recognized European centre of the online gaming industry, it offers an excellent environment for future profitable growth. We also see growth potential in other European markets – in addition to our existing business in Spain – which we continue to monitor closely.



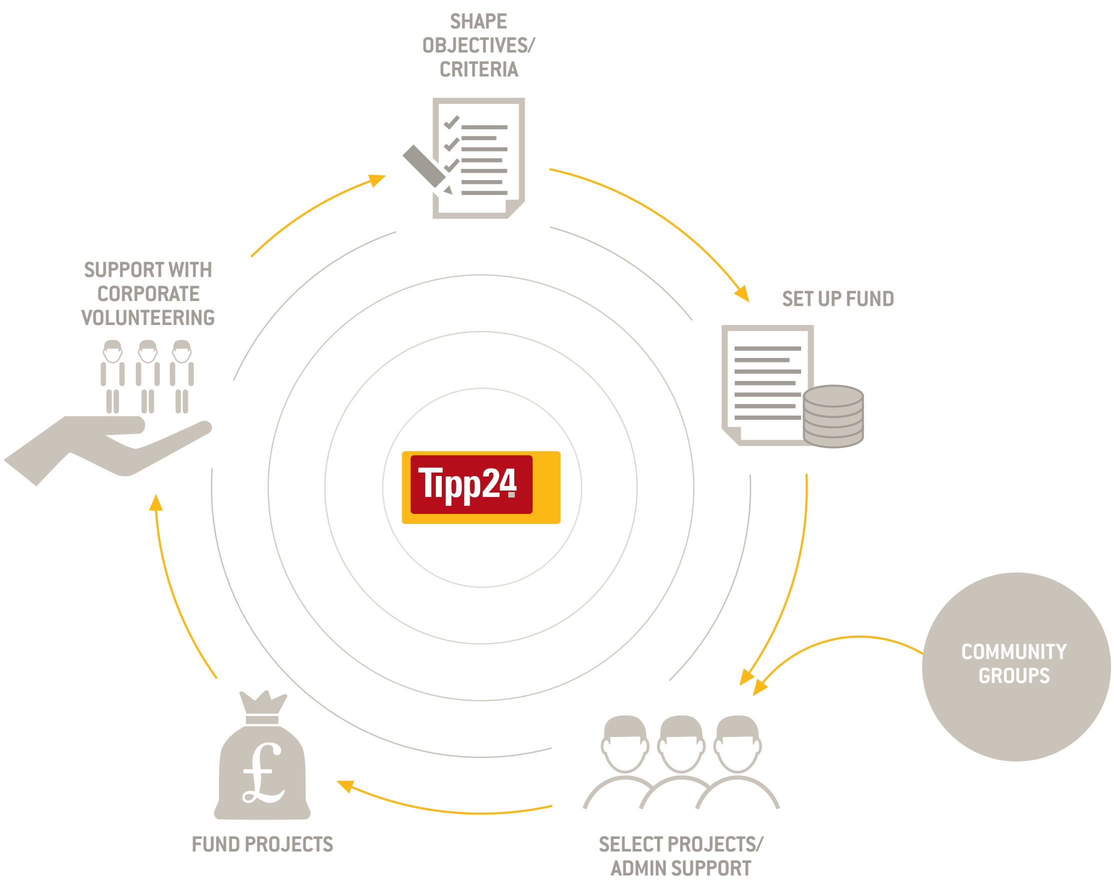


WHAT WILL CHANGE: We maintain our legal form as an "SE" after the relocation. In the same way, Tipp24 SE also retains its listing in the Prime Standard segment of the Frankfurt Stock Exchange and continues to be included in the German SDAX index. The Executive Board and Supervisory Board maintain their functions, whereby the Executive Board works in the UK. Those functions still based in Germany are to be gradually relocated to the UK over a longer period and in a socially compatible manner.

WE ARE A GOOD CITIZEN

Help where help is needed. Tipp24 SE already followed this commitment to social responsibility when its corporate activities focused mainly on Germany. Since 2012 our growth strategy has become much more international – and we feel it is only natural that our corporate social responsibility should also become more international since moving our registered office to the UK.

Every community needs the dedication and enthusiasm of its citizens as this is the only way to ensure a society which provides an enriching and worthwhile existence for every individual. The Tipp24 Group sees itself as a partner of these communities and supports local initiatives which improve the quality of life and successful coexistence of their citizens.



HELP VIA COMMUNITY FUNDS

In London, the new home of Tipp24 SE, we will test how we can select exemplary community projects and offer targeted support. In the first half of 2014, our UK shareholdings will already be setting up a so-called Community Fund. Organisations and communities are invited to submit proposals for local projects worthy of support.

LOCAL

PARTNERSHIP MODEL

The plan is for an external committee to assess the respective social needs and the potential impact of the neighbourhood activities. Support may also involve voluntary work by our own employees. The Community Fund will be implemented in partnership with established organisations, such as charities or local foundations.

PARTNER

WE SUPPORT OUR NEIGHBOURHOODS

INTERNATIONAL APPROACH

Our success depends on successful products, the respective market environments and the dedication of our staff. When it comes to CSR activities, we therefore aim to involve those people who shape our corporate culture and work hard for our success. Given the diverse cultural backgrounds of our multinational work force, the international aspect of a vibrant local community is of particular importance to us.

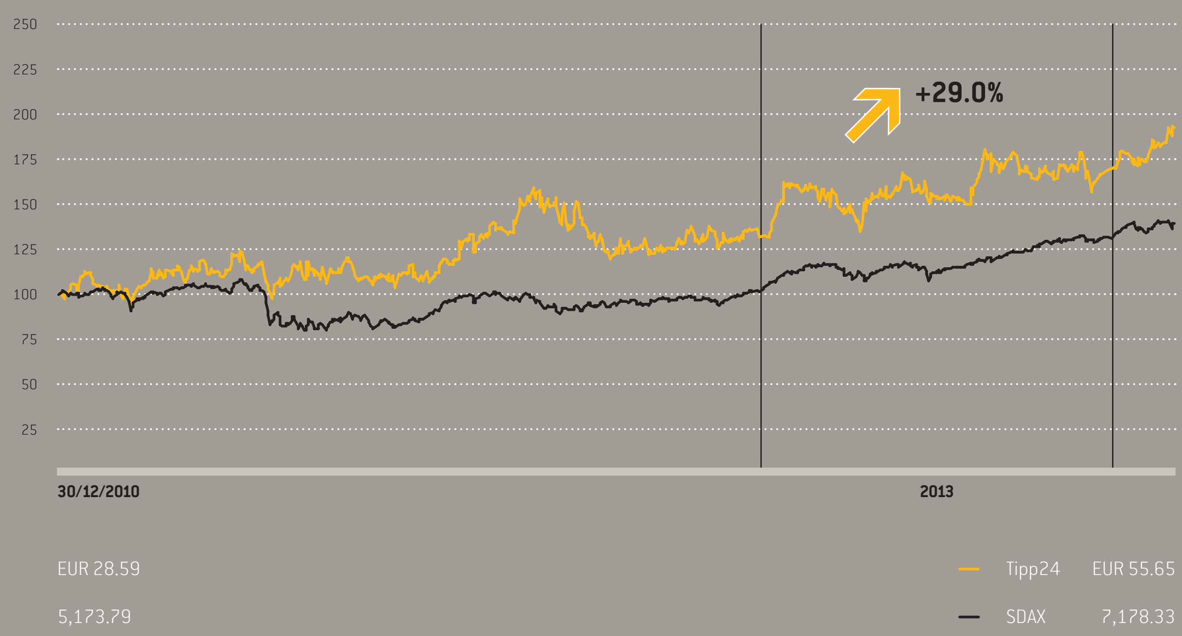
HELPING COMMUNITIES

We are convinced that local communities play a key role in promoting social harmony: in community centres, on the streets where people live or in initiatives to promote health and sports activities. In the medium term, we aim to provide sustainable support for those communities around us in all our key markets.

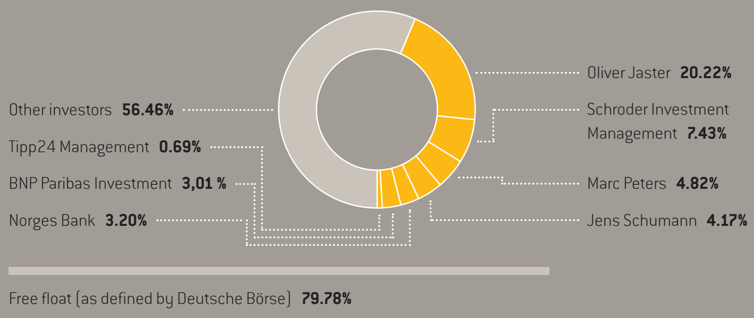
SHARE

REPEATED TOP PERFORMANCE

PERFORMANCE OF THE TIPP24 SHARE (INDEX 30 DEC. 2010=100)



SHAREHOLDER STRUCTURE



INVESTOR RELATIONS

SUCCESSFUL STOCK EXCHANGE YEAR

All in all, 2013 was an extremely encouraging year for the stock exchange and one of the ten most successful in the 25-year history of the DAX. From a starting point of 7,612, the German blue-chip index gained some 1,940 points over the year – representing growth of 25%. Surprisingly, the first six months of 2013 were not all that successful and the DAX initially moved more or less sideways. Driven by an extremely expansionary monetary policy and positive economic data from the USA, the stock exchange began to rally in May: the DAX reached a new all-time-high of 8,500 points, but had already weakened slightly one month later. In November, however, the index easily passed the 9,000 mark with new records being set almost daily. By early December, the DAX had surpassed 9,400 points before the first profit-taking commenced in the following weeks.

The SDAX rose even more sharply in 2013, with growth of 29% or 1,539 points to a closing level of 6,788. The Tipp24 share enjoyed a similar 29% increase in value, with prices ranging from EUR 37.65 to a new all-time-high of EUR 51.58.

The Annual General Meeting of Tipp24 SE was held at the Curiohaus in Hamburg on 28 June 2013. A total of 54.3% of voting capital was represented at the meeting and all resolutions proposed by management – especially the resolution on transferring the company's registered office to London – were adopted with strong majorities. Further details are provided online in the Investor Relations section of our corporate website (www.tipp24.co.uk).

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

PRO-ACTIVE IR ACTIVITIES

In the period under review, we once again pursued our investor relations targets – to maintain an open and ongoing exchange of information with the capital market – by participating in numerous roadshows and capital market conferences in Amsterdam, Boston, Brussels, Frankfurt, Geneva, Hamburg, London, New York and Zurich. Our investor relations work focused on presenting our new growth strategy.

CORPORATE GOVERNANCE DISCLOSURE

The Executive Board and Supervisory Board of Tipp24 SE issued the last Declaration of Conformity with the German Corporate Governance Code pursuant to Sec. 161 AktG in February 2013. Since the relocation of the Company's registered office became effective on 7 February 2014, Tipp24 SE – as a UK-based company whose shares are traded exclusively on a regulated market in Germany – is subject to neither UK nor German corporate governance regulations and, in particular, is no longer required to submit declarations of conformity pursuant to Sec. 161 AktG. Nevertheless, Tipp24 SE intends to prepare and publish its own voluntary Corporate Governance rules.

New WKN: TPP024

New ISIN: GB00BHD66J44

Key share figures p. **107**

GROUP MANAGEMENT REPORT

GOOD PROSPECTS

In 2013, we laid the foundation for a successful repositioning of Tipp24 on the international lottery markets. Thanks to the outstanding development of our operations, we were able to compensate for special items resulting from two high jackpot payouts of MyLotto24, the preparation of new business fields, the adjustment of our hedging profile and our relocation to the UK and still achieved EBIT of EUR 19.5 million. Tipp24 is excellently placed to benefit strongly from the expected growth in the online segment of the international lottery markets and to generate substantial growth potential.

BASIC PRINCIPLES OF THE GROUP

BUSINESS MODEL

For over fourteen years, Tipp24 – Tipp24 SE and its consolidated companies – has been operating privately in a European lottery market which is still dominated by state operators. Its activities are divided between its "Abroad" and "Germany" segments (terms valid until 7 February 2014 as well as during reporting period), whereby the operating activities of its "Germany" segment are currently restricted to a cooperation with Schumann e.K. to market the German class lotteries NKL and SKL. The "Germany" segment also includes the investments in Geonomics Global Games Limited and Geolotto UK Limited.

"Abroad" segment

The "Abroad" segment is pooled with the fully consolidated UK-based minority holding MyLotto24 Limited and comprises all consolidated business activities in Spain and the UK. MyLotto24 organizes secondary English lotteries based on various European lotteries, whereby it bears the bookmaking risk itself.

In Spain, Ventura24 S.L. currently offers the national 6 out of 49 lottery (La Primitiva) and related lottery teams, the Christmas lottery (Sorteo de Navidad), the European lottery EuroMillones and other Spanish lotteries. Revenue results mainly from additional fees, which players pay for the brokerage of lottery games. In 2013, Ventura24 also concluded its first marketing cooperation for the online sales channel with the world's largest lottery for the blind, the Spanish lottery ONCE. It will receive a percentage of the Internet-based revenues.

With regard to the organising of games in the UK, revenue results from stakes received less vouchers granted, and winnings to be distributed. Licence and operator fees payable in the UK are disclosed as a cost position within "Other operating expenses". Winnings are subject to considerable statistical fluctuations compared to the expected value based on the playing systems of the reference games. In order to improve comprehension of the earnings position, the effect on revenue of any deviation between expected and actual payouts is also stated. In our UK brokerage business, revenue is generated by commissions received from game organisers, as well as additional fees charged to players.

As part of its international expansion strategy, Tipp24 acquired a stake in the UK company Geonomics Global Games Limited in December 2012. Geonomics is the provider of an online lotto game based on a virtual map (GeoLotto) and holds its own licence in the UK to organise and market the game. In this connection, a joint venture between Geonomics and Tipp24 was founded on 1 October 2013 to market GeoLotto via the Internet to end-users in the UK as an independent B2C business. The generated revenues correspond to stakes received less winnings paid out to participants. Moreover, the product will also be offered via Geonomics to international lottery and gaming companies as a B2B product – in addition to set-up fees, revenues are generated here from ongoing charges based on the size of stakes received.

Adapting the business model

Following the implementation of the second stage of the German State Treaty on Games of Chance (GlüStV 2008), which completely prohibited the brokering of state-run lotteries via the Internet as of 1 January 2009, Tipp24 SE discontinued its lottery brokerage activities in Germany. Its alignment was therefore adapted to the requirements of the regulatory environment – although Tipp24 continues to fight in the courts for the resumption of its business in Germany. In the course of this development, Tipp24 SE transferred assets that it no longer required on 1 January 2009 to MyLotto24 Limited and its subsidiaries, which had been active in the UK since 2007. This concerned both the brokerage of state-run German lottery products, as well as the subsidiaries Ventura24 S.L. in Spain and Giochi24 S.r.l. in Italy. In addition, Tipp24 SE transferred control over its UK subsidiaries in accordance with company law in the second quarter of 2009 to reflect the autonomy and individual responsibility of the foreign companies in their respective business fields. Specifically, 60% of the voting shares in both MyLotto24 Limited and Tipp24 Services 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 full consolidation of this affiliated company and its respective subsidiaries in the consolidated financial statements is based on an economic view of their situation, whereby the significant opportunities and risks are still borne by Tipp24 SE.

Organizational structure

Dr. Hans Cornehl is Chairman of the Executive Board of Tipp24 SE and has been a member of the Executive Board since 2002. From July 2012 to the end of January 2013, he led the company as the sole member of the Executive Board. He is responsible for Strategy, Corporate Development, Communication, Corporate & Legal Affairs, IT and HR.

Andreas Keil has been a member of the Executive Board since 1 February 2013 with responsibility for the Finance, Accounting, Taxes, Controlling, Risk Management and Investor Relations divisions.

Dr. Helmut Becker was appointed to the Executive Board of Tipp24 SE on 1 June 2013 and is responsible for the Marketing, Sales and Brand Management divisions.

The affiliated companies outside Germany are led by experienced General Managers, who act independently.

Relocation of Tipp24 SE

Tipp24 SE swiftly initiated the implementation of its relocation to the UK, as adopted by its shareholders at the Annual General Meeting on 28 June 2013, and completed the move on 7 February 2014 with the entry of its new address in the UK's commercial register (Companies House). This step is a logical consequence of Tipp24 SE's strategic realignment: in future, it aims to focus on its international business activities – especially in Europe and North America – and to further develop these activities from its base in the United Kingdom.

Tipp24 SE intends to keep its legal form as an "SE" after the relocation and will also maintain its listing in the Prime Standard segment of the Frankfurt Stock Exchange. Its inclusion in the SDAX index will also be retained. The Executive Board and Supervisory Board will continue to exercise their functions, whereby the Executive Board will work from the UK in future. Any partially remaining functions in Germany are to be gradually relocated to the UK over a longer period and in a socially compatible manner.

In the Relocation Report of Tipp24 SE (published on 21 May 2013), it was reported that the German registered shares of Tipp24 SE ("Namensaktien") would be converted to Registered Shares under the laws of England and Wales due to legal implications following the relocation of the Company's registered office to England. In order to maintain a collective safe deposit of the Registered Shares, the legal ownership of these Registered Shares was transferred to Clearstream as the central depositary in exchange for Clearstream Interests (CIs). Shareholders received a corresponding number of CIs in exchange for transferring their legal ownership of the Registered Shares to Clearstream. A so-called Stamp Duty Reserve Tax was charged once only for the transfer of legal ownership of the Registered Shares to Clearstream once the relocation became effective. The tax rate was 1.5% on the value of the Registered Shares. The value of the Registered Shares is generally measured using the average closing market price of the (at this time) registered shares under German law on the Frankfurt Stock Exchange on the last trading day prior to the effective relocation of the Company's registered office. In order to reduce expenses, Tipp24 SE completed a partial transfer of legal ownership of the registered shares under German law to Clearstream prior to the effective relocation date with some shareholders. The obligatory transfer of legal ownership of the other Registered Shares to Clearstream after the effective relocation date resulted in a provision of around EUR 4.1 million as of 31 December 2013.

Significant economic and legal factors affecting business

Despite the rulings of the European Court of Justice (ECJ) in 2010 and the introduction since then of a somewhat revised State Treaty on Games of Chance, the legal situation for lotteries in Germany can still not be deemed resolved: the First State Treaty to Revise the State Treaty on Games of Chance (GlüStV 2012) now in effect throughout Germany updates the former State Treaty on Games of Chance, whose gaming monopoly and attendant legal regulations had proved to be in breach of EU law following the ECJ rulings of September 2010.

Inconsistent implementation of EU law primacy in Germany

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

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

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

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

Varying legal market situation abroad

The development of legal conditions on the markets of our "Abroad" segment also varies strongly:

In the UK, the regulatory environment is stable and reliable. The UK government has saved costs by merging the content and organization of the Gambling Commission and National Lottery Commission to form the new Gambling Commission, after already pooling the two authorities in Birmingham. The government is also revising the national Gambling Act at present so that companies seeking to market gaming products in the UK will have to own a mainland licence eligible for tax. Neither the merger of the gaming bodies nor the revision of the Gaming Act have any impact on the business strategy of Tipp24 SE.

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

In the Netherlands, the government is currently revising its national gambling regulations and plans to open the market to private companies – especially in the field of online betting (sports betting, casinos, poker). It is not clear yet to what extent the lottery market will be affected.

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

At the moment, there is an opposition lobby at federal level which is attempting to overturn the Department of Justice ruling of 2011. However, we do not expect this movement to be successful.

Jackpots

Tipp24 regularly experiences a strong increase in gaming activity when the prospect of large winnings (jackpots) is particularly high. These jackpots result in part from the gaming system: they comprise stakes bet by players who did not meet the conditions for winning prizes, so that the previous gaming volume of this prize division is accumulated and then paid out to the winners on top of regular prizes in a subsequent draw. In addition, jackpots are also offered unsystematically and in addition to the regular winnings profile for certain draws. Larger gaming volumes often involve increased hedging costs, however, depending on the product and the size of the jackpot.

Low dependency on economic cycle

The gaming behaviour of customers in all markets of Tipp24's consolidated companies has been largely unaffected by macroeconomic fluctuations since the launch of gaming operations in 2000. Gaming behaviour is neither particularly active during economic boom periods nor particularly weak in times of economic downturn, nor has any inverse correlation been observed. Against the backdrop of the recent financial and economic crisis, only Spain – which has been hit particularly hard by the crisis – suffered a decline in the overall lottery market of around 9% with a negative impact on local online brokerage business. It cannot be stated for certain, however, whether this was due to economic trends or the introduction of tax on lottery winnings.

CORPORATE MANAGEMENT

The business fields of our two segments, "Germany" and "Abroad", are managed separately.

"Germany" segment

Following the spin-off of Lotto24 AG, only limited business activity in the form of marketing the German class lotteries NKL and SKL is possible in our former core market of Germany.

"Abroad" segment

In the business fields of our "Abroad" segment, value is mainly created by gaining new customers and intensifying existing business relations. The focus here is on the field of lotteries. Revenue growth and EBIT margin are the most important key performance indicators of this segment.

Development of key earnings ratios

Due to the special item from the spin-off of Lotto24 AG and positive statistical effects in the payment of winnings in its bookmaking business in 2012, and opposing non-recurring additional costs for the preparation of new business as well as negative statistical effects in the payment of winnings in its bookmaking business in 2013, Tipp24's EBIT margin fell by 24.6%-points to 15.0%. At 7.8%, net operating margin was below the prior-year level (28.6%) and return on equity fell to 5.8% in the reporting period (prior year: 27.2%).

STRATEGY

Strategy is determined independently in the respective business segments. Following the spin-off of Lotto24 AG, the strategy of Tipp24 SE has a much stronger international focus – a key milestone was the decision of the Annual General Meeting to move the Company's registered office to London (see p. 16), which was completed on 7 February 2014.

A decisive factor for the implementation of growth strategies in the international online lottery business is the respective national regulatory environment: numerous business models around the world are significantly restricted or either unclearly regulated or not at all. The effectiveness or validity of restrictions is also often dubious at best – Germany is certainly a prominent example of this. We are also observing strong changes in the regulations of several markets – with developments which can neither be predicted nor steered.

We are systematically analysing various business opportunities arising from this rather uncertain regulatory environment and monitoring any future growth opportunities in our historic core business of lottery brokerage.

All in all, Tipp24 is focusing on three main directions:

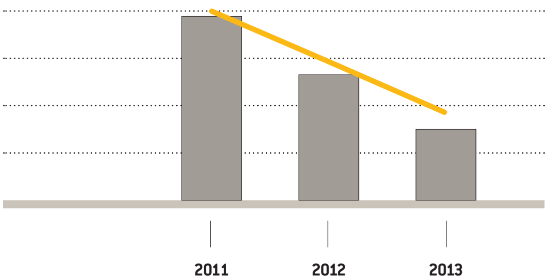
- The first includes the secondary lottery which is independently organized by our minority holding MyLotto24 Limited.
- In our second direction, we aim to efficiently tap the online lottery market as a partner of the state lottery companies as well as private enterprises by offering our leading technological and marketing expertise as a service provider. Our investment in Spain, Ventura24 S.L., has been operating as a cooperation partner of the Spanish lottery company ONCE since the third quarter of 2013 and is responsible for designing and marketing its online sales channel. It also operates a brokerage business under its own name. We are also monitoring closely any other opportunities in Europe. In North America, there are particularly clear signs of deregulation following the Federal Wire Act ruling by the Department of Justice. We have therefore placed a strong focus on this market.
- Finally, we aim to organize our own lotteries in the long run. With its flexible organizational structures, Tipp24 is ideally suited to identifying and exploiting short- or medium-term business opportunities.

With the acquisition in 2012 of a stake in the UK-based company Geonomics Global Games Limited – a geo-based online lotto game – we already took a major strategic step towards acquiring our own licences and establishing a business division dedicated to providing Internet services to lottery and gaming companies. We plan to acquire a majority shareholding in the company in the medium term.

In the UK, Geonomics already has its own licence to operate and market GeoLotto – a lotto game based on a virtual map and regarded as one of the outstanding product innovations in the lottery business of the last ten years. In order to fully capitalize on this business opportunity, a joint venture was formed with Geonomics specially for this purpose. Tipp24 can contribute the online marketing know-how it has gathered over the years in order to efficiently launch this new lottery product on the market. In addition to this B2C model in the UK, our end-user product is to be sold as a B2G (business-to-government) solution to state lottery companies. The first contracts are already under negotiation. The investment in Geonomics therefore represents a key element in the implementation of Tipp24's international growth strategy –with tremendous synergies both in the marketing of Internet services to lottery operators and in the field of technology.

A further consequence of changing regulatory conditions in Europe could be the increased privatisation of currently state-owned market participants and thus a possible consolidation phase. Tipp24 aims to benefit from these expected market changes and possibly grasp the resulting attractive opportunities for non-organic growth. Following the payment of an interim dividend planned for mid 2014 – this can be financed by using our liquid funds of over EUR 155.8 million.

R&D EXPENSES/R&D STAFF



		2011	2012	2013
R&D expenses in EUR thsd.	■	1,461	999	568
ø number of R&D staff	▬	30	22	14

RESEARCH & DEVELOPMENT

R&D expenses were incurred solely in the "Abroad" segment and amounted to EUR 568 thousand (prior year: EUR 999 thousand) in the reporting period. In cooperation with external companies, the gaming software in operation was further expanded and improved. In addition, the companies of the "Abroad" segment in the various countries made a number of improvements to products, capacities and security systems – with the aid of external R&D know-how for certain projects. An average of 14 employees were involved with R&D activities on a full-time or part-time basis.

ECONOMIC REPORT

GENERAL ECONOMIC CONDITIONS

Modest growth for global economy

With year-on-year growth of 2.9%, global GDP rose more slowly than in the previous year (3.2%) – especially due to the financial crisis and weak economy in certain euro countries, the slow pace of growth in the United States and relatively modest growth in the emerging nations.

The global economy began to gather momentum over the course of the year, however, and world trade picked up speed to grow by (2.9%), according to IMF figures. Output became stronger again in the advanced industrial nations, while the pace of expansion in the emerging economies hardly changed – slowed in particular by the deficiencies of their institutions. Even though China – the global economic powerhouse of the last decade – failed to drive growth, aggregated growth of 5.0% in the emerging and developing nations still outpaced the "old world": the USA and Japan, for example, both achieved growth of 1.6%, while the advanced economies as a whole grew by 1.1%.

USA recovering

The USA experienced a phase of gradual recovery in 2013 – company confidence improved, private debts fell strongly, as did the burden on the financial sector – which also impacted employment figures: the unemployment rate fell to 7.4% (prior year: 8.0%). Inflation was particularly low at 1.5%.

Europe overcoming recession

Although the after-effects of the financial crisis continue to burden the eurozone, the recession came to an end during the summer half-year and eurozone GDP reached a turnaround with 0.0% growth in 2013 (prior year: -0.5%). Persistently high sovereign debt among certain nations and the incomplete reform of the financial sector caused further uncertainty, while structural adjustments in some countries continued to slow growth.

As in the previous years, the GDP contributions of certain EU countries differed greatly: whereas Latvia (+4.0%), Lithuania (+3.3%), Malta (+2.6%), Romania (+1.6%), the UK and Poland (both 1.6%), as well as Germany (+0.4%) all achieved growth of varying degrees, the economies of Cyprus (-5.5%), Greece (-3.5%), Italy (-1.8%), Slovenia (-1.7%), Portugal (-1.6%) and Spain (-1.3%) remained in recession.

Output in the eurozone grew for the first time in one-and-a-half years, driven mainly by domestic demand. There was also renewed growth in capital expenditures.

Due mainly to lower price increases for energy and food, inflation in the eurozone fell to 1.7% (prior year: 2.5%), while unemployment continued to rise – reaching 12.1% in the eurozone in 2013 compared to 10.5% in the previous year. There were dramatic figures in Greece and Spain in particular, with unemployment rates of over 25%. The figures in Croatia, Portugal and Cyprus were also all above 15%. Unemployment in Germany reached 5.4% and in the UK 7.6%.

Good prospects for 2014

The economic research institutes are far more optimistic for 2014: factors which placed a heavy burden on the global economy over the last two years became less important – in the USA, an end is in sight to the political wrangling over the budget and state finances, the eurozone has largely overcome its crisis, and growth in the major emerging economies is beginning to gather pace again. Market confidence is also becoming firmer again, while fiscal restrictions are gradually being reduced and an expansionary monetary policy can exert a stronger impact. Against this backdrop, global GDP is expected to pick up speed again and reach 3.7% in 2014 – representing growth of 0.8%-points over 2013.

FINANCIAL POSITION AND PERFORMANCE

Earnings

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

MyLotto24 Limited, a fully consolidated minority shareholding of Tipp24 SE, recorded a jackpot win of around EUR 6.8 million on 21 August 2013 and a jackpot win of around EUR 15.7 million on 7 December 2013 in secondary lotteries it held. Including these amounts, total payouts for secondary lotteries in the reporting period were EUR 3.1 million above the expected payout value (in the previous year the comparable figure was EUR 14.1 million below the value) with an impact on revenues of the same amount. This burdened EBIT by an amount of EUR 7.9 million (in the previous year it had benefited EBIT by EUR 6.2 million).

In the first six months of 2012, the spin-off of Lotto24 AG resulted in a special item for Tipp24 which increased EBIT by EUR 18.2 million:

- Hidden reserves of EUR 18.9 million were disclosed in other operating income. This amount resulted from providing Lotto24 AG with business opportunities connected with online lottery brokerage in Germany. This non-cash income corresponded to the dividend in kind adopted by the Annual General Meeting of 22 June 2012 in the form of shares in Lotto24 AG for the shareholders of Tipp24 SE amounting to EUR 20.0 million less the carrying value of the contributed assets.
- An amount of EUR 2.2 million was recognized in other operating expenses for consultancy and other services in connection with the spin-off.
- The deconsolidation of Lotto24 AG resulted in other operating income of EUR 1.5 million.

	01/01–31/12/2013		01/01–31/12/2012		
	in EUR thousand	%	in EUR thousand	%	Change %
Revenues	**129,933**	**100.0**	**142,731**	**100.0**	**-9.0**
Personnel expenses	-11,090	-8.5	-10,760	-7.5	3.1
Other operating expenses	-97,584	-75.1	-93,842	-65.7	4.0
Other operating income	5,556	4.3	6,543	4.6	-15.1
Dividend income from shares in Lotto24 AG	0	0.0	18,850	13.2	-100.0
Operating expenses	**-103,118**	**-79.4**	**-79,209**	**-55.5**	**30.2**
EBITDA	**26,815**	**20.6**	**63,522**	**44.5**	**-57.8**
Amortization and depreciation	-7,357	-5.7	-7,058	-4.9	4.2
EBIT	**19,459**	**15.0**	**56,464**	**39.6**	**-65.5**
Financial result	-628	-0.5	318	0.2	-297.5
Earnings before taxes	**18,831**	**14.5**	**56,782**	**39.8**	**-66.8**
Income taxes	-8,108	-6.2	-16,902	-11.8	-52.0
Profit from continued operations	**10,722**	**8.3**	**39,880**	**27.9**	**-73.1**
Profit after tax from discontinued operations	-535	-0.4	1,011	0.7	-152.9
Profit	**10,187**	**7.8**	**40,891**	**28.6**	**-75.1**
Breakdown of other operating expenses					
Marketing expenses	-6,768	-5.2	-5,923	-4.1	14.3
Direct operating expenses	-51,718	-39.8	-52,413	-36.7	-1.3
Other expenses of operations	-39,097	-30.1	-35,507	-24.9	10.1
Other operating expenses	**-97,584**	**-75.1**	**-93,842**	**-65.7**	**4.0**

(Rounding differences possible due to presentation in EUR thousand)

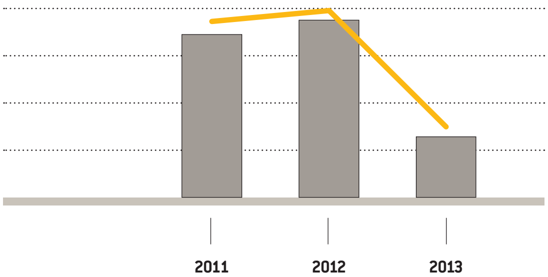
EBIT

In view of the special items described above, **consolidated EBIT** in fiscal year 2013 amounted to EUR 19,459 thousand and thus fell short of the prior-year figure of EUR 56,464 thousand. The **EBIT margin** fell by 24.6%-points, from 39.6% to 15.0%. As a result, consolidated EBIT failed to reach the forecast of EUR 20 to 30 million announced on 27 March 2013 due to the above mentioned special item of high winnings payouts. Adjusted for statistic deviation from the expected level of payouts, as well as the special item from the spin-off of Lotto24 AG in 2012, EBIT amounted to EUR 27,321 thousand (prior year: EUR 32,198 thousand) and the EBIT margin to 20.6% (prior year: 25.0%).

EBIT in 2013 was also burdened by a total of EUR 14.5 million from non-recurring costs for the preparation of new business fields, costs for necessary adjustments to hedging structures in the company's secondary lottery business, a non-recurring fee levied by the UK tax authorities (Stamp Duty Reserve Tax) in connection with the transfer of Tipp24 shares, and expenses in connection with changes to the IT platform.

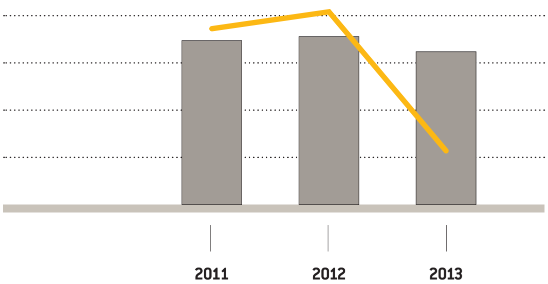
The **"Germany" segment** posted an EBIT result of EUR -12,986 thousand (prior year: EUR 7,434 thousand), while the **"Abroad" segment** achieved EBIT of EUR 35,681 thousand (prior year: EUR 47,985 thousand).

EBIT/EBIT MARGIN



		2011	2012	2013
EBIT in EUR thsd.	■	51,905	56,464	19,459
EBIT margin in %	▬	37.3	39.6	15.0

REVENUES/NET OPERATING MARGIN



		2011	2012	2013
Revenues in EUR million	■	139.3	142.7	129.9
Net operating margin in %	▬	26.1	28.6	7.8

Due to the share in earnings of associated companies and joint ventures (Geonomics Global Games Limited, Geo24 UK Limited), the **financial result** amounted to EUR -628 thousand (prior year: EUR 318 thousand). This figure includes a share in earnings of associated companies and joint ventures of EUR -701 thousand (prior year: EUR 0 thousand).

At EUR 10,187 thousand, **consolidated net profit** fell short of the prior-year figure of EUR 40,891 thousand, while the net operating margin after tax amounted to 7.8% (prior year: 28.6%).

At 43.1%, the consolidated **tax rate** in fiscal year 2013 was much higher than in the previous year (29.8%), as in the case of different tax units, the losses of one tax unit cannot be offset against the earnings of another tax unit. The losses of the "Germany" segment cannot be netted with earnings in the "Abroad" segment. This already applied in fiscal year 2012. The accounting profit from the spin-off of Lotto24 AG meant that the "Germany" segment also generated earnings in fiscal year 2012. The consolidated tax rate was thus more or less the average of income taxes in Germany and the UK. In 2013, however, consolidated earnings are much lower than the taxable profit in the UK.

Return on equity stood at 5.8% (prior year: 27.2%) while earnings per share from continued operations (undiluted and diluted) decreased from EUR 4.99 to EUR 1.30.

Revenues

In fiscal year 2013, Tipp24 generated revenues of EUR 129,933 thousand (prior year: EUR 142,731 thousand). Despite the high winnings payouts of the reporting period, revenues were thus just below the target of EUR 130 to 140 million. Without consideration of consolidation effects, the **"Abroad" segment** accounted for EUR 129,554 thousand (prior year: EUR 142,993 thousand) and the **"Germany" segment** for EUR 379 thousand (prior year: EUR 469 thousand).

Adjusted for random statistical effects, consolidated revenues reached EUR 133,058 thousand and thus exceeded the prior-year figure of EUR 128,612 thousand by 3.5%. The increase resulted firstly from the price increase for the German lottery "6aus49", as well as a more favourable distribution of jackpots among the various lottery products.

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

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

In order to aid comprehension of the annual financial statements and earnings position, the effect of deviations between the expected and actual payouts is therefore stated in the notes to the consolidated financial statements.

Development of key income statement positions

At EUR 11,090 thousand, **personnel expenses** in 2013 were 3.1% above the prior-year figure of EUR 10,760 thousand.

Compared to the previous year, **other operating expenses** rose from EUR 93,842 thousand to EUR 97,584 thousand. The development in detail was as follows:

- **Marketing expenses** of EUR 6,768 thousand were up 14.3% on the prior-year figure of EUR 5,923 thousand.
- **Direct operating expenses** fell to EUR 51,718 thousand (prior year: EUR 52,413 thousand). This item is strongly influenced by licence and operator fees as well as costs in connection with hedging transactions of MyLotto24 Limited. Hedging costs of EUR 22,261 thousand (prior year: EUR 22,608 thousand) were slightly down on the previous year, despite the burden of additional costs incurred during the restructuring of the hedging profile. In the "Abroad" segment, licence and operator fees amounted to EUR 18,195 thousand (prior year: EUR 19,608 thousand). Costs for non-deductible input tax totalled EUR 4,218 thousand (prior year: EUR 3,965 thousand).
- **Other operating expenses** rose by 10.1% to EUR 39,097 thousand (prior year: EUR 35,507 thousand). The increase resulted mainly from the Stamp Duty Reserve Tax of EUR 4,059 thousand levied in the UK. As described above, this was in connection with the relocation of our registered office to London.

At EUR 5,556 thousand, **other operating income** was 15.1% below the prior-year figure of EUR 6,543 thousand, whereby the difference to the previous year resulted mainly from the deconsolidation of Lotto24 AG, as described above.

Amortization and depreciation in fiscal year 2013 amounted to EUR 7,357 thousand (prior year: EUR 7,058 thousand).

Financial position

Principles and objectives of capital management

Tipp24 operates a decentralised capital management system. Whereas the Executive Board of Tipp24 SE takes all major decisions concerning the financial structure of the "Germany" segment, capital management activities of the "Abroad" segment are handled by MyLotto24 Limited – with the exception of Tipp24 Services Limited which operates its own capital management system.

The principles and objectives of financial management are as follows (the risks to which Tipp24 is exposed are described in the current risk report):

- **Cash and cash equivalents** are invested in a variety of short-term securities offering as much liquidity and as little volatility as possible, while ensuring broad risk diversification. The overriding objective of our investment strategy is to preserve capital – even at the expense of expected returns.
- **Equity** in excess of those funds required to ensure the Company's stable financial position is to be used for investments and other finance in line with our growth strategy. In the medium term, it is possible that Tipp24 may also leverage its financial position by means of interest-bearing debt. In future, liquid equity capital not required for the Company's strategic objectives is to be used once more to pay dividends to our shareholders.

Financial analysis

Other liabilities in EUR thousand	**31/12/2013**	31/12/2012
Liabilities from gaming operations	13,996	16,736
Tax liabilities	1,464	1,286
Liabilities from open invoices	600	512
Liabilities from social security	122	143
Others	1,787	223
	17,971	**18,900**

(Rounding differences possible due to presentation in EUR thousand)

As of the reporting date, **other liabilities** – which mainly consist of advance payments, winnings payments owed to customers not yet settled as of the balance sheet date, licence and operator fees owed to gaming licensors (liabilities from gaming operations) and tax liabilities – were down 4.9% to EUR 17,971 thousand compared with 31 December 2012 (EUR 18,900 thousand).

Equity results from accumulated profits, less loss carryforwards, from capital contributions in the Company's early phase (1999 and 2000), from the additional equity generated by our IPO, from the proceeds from the sale of treasury shares less cash outflows for share buyback programmes, from cash outflows for the cash dividends paid so far, and from the capital increase for cash successfully placed by Tipp24 SE on 16 April 2013. Share capital was increased under the exclusion of shareholder subscription rights by EUR 400,000, from EUR 7,985,088 to EUR 8,385,088, by making partial use of the Company's Authorized Capital as adopted by the Annual General Meeting of 29 June 2011. The 400,000 new, registered, no-par value shares were issued at a price of EUR 40.00 per new share. The capital increase resulted in gross issue proceeds of EUR 16.0 million for Tipp24 SE.

As of 31 December 2013, the equity capital of Tipp24 amounted to EUR 175,556 thousand (prior year: EUR 150,375 thousand), corresponding to an equity ratio of 82.2% (prior year: 78.6%). The balance sheet total rose by 11.7% to EUR 213,581 thousand.

Significance of off-balance-sheet financial instruments for the financial position

Off-balance-sheet financial instruments did not play a significant role in financing Tipp24 once again in 2013. A bank guarantee facility in the amount of EUR 357 thousand was taken out to secure future obligations under rental agreements for office space. Furthermore, Tipp24 had off-balance-sheet future obligations from operating lease agreements for offices and technical equipment in the amount of EUR 2,509 thousand (prior year: EUR 2,918 thousand).

Investment analysis

In fiscal year 2013, investing activities resulted in cash outflows of EUR 23,988 thousand (prior year: EUR 8,098 thousand). Financial investments resulted in net cash outflows of EUR 17,011 thousand (prior year: EUR 11,888 thousand) from the restructuring of short-term to longer-term financial assets. Cash outflows for investments in associated companies amounted to EUR 5,183 thousand (prior year: EUR 18,395 thousand), while cash outflows for investments in our operating business for software, hardware and office equipment totalled EUR 1,795 thousand (prior year: EUR 1,590 thousand).

Liquidity analysis

Key cash flow positions in EUR thousand	**31/12/2013**	31/12/2012
Cash flow from operating activities	16,751	22,546
Cash flow from investing activities	-23,988	-8,098
thereof financial investments	-17,011	11,888
thereof investments in associated companies	-5,183	-18,395
thereof operative investments	-1,795	-1,590
Cash flow from financing activities	15,337	0
Change in cash and pledged cash	**8,100**	**14,448**
Cash at the beginning of the period (without pledged cash)	77,946	63,366
Changes in consolidated group	-582	-267
Cash at the end of the period (without pledged cash)	**85,465**	**77,947**
Short-term financial assets	70,307	53,776
Available funds	**155,772**	**131,723**

(Rounding differences possible due to presentation in EUR thousand)

At EUR 16,751 thousand, **cash flow from operating activities** in 2013 fell below the prior-year figure of EUR 22,546 thousand. This was mainly due to reduced earnings before taxes.

As explained in the investment analysis section above, **cash flow from investing activities** amounted to EUR -23,988 thousand in the period under review (prior year: EUR -8,098 thousand), while **cash flow from financing activities** amounted to EUR 15,337 thousand (prior year: EUR 0 thousand) as a result of the capital increase in April 2013.

As of 31 December 2013, Tipp24 had available funds in the form of cash and short-term financial assets of EUR 155,772 thousand (prior year: EUR 131,723 thousand). This ensures that our operator of secondary lotteries, MyLotto24 Limited, always has sufficient short-term liquidity for the swift payment of high jackpot winnings.

Other assets in EUR thousand	**31/12/2013**	31/12/2012
Receivables from gaming operations	5,164	3,846
Prepaid expenses	5,156	3,003
Receivables from tax authorities for sales tax	184	158
Others	1,882	2,474
	12,386	**9,482**

(Rounding differences possible due to presentation in EUR thousand)

Asset situation

Tipp24's asset profile continues to be dominated by current assets of EUR 168,988 thousand (prior year: EUR 142,336 thousand) – these largely consist of cash (EUR 85,822 thousand), short-term financial assets (EUR 70,307 thousand) and other assets and prepaid expenses (EUR 12,386 thousand).

Moreover, Tipp24 has intangible assets (mainly software) amounting to EUR 12,905 thousand, shares in associated companies and joint ventures of EUR 22,531 thousand, financial assets of EUR 4,511 thousand, property, plant and equipment (mainly hardware and office equipment) amounting to EUR 2,143 thousand and deferred tax assets amounting to EUR 2,068 thousand. After consideration of the capital increase conducted in April 2013, the development of assets mainly reflects that of cash flow from operating activities.

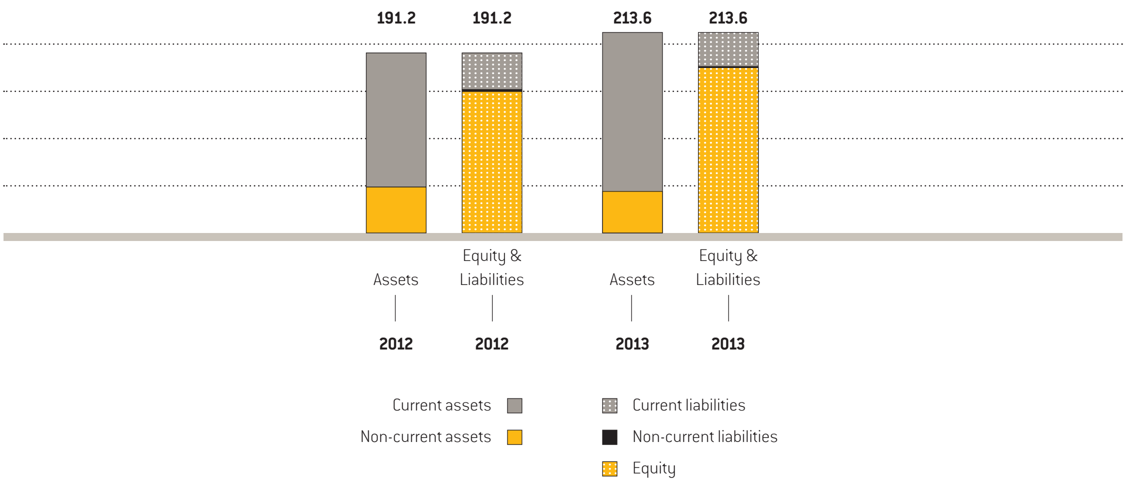
Assets not recognized

As in the past, Tipp24 also does not recognize self-developed assets, such as customers, brands and gaming software, in its financial statements. The considerable costs incurred for the internal development of new gaming software – especially personnel expenses – were not capitalised as they do not meet all criteria of IAS 38.57.

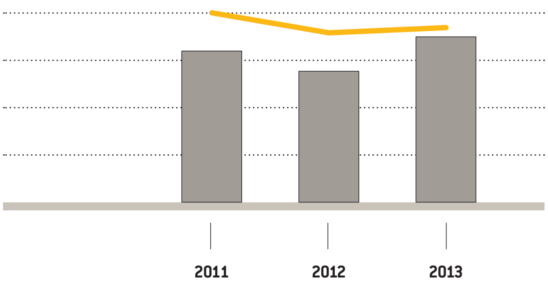
Significance of off-balance-sheet financial instruments for the asset situation

Tipp24 has future obligations of EUR 23,568 thousand from agreements containing obligations from services, cooperation, insurance, maintenance and license agreements. There are also obligations from an operating lease with a present value of EUR 1,364 thousand.

BALANCE SHEET STRUCTURE in EUR million



NUMBER OF EMPLOYEES/PERSONNEL EXPENSES



		2011	2012	2013
ø number of employees	■	128	111	140
Personnel expenses in EUR thsd.	—	12,026	10,760	11,090

Employees

In addition to the three members of the Executive Board and the General Managers of the consolidated companies, Tipp24 had an average of 128 full-time employees (year-end: 124). The average age was 36.

As in Germany, the regular working week of the "Abroad" segment comprises 40 hours. There are no works agreements or collective wage agreements in place in the "Germany" segment and a works council has not been set up. In the "Abroad" segment, there are tariff agreements according to the particular location. In the fiscal year 2013, Tipp24 invested EUR 171 thousand (prior year: EUR 93 thousand) in external training activities. In addition, all employees take part in regular training measures within their respective departments.

Overall statement on economic position

Since the implementation of the second stage of the GlüStV 2008 over five years ago, Tipp24 has been prevented from pursuing its traditional business of brokering state-run lotteries in Germany.

The exception to this was the beginning of restricted brokerage operations by Lotto24 AG under www.lotto24.de. In view of the politically determined conditions in 2012, we conducted a complete legal separation of Lotto24 AG from Tipp24 SE and its investment companies in order to give our former subsidiary the possibility to commence full brokerage operations in Germany as soon as possible. At the same time, business activities in the "Abroad" segment remained stable at a high level.

Against this backdrop, we continue to regard Tipp24's situation as generally robust: Tipp24 has sufficient resources to successfully prevail even in the face of significant regulatory restrictions.

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

Tipp24 is excellently positioned to benefit strongly from such growth. Furthermore, we see attractive additional potential in new product categories and in the course of a possible deregulation of the international lottery markets.

We also plan to efficiently tap the online lottery markets as a partner of the state lottery companies and private enterprises by utilising our leading technological and marketing expertise as a service provider. Our activities with the Spanish ONCE lottery and further talks with potential customers have strengthened our view that this is a promising market segment. We also see attractive opportunities on the UK market with our investment in GeoLotto.

There are particularly clear signs of this in North America. In the medium to long term, we want to become a lottery operator ourselves – we took the first step in this direction with our acquisition of a stake in the UK-based Geonomics Global Games Limited in December 2012: Geonomics already holds a licence to operate and market its game in the UK. In order to fully capitalize on this business potential, a joint venture was formed with Geonomics Global Games Limited on 1 October 2013.

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

SUBSEQUENT EVENTS

RELOCATION

The relocation of the registered office of Tipp24 SE from Hamburg, Germany, to London, UK, became effective on 7 February 2014 after being entered in the registry of the UK's Companies House under Company Number SE000078.

The effective relocation of the Company's registered office means that its Articles of Association have now been replaced by the "Statutes" approved by the Annual General Meeting of 28 June 2013.

As required by law, the 8,385,088 registered no-par value shares with a prorated amount of share capital of EUR 1.00 per no-par value share have been converted into 8,385,088 registered shares under the laws of England and Wales with a nominal value of EUR 1.00 each.

The registered shares of Tipp24 SE are to be traded in the form of so-called Clearstream Interests (CIs) under the ISIN GB00BHD66J44 / WKN TPP024 on the regulated market (Prime Standard) of the Frankfurt Stock Exchange as of 10 February 2014.

DIVIDEND POLICY

On 27 February 2014, the Executive Board of Tipp24 SE announced that it was considering the payment of a one-off special dividend in late April 2014 in the form of an interim dividend amounting to EUR 7.50 per share.

The Executive Board also resolved to propose annual dividend payments for shareholders in future as of 2015. The first such dividend would be based on the annual financial statements for the current fiscal year 2014. The annual dividend is to be at least EUR 1.50 per share – provided that the company's financial position and performance enables such a dividend.

FORECAST, OPPORTUNITY AND RISK REPORT

FORECAST REPORT

According to the executive boards of our minority shareholdings, they intend to continue business activities in the "Abroad" segment.

Our investment in the UK-based Geonomics Global Games Limited contains two key aspects for the future: firstly, an additional joint venture was founded with Geonomics in 2013 in order to launch and capitalize the product GeoLotto – for which Geonomics has received a licence from the UK's Gambling Commission – in the UK. Secondly, Tipp24's investment represents the implementation of its strategy to establish a new international division for the provision of online services. This involves offering its product innovations to other lottery companies for roll-out in their respective lottery markets.

In particular, we regard the provision of technology and marketing services for international lottery operators enabling them to successfully market their products online, as a new and promising business field in the medium term. In addition to Europe, we see clear signs of deregulation especially in North America – and plan to efficiently tap this online lottery market as a partner of the state lottery companies.

Expected earnings position

Tipp24 SE expects a slight increase in revenue in the range of EUR 135 to 145 million (prior-year forecast: EUR 130 to 140 million) with similar growth in EBIT to between EUR 25 and 35 million (prior-year forecast: EUR 20 to 30 million). This forecast takes account of costs for the readjustment of hedging structures in our secondary lottery business and adjustments to our IT platform, as well as additional, mostly non-recurring costs for the preparation of new business fields amounting to approximately EUR 10 million. The stated ranges for revenue and earnings also take account of statistic fluctuations in payouts for our secondary lottery business. On 12 March 2014, Tipp24 recorded jackpot winnings of around EUR 6.7 million. Including this jackpot, winnings payouts for secondary lotteries up to this point were just EUR 3.9 million above the expected statistical value and were therefore not included in the forecast for 2014.

Expected financial position

We aim to reduce our equity ratio by the partial exchange of equity through the distribution of dividends and the partial exchange of equity with interest-bearing debt.

We expect capital expenditure to be largely unchanged in 2014 – the corresponding activities will focus on steadily improving the performance and security of the system components used, updating standard software, and replacing outdated hardware. We are planning total investments of EUR 3 – 5 million in 2014. Moreover, we expect an investment volume of EUR 5 – 10 million for the expansion of GeoLotto's business in the UK.

OPPORTUNITIES REPORT

The growing online lottery markets rely heavily on the prevailing legal conditions of the respective countries. In certain European countries, and especially in North America, we see clear signs of a deregulation which may lead to an opening of the local online lottery market. This would open up promising potential for Tipp24's core competency in technology and marketing services for online lotteries.

In the United Kingdom, our investment Geonomics already holds a licence to operate and market GeoLotto – a lottery based on a virtual map. In order to quickly provide the best-possible funding for this business opportunity, a joint venture was formed with Geonomics. Tipp24 can contribute the online marketing know-how it has gathered over the years in order to efficiently launch this new lottery product on the market. Even a small market share of the UK's current lottery volume would significantly boost Tipp24's revenue.

Growth opportunities in countries such as Germany are still greatly restricted by legislation which goes against valid law and political common sense. However, a variety of verdicts may also result in steps towards deregulation in Germany over the medium term with a direct or indirect impact on lotteries. With its past experience of the German market, Tipp24 may benefit strongly from such a development.

RISK REPORT

Risk management

The operating responsibility for risk management is anchored within the two business segments. In addition to the risk situation of Tipp24 SE, its Executive Board assesses the risk position of the associated companies in the "Abroad" segment on the basis of risk reports provided as part of regular reporting duties, as well as special reports about the occurrence or change of particular risks, and the audit reports of the respective external auditors. Risk management as a whole and the implementation of a risk early warning system mainly follow the same guidelines in the individual segments. These guidelines are based on the scale of business and the respective size of the segments.

In summary, Tipp24 is exposed to the typical sector and market risks associated with the economic activities of an internationally operating company in the Internet sector. In addition, there are market-typical regulatory risks in individual lottery markets from possible changes in the respective legal and political situation. Finally, there are specific risks associated with the organisation of secondary lotteries. These concern the statistical variations regarding the size of payouts as well as the increased risk of manipulation compared to the pure brokerage of lottery products.

Should one or more of these risks occur, it may materially impact Tipp24's business and have significant adverse effects on its financial position and performance.

The management teams of the respective segments take these risks very seriously and consider them in their operating and strategic decision processes: the development of the relevant risks is constantly monitored, whereby both current and future potential dangers are considered with the focus on early recognition, evaluation, prevention and control.

The systems put in place enable Tipp24 to quickly recognize the relevant risks in its segments and overall, as well as to evaluate such risks and take measures as quickly as possible.

Tipp24's risk management functions as follows:

Operating risks are monitored by regularly reviewing financial and other key ratios. The monitoring frequency, designated controlling responsibility and determined rules of procedure for defined deviations from target values are stipulated for each ratio. In the case of technology risks, pre-defined emergency procedures are implemented. Furthermore, the development of security standards is continually monitored and corresponding adjustments are regularly made to security systems.

Legislation changes in those markets in which Tipp24 operates are regularly evaluated by the Company's own experts, but also with the help of legal advisors where necessary. In this way, unusual events can be swiftly recognized and suitable measures initiated.

The **statistical risks** of organising secondary lotteries are monitored by the statistical assessment of the gaming systems offered and the corresponding expected stakes. Under consideration of the available hedging instruments, such as jackpot insurance policies, it is ensured that sufficient liquidity to pay out jackpots in the respective gaming systems is always ensured.

The **risk management system** is firmly anchored in the respective segments at management level and continually monitored and updated. The Executive Board is regularly informed about the risk evaluation results. We are convinced that the early warning and risk management systems which we have implemented are well suited to quickly recognizing and dealing with dangers for Tipp24 resulting from possible risks. The risk early recognition system has been formally documented. It is regularly monitored and adapted where necessary.

Presentation of individual risks

We have identified the following main specific risks for Tipp24's business:

Market and sector risks

General market risks

Business is dependent on the development of the markets in which Tipp24 operates. In particular, a negative development of the lottery markets, due for example to a decline in advertising, a reduction in the product portfolio of game operators or a statistically unusually long period without relevant jackpots may all negatively impact growth. The entry of further competitors into the lottery markets, especially online, may also restrict further growth. Finally, there is a possibility that use of the Internet itself may decline. This would also have a significant detrimental effect on Tipp24's business activities. We believe, however, that this is unlikely to happen.

Risks from economic development

The gaming behaviour of online customers in those markets of Tipp24's consolidated companies has so far been largely unaffected by macroeconomic fluctuations experienced since the launch of gaming operations in 2000. Nevertheless, a possible, exceptionally strong economic downturn triggered by the global financial crisis may adversely affect the gaming behaviour of our customers in certain or all countries in which Tipp24 operates, and thus also impact its financial position and performance.

Financing and currency risks

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

Risks from the processing of gaming operations

Tipp24 is dependent on the use of automated processes for handling gaming agreements, whose efficiency and reliability is in turn dependent on the functionality and stability of the underlying technical infrastructure. The functional ability of the servers and the related hardware and software infrastructure – in particular specially created gaming software – is of considerable significance for the business of Tipp24, as well as for the reputation and attractiveness of its services for customers. The risk of a failure of all relevant components for gaming operations (e.g. database servers, application servers, web servers, firewalls, routers) is countered by either using redundant systems or entering into maintenance contracts with correspondingly short reaction times.

Tax risks

As the result of a tax inspection, there is currently a dispute with the relevant tax authority regarding the validity of tax assessments for various items in the inspection period (fiscal years 2005 to 2007 inclusive). The relevant tax authority has issued a tax assessment and respective payment demand amounting to EUR 3.6 million (including interest). Tipp24 SE has appealed against the assessment and only accepted and paid additional demands totalling EUR 0.2 million. An application for suspension of execution was filed with the tax authorities for the remaining payment demand. This application has been granted. Although we have grounds to believe that both items queried by the tax authority were correctly assessed in accordance with the relevant regulations, the possibility cannot be excluded that the relevant tax office may continue to challenge this different view – also via the financial courts – and may prevail. On 27 December 2013, the relevant tax office rejected the objection regarding one item. Tipp24 SE has taken legal action against this finding. As a result, there is a remaining tax risk of up to EUR 3.0 million, plus the corresponding time-related interest on arrears (6% p.a.) which might have a correspondingly negative effect on the financial position and performance of Tipp24 and has been recognized as a contingent liability.

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 cash and financial investments

At the end of the reporting period, Tipp24 had cash in Germany and abroad totalling EUR 85,822 thousand, held in accounts with various major European banks. Theoretical default risks resulting from the current financial market development are limited by thorough and continuous analysis of the relevant credit institutes. Nevertheless, certain financial institutes where Tipp24 holds balances may default. Should the global financial crisis also deepen further and should – against all expectations – neither the national bank support systems nor the support packages provided by the leading industrialised 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 scenarios may lead to the partial or complete loss of our cash deposits. Short-term financial assets of EUR 70,307 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. Further reductions in interest rates may mean that no income can be generated from cash deposits and financial assets.

Personnel risks

Even with careful selection and responsible staff management, it cannot be ruled out that a significant number of even experienced employees may leave Tipp24 within a short period of time. At the same time, the recruitment of new staff for these vacant positions may be time-consuming and costly. In spite of stand-in regulations, this could have a material effect on Tipp24's financial position and performance. New staff are carefully selected, often with the help of personnel consultants. Within each segment, responsibilities, goals and key success parameters are discussed on a regular basis with each employee. Performance checks are carried out to ascertain whether these goals and parameters have been fulfilled and feedback given to employees in regular performance reviews. These reviews are also used to determine employee satisfaction. The results of these reviews are regularly evaluated in order to counter any undesired trends.

General business risks

At the beginning of the fiscal year 2009, the Company's business fields were reorganised. As a result, the ongoing development in line with this growth of appropriate internal organisational and risk monitoring structures that allow early recognition of undesirable developments and risks – particularly in the IT area – was and remains a constant challenge. Further expansion of business in new markets and new product areas is planned for the years ahead. The challenge will continue to be to identify existing and new risks, and to assess them correctly in a timely manner, as well as to further develop the existing organisational and risk monitoring system appropriately and promptly. If gaps or defects in the existing organisational and risk monitoring system become evident in ongoing practice, or it is not possible to create appropriate structures and systems promptly in connection with the further development of Tipp24, this could lead to an impaired ability to recognize and manage risks, trends and undesirable developments in a timely manner.

Regulatory risks

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

Following the repeal in 2011 of a prohibition order addressed to Tipp24 SE regarding the offerings of its minority investments, there have been no further attempts by the German authorities to challenge Tipp24 SE about its minority investments. In 2011, the Administrative Court of Wiesbaden (Verwaltungsgericht – VG) had ruled that no action could be taken against Tipp24 SE regarding the offerings of its legally independent companies as it no longer had control over them. However, the possibility cannot be completely excluded that certain authorities will once again issue prohibition orders against Tipp24 SE, or impose coercive payments and regulatory fines which may be upheld in court.

Moreover, German authorities are attempting to directly forbid or prevent the UK companies from operating their own business model. Even if the legal basis for such action outside Germany is difficult to comprehend and its effect questionable, it cannot be excluded that such measures would hinder or prevent the business activities of the UK companies. As in the past, it is possible that the state lottery companies may claim the UK companies are being anticompetitive, as they allegedly contravene the GlüStV 2012. Even if we assume that the UK companies are acting legally on the basis of valid concessions explicitly allowing the activity performed, it cannot be ruled out that they will fail to assert their rights in German courts. In this connection, we also cannot exclude the possibility that the UK regulatory authorities themselves may include restrictions in the licence in view of possible anti-trust proceedings in Germany. All in all, therefore, we cannot exclude the possibility that the above mentioned risks may lead to a significant restriction in the business activities of the UK companies.

Overall, we believe it is probable that the courts will continue to rule that the German monopoly regulations are incoherent and disproportional. A coherent implementation of restrictions intended to prevent gambling addiction would not ignore the most dangerous games in this respect (commercial gaming machines) – even though some aspects of gaming arcades have been subjected to stricter regulations. Policy regarding casinos has hardly been changed. Moreover, the liberalization of sports betting affects an area of gaming which is clearly more dangerous than lotteries. Current advertising methods of state-run lotteries still contradict the aim of preventing gambling addiction and are instead aimed at gaining new customers – as repeatedly criticized by jurisdiction. Such incoherencies may result in further rulings which declare the new legislation to be inapplicable. It is unclear to what extent the views held by several courts in the past will be upheld, namely that only the monopoly is ineffective, while the permit requirement and Internet ban are effective. The consequences of these views for the present situation are equally unclear – not least in view of that the courts have recently ruled on several occasions that the legal practice of the state monopolists and supervisory authorities is incoherent, e.g. regarding advertising for games of chance. There is a strong possibility that these questions in respect of the past will no longer be finally settled.

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

Bookmaking risks of MyLotto24 Limited

Statistical risks of winnings payouts

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

Risks from the assertion of claims from hedging transactions

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

ACCOUNTING-RELATED INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM

We regard internal control and risk management as a comprehensive system based on the definitions of the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland e.V.), Düsseldorf, with regard to an accounting-related internal control system and risk management system. These define an internal control system as the principles, procedures and measures introduced by the management of a company, which are geared towards the organisational implementation of management decisions

- to ensure the effectiveness and efficiency of business activities (including the protection of assets, including the prevention and disclosure of asset impairment)
- to ensure the correctness and reliability of internal and external accounting and
- to ensure compliance with the legal provisions relevant to the Company.

The risk management system includes all organisational regulations and measures for risk detection and the handling of risks involved with business activity.

The following structures and processes have been implemented by Tipp24 with regard to the accounting and consolidated accounting processes:

The Group's Executive Board bears full responsibility for the internal control and risk management system with regard to the accounting and consolidated accounting processes.

All companies included in the consolidated financial statements are also included in a firmly defined management and reporting organisation. In contrast hereto, the companies of the UK subgroup are only included via a firmly defined reporting organisation which regularly provides the Group's Executive Board with information about the following measures: definition of risk areas which may lead to developments endangering future survival; risk recognition and risk analysis; risk communication; allocation of responsibilities and tasks; the establishment of a monitoring system; documentation of the measures taken. Moreover, the reporting organisation requires that significant risks are to be reported immediately to the Group's Executive Board on occurrence.

The principles, structure and process organisation, and procedures of the accounting-related internal control and risk management system are documented in guidelines and organisational directives which are regularly adapted to current external and internal developments and which are fully compatible with each other in the respective segments.

In the organisational structure of Tipp24, certain accounting-related processes in Germany and abroad – in particular payroll accounting – are outsourced.

Regarding the accounting and consolidated accounting processes, we consider those elements of the internal control and risk management system to be significant which can have a material effect on the Group's accounting and the overall statement of the consolidated financial statements including the Group management report. In particular, these include the following:

- the identification of significant risk fields and control areas of relevance to the Group-wide accounting process;
- controls to monitor the consolidated accounting process and its results at the level of the Group Executive Board and at the level of the companies included in the consolidated financial statements;

- preventative control measures in the finance and accounting system of the Group and of the companies included in the consolidated financial statements and in the operative, performance-oriented company processes that generate significant information for the preparation of the consolidated financial statements including the Group management report, including a separation of functions and pre-defined approval processes in relevant areas;
- measures that safeguard proper IT-based processing of matters and data relevant to Group accounting;
- reporting information of the foreign companies which enable the German parent company to prepare consolidated financial statements including the Group management report.

Tipp24 has also implemented a risk management system for the consolidated accounting process that contains measures to identify and assess significant risks and corresponding risk-mitigating measures to ensure the correctness of the consolidated financial statements.

The tasks of the internal audit system to monitor the internal control and risk management system related to consolidated accounting are not undertaken by a staff department (Internal Audit), but by the Controlling and Accounting departments. Moreover, the Supervisory Board commissioned the external auditors to conduct additional audits.

The Executive Board and Supervisory Board also continually seek possibilities to develop the processes of the risk management system.

DISCLOSURES AND EXPLANATIONS PURSUANT TO TAKEOVERS

The following disclosures are in compliance with Sec. 315 (4) German Commercial Code (HGB):

COMPOSITION OF SUBSCRIBED CAPITAL

As of 31 December 2013, the subscribed capital of Tipp24 SE amounted to EUR 8,385,088 divided into 8,385,088 no-par value registered shares. Since the effective relocation of its registered office to London, UK, on 7 February 2014, the unchanged amount of Tipp24 SE's subscribed capital has been divided into 8,385,088 registered shares under the laws of England and Wales with a nominal value of EUR 1.00 each. The shares are fully paid. Each share entitles the owner to one vote and is decisive for the respective share of profit.

With the exception of own shares, which do not grant any rights to Tipp24 SE, all shares grant the same rights. Each share entitles the owner to one vote and is decisive for the respective share of profit – with the possible exception of any young shares without dividend entitlement. The rights and obligations arising from the shares are based on the respective relevant statutory regulations. As of 31 December 2013, the Company did not hold any own shares.

Restrictions concerning voting rights or the transfer of shares

Own shares do not grant any rights to Tipp24 SE. In cases of Sec. 136 AktG (voting on own matters), the voting rights conferred by the shares concerned are excluded under law. Since the effective relocation of the Company's registered office, however, it is generally possible for shareholders to vote in their own interests – even if there is a conflict of interest. Where a resolution is proposed at a General Meeting regarding the breach of duty of a director (Sec. 239(4) Companies Act 2006 ("CA 2006")), or regarding the purchase of their shares by Tipp24 SE (Secs. 695, 717 CA 2006), the director in question may not exercise any voting rights. Moreover, since its effective relocation Tipp24 SE can legally suspend the voting rights of a shareholder if the Company requires a person to disclose their interests in the shares of Tipp24 SE in question (Sec. 793 CA 2006) and this disclosure obligation is not fulfilled (Secs. 794, 797(1)(b) CA 2006).

Direct or indirect shareholdings in excess of 10 percent of voting rights

The following direct or indirect holdings in the Company's share capital, in excess of 10 percent of total voting rights, were reported to the Company pursuant to Sec. 21 (1) or (1a) WpHG, or since the effective relocation in accordance with DTR 5:

Name, location	Shareholding
Othello Drei Beteiligungs GmbH & Co. KG, Hamburg, Germany	24.99% (directly)
Othello Drei Beteiligungs-Management GmbH, Hamburg, Germany	24.99% (attributable)
Günther Holding GmbH, Hamburg, Germany	24.99% (attributable)
Günther GmbH, Bamberg, Germany	24.99% (attributable)
Oliver Jaster, Germany	24.99% (attributable)

Owners of shares with special rights conferring powers of control

No shares have been issued with special rights conferring powers of control.

Nature of voting-right controls when employees hold an interest in share capital and do not make direct use of their control rights

Employees holding shares of Tipp24 SE exercise their control rights like other shareholders in accordance with legal regulations and the Articles of Association (since effective relocation: "Statutes").

Legal regulations and provisions of the statutes regarding the appointment and dismissal of Executive Board members as well as amendments to the statutes

The members of the management body of Tipp24 SE are appointed by the supervisory body for a period of no more than five years. Members may be re-appointed for further periods of no more than five years (Art. 5 (2) of the Articles; since effective relocation, Sec. 141 of the Statutes). Members of the management body are appointed with a simple majority of the votes cast by the supervisory body. In the event of a tie, the chairman of the supervisory body has two votes in a second vote on the same matter (Art. 11 (6) of the Articles; since effective relocation, Sec. 173 of the Statutes). If a necessary member of the supervisory body is missing, the court may appoint a member in urgent cases and on application of a person involved in accordance with Sec. 85 AktG (since effective relocation, Sec. 156 CA 2006). The management body consists of one or more persons pursuant to Art. 5 (1) of the Company's Articles. Since the effective relocation of the Company's registered office, the number of members of the management body – unless otherwise determined by a resolution of the General Meeting – is decided by the supervisory body pursuant to Sec. 141 of the Statutes, whereby the minimum number must be two members.

The object of Tipp24 SE is defined in Art. 2 of the Company's Articles. Since the effective relocation, the objects of the Company are unrestricted pursuant to Sec. 7 of the Statutes. According to Sec. 179 AktG (since effective relocation, Sec. 21 CA 2006), resolutions concerning changes of the Company's Articles must be adopted by the General Meeting. Pursuant to Sec. 133 AktG, Art. 18 (1) of the Articles, and unless otherwise prescribed by law, resolutions of the General Meeting are adopted with a simple majority of the votes cast and, where necessary, with a simple majority of the share capital represented; in the case of an amendment to the Company's object, a majority of 75% of share capital represented is required pursuant to Sec. 179 (2) AktG. Since the effective relocation of the Company's registered office, the principle of a simple voting majority remains, whereby a higher majority of at least 75% of votes cast is required for so-called extraordinary resolutions or special resolutions. Examples of such resolutions would be the authorisation of the management body to purchase own shares or to exclude shareholders' subscription rights, as well as all amendments of the Statutes.

POWERS OF THE EXECUTIVE BOARD TO ISSUE OR BUY BACK SHARES

According to Art. 4 (2) of the Articles, the management body is authorised, subject to the approval of the supervisory body, to increase share capital in the period up to 28 June 2016 by up to a total of EUR 1,197,017 (Authorized Capital 2011/I) by issuing on one or more occasions in whole or in partial amounts new no-par value shares in return for cash or contributions in kind. Moreover, the management body is also authorised, subject to the approval of the supervisory body as well as certain conditions and within defined limits, to exclude shareholder subscription rights. Since the effective relocation of the Company's registered office, there is a comparable authorization in Secs. 14–17 of the Statutes.

Prior to the effective relocation, there was Contingent Capital of EUR 150,000 pursuant to Art. 4 (3) of the Articles in order to fulfil stock options issued under the Stock Option Plan 2005. Since the effective relocation date, there is no longer any corresponding provision.

Only the General Meeting can authorize the management body to purchase own shares. This has not happened so far.

Significant agreements subject to a change of control following a takeover bid

Compensation agreements in the case of a takeover bid

Dr. Becker has been granted special termination rights in the case of a change of control. Within a period of twelve months after a change of control, Dr. Becker can terminate his service agreement with a notice period of three months to the end of the month. Should Dr. Becker make use of this special termination right, he shall receive compensation to the amount of three gross monthly salaries.

REMUNERATION REPORT

EXECUTIVE BOARD REMUNERATION

Executive Board remuneration consists of a fixed basic annual salary and a variable component. The fixed component for Dr. Cornehl amounts to EUR 400 thousand, for Mr Keil EUR 276 thousand and for Dr. Becker EUR 350 thousand. Moreover, the Supervisory Board could resolve to grant the Executive Board members an additional voluntary bonus for special services to the Company and in the case of corresponding economic success of the Company.

On achievement of the targets, the variable component amounts to 100% of the fixed component. If targets are exceeded, the variable component can rise to a maximum of 200% of the fixed amount. It consists of three elements:

1. Annual bonus depending on the attainment of certain individual targets.
2. Annual bonus whose payment and size depends on the attainment of certain revenue and earnings targets over a period of three years.
3. One-off bonus at the end of the agreed contractual term, whose payment and size depends on the Company's share price at the end of the period.

The size and structure of remuneration is continually monitored by the Supervisory Board and is agreed and updated with each member of the Executive Board.

in EUR thousand	Fixed remuneration	Variable remuneration	2013
Dr. Hans Cornehl	400	519 [3]	919
Andreas Keil [1]	253	216	469
Dr. Helmut Becker [2]	204	174	378
Total	**857**	**909**	**1,766**

in EUR thousand	Fixed remuneration	Variable remuneration	Severance pay	2012
Dr. Hans Cornehl	350	643	–	993
Marcus Geiß	117	246	1,937	2,300
Petra von Strombeck	175	332	–	507
Total	**642**	**1,221**	**1,937**	**3,800**

[1] since 1 February 2013

[2] since 1 June 2013

[3] Variable remuneration includes an amount of EUR 156 thousand resulting from an additional annual bonus for work as the sole Executive Board member and for a one-off voluntary "signing-on bonus".

BENEFITS ON TERMINATION OF THE EXECUTIVE BOARD MANDATE

If a member of the Executive Board agrees to be reappointed on the basis of the contractual conditions offered, the member shall receive maximum compensation of half an annual gross salary if the company is then culpable in failing to reappoint said member. If an appointment to the Executive Board is effectively revoked, the Executive Board member has the right to claim compensation:

- in the case of Executive Board member Dr. Hans Cornehl in the amount of his remaining gross salaries, but limited to two annual gross salaries
- in the case of Executive Board member Dr. Helmut Becker limited to 18 monthly gross salaries
- in the case of Executive Board member Andreas Keil limited to 12 monthly gross salaries

Should another enterprise gain control over the Company and the appointment of an Executive Board member is revoked within one year, the Executive Board members have the right to claim compensation:

- in the case of Executive Board member Dr. Hans Cornehl in the amount of his remaining gross salaries, but limited to three annual gross salaries
- in the case of Executive Board member Dr. Helmut Becker limited to 18 monthly gross salaries
- in the case of Executive Board member Andreas Keil limited to 12 monthly gross salaries.

REMUNERATION OF SUPERVISORY BOARD MEMBERS

In addition to the reimbursement of their expenses, the members of the Supervisory Board receive for every full financial year a fixed annual remuneration of EUR 40 thousand and for their activities in one or several committees of the Supervisory Board an additional annual remuneration of EUR 13.5 thousand.

The above remuneration is two-and-a-half times the amount for the Chairman of the Supervisory Board or the chairman of one or more committees and to one-and-a-half times the amount for the respective deputy chairman.

in EUR thousand	Fixed remuneration	Variable remuneration	**2013**
Andreas de Maizière (Chairman)	134	0	134
Prof. Willi Berchtold until 28 June 2013 (Deputy Chairman)	47	0	47
Peter Steiner since 28 June 2013 (Deputy Chairman)	47	0	47
Oliver Jaster	60	0	60
Dr. Helmut Becker until 31 May 2013	17	0	17
Hendrik Pressmar until 28 June 2013	20	0	20
Thorsten Hehl since 28 June 2013	30	0	30
Bernd Schiphorst since 28 June 2013	20	0	20
Jens Schumann	60	0	60
Total	**435**	**0**	**435**

in EUR thousand	Fixed remuneration	Variable remuneration	**2012**
Andreas de Maizière (Chairman)	134	0	134
Prof. Willi Berchtold (Deputy Chairman)	94	0	94
Oliver Jaster	60	0	60
Dr. Helmut Becker	40	0	40
Hendrik Pressmar	40	0	40
Jens Schumann	60	0	60
Total	**428**	**0**	**428**

London, 19 March 2014

The Executive Board

Dr. Hans Cornehl
Chairman

Andreas Keil

Dr. Helmut Becker

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2013

in EUR thousand	Notes	2013	2012
Revenues	4	129,933	142,731
Other operating income	5	5,556	6,543
Income from distributing shares in Lotto24 AG		0	18,850
Total operating performance		**135,489**	**168,125**
Personnel expenses	6	-11,090	-10,760
Amortization/depreciation on intangible assets and property, plant and equipment	13, 14	-7,357	-7,058
Other operating expenses	7	-97,584	-93,842
Marketing expenses		-6,768	-5,923
Direct costs of operations		-51,718	-52,413
Other costs of operations		-39,097	-35,507
Result from operating activities (EBIT)		**19,459**	**56,464**
Revenues from financial activities	8	675	673
Expenses from financial activities	8	-331	-355
Result from associated companies	8	-857	0
Result from joint ventures	8	-114	0
Financial result	8	**-628**	**318**
Result from ordinary activities		**18,831**	**56,782**
Income taxes	9	-8,108	-16,902
Profit from continued operations		**10,722**	**39,880**
Profit after tax from discontinued operations	10	-535	1,011
Consolidated net profit[1]		**10,187**	**40,891**
Earnings per share (basic and diluted, in EUR/share)		1.23	5.12
Earnings per share from continued operations (basic and diluted, in EUR/share)		1.30	4.99
Weighted average of ordinary shares outstanding (basic and diluted, in shares)		8,268,421	7,985,088

[1] The consolidated net profit is attributable to the owners of Tipp24 SE, London, UK.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2013

in EUR thousand	Notes	**2013**	2012
Net profit for the period		**10,187**	**40,891**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Re-measurement gains on available-for-sale financial assets	26.1	-446	162
Income tax effect	9	103	48
Other comprehensive income, net of tax		**-343**	**210**
Total comprehensive income for the year, net of tax		**9,845**	**41,101**

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2013

ASSETS in EUR thousand	Notes	31/12/2013	31/12/2012
Cash and pledged cash	11	85,822	78,303
Short-term financial assets	11	70,307	53,776
Trade receivables		259	71
Receivables from joint ventures		190	0
Income tax refund claims		24	6
Other assets and prepaid expenses	12	12,386	9,482
Available-for-sale current assets		0	698
Total current assets		**168,988**	**142,336**
Intangible assets	13	12,905	18,054
Other equipment, furniture & fixtures and leased assets	14	2,143	2,226
Financial assets	15	4,511	8,281
Shares in associated companies	16	17,538	18,395
Shares in joint ventures	17	5,069	0
Other assets and prepaid expenses		435	269
Deferred tax assets	9	1,992	1,656
Total non-current assets		**44,593**	**48,881**
ASSETS		**213,581**	**191,217**

EQUITY & LIABILITIES in EUR thousand	Notes	31/12/2013	31/12/2012
Trade payables	26	9,812	6,568
Other liabilities	18	17,971	18,900
Financial liabilities	26	108	110
Deferred income	19	3,783	3,460
Income tax liabilities	9	3,607	6,510
Short-term provisions	20	1,540	3,456
Debts in connection with available-for-sale current assets		0	410
Total current liabilities		**36,821**	**39,414**
Long-term provisions	20	0	83
Deferred tax liabilities	9	1,204	1,344
Total non-current liabilities		**1,204**	**1,427**
Subscribed capital	21	8,385	7,985
Capital reserves	21	22,741	7,805
Other reserves	21	-209	134
Retained earnings	21	144,639	134,451
Total equity		**175,556**	**150,375**
EQUITY & LIABILITIES		**213,581**	**191,217**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2013

		2013	2012
in EUR thousand	Notes		
Profit from continued operations before tax		18,831	56,782
Profit from discontinued operations before tax		-54	1,011
Result before tax		**18,776**	**57,793**
Adjustments for			
Amortization/depreciation on non-current assets		7,357	7,058
Result from disposal of non-current assets		84	4
Result from foreign exchange transactions		-177	101
Revenues from financial activities	8	-675	-673
Expenses from financial activities	8	331	355
Income from distributing shares in Lotto24 AG and deconsolidation of Lotto24 AG		0	-20,359
Deconsolidation of Giochi24 S.r.l.		-4	0
Share of result from associated companies	8	857	0
Share of result from joint ventures	8	114	0
Other non-cash changes		70	-28
Changes in			
Trade receivables		-188	-240
Receivables from joint ventures		-190	0
Other assets and prepaid expenses		-2,893	-2,789
Financial assets		3,765	-3,948
Non-current other assets or prepaid expenses		-166	360
Trade payables		3,244	1,505
Other liabilities		-2,035	-2,962
Financial liabilities		-2	9
Short-term provisions		-893	-1,187
Deferred income		323	1,111
Non-current provisions		0	83
Interests received		679	273
Interests paid		-350	-345
Taxes paid		-11,276	-13,575
Cash flow from operating activities		**16,751**	**22,546**

in EUR thousand	Notes	2013	2012
Changes (net) on financial investments (short-term)		-17,011	11,888
Payments for investments in company acquisitions	17	-5,069	-18,395
Payments for investments in intangible assets		-939	-1,408
Proceeds from the sale of intangible assets		282	500
Payments for investments in property, plant and equipment		-1,255	-667
Proceeds from the sale of property, plant and equipment		3	25
Cash flow from investing activities		**-23,988**	**-8,058**
Capital increase	21	16,000	0
Payments for transaction costs		-663	0
Cash flow from financing activities		**15,337**	**0**
Changes in cash and pledged cash		8,100	14,448
Cash at the beginning of the period (except pledged cash)		77,946	63,366
Changes due to consolidation		-582	-267
Changes in pledged cash		0	400
Cash at the end of the period (except pledged cash)		**85,465**	**77,946**
Composition of cash at the end of the period			
Cash and pledged cash	11	85,822	78,303
Pledged cash	11	-357	-357
		85,465	**77,946**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2013

in EUR thousand	Share capital	Capital reserves	Other reserves	Retained earnings	**Total equity**
As at 1 January 2012	**7,985**	**7,805**	**-21**	**113,523**	**129,291**
Contribution to other provisions	0	0	0	0	0
Dividend in kind	0	0	0	-19,963	-19,963
Adjustments of balance sheet loss	0	0	0	0	0
Withdrawal from capital reserves	0	0	0	0	0
Share-based payments	0	0	-54	0	-54
Other results	0	0	210	0	210
Net profit 2012	0	0	0	40,891	40,891
Total net profit 2012	0	0	0	40,891	40,891
As at 31 December 2012	**7,985**	**7,805**	**134**	**134,451**	**150,375**
As at 1 January 2013	**7,985**	**7,805**	**134**	**134,451**	**150,375**
Contribution to other provisions	0	0	0	0	0
Dividend in kind	0	0	0	0	0
Capital increase	400	15,600	0	0	16,000
Transaction costs for capital increase	0	-663	0	0	-663
Adjustments of balance sheet loss	0	0	0	0	0
Withdrawal from capital reserves	0	0	0	0	0
Share-based payments	0	0	0	0	0
Other results	0	0	-343	0	-343
Net profit 2013	0	0	0	10,188	10,188
Total net profit 2013	0	0	-343	10,188	9,845
As at 31 December 2013	**8,385**	**22,741**	**-209**	**144,639**	**175,556**

Explanations are provided in Note 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013 ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

1 GENERAL INFORMATION

Tipp24 SE, London, was formed in 1999 in Hamburg. Tipp24 SE holds a group of consolidated companies (hereinafter referred to as Tipp24) comprising the following companies:

- GSG Lottery Systems GmbH, Hamburg (hereinafter referred to as GSG),
- Tipp24 Deutschland GmbH, Hamburg (hereinafter referred to as Tipp24 Deutschland),
- Ventura24 S.L., Madrid, Spain (hereinafter referred to as Ventura24),
- Ventura24Games S.A., Madrid, Spain (hereinafter referred to as Ventura24Games),
- Giochi24 S.r.l. (sold on 31 January 2013), Monza, Italy (hereinafter referred to as Giochi24),
- MyLotto24 Limited, London, United Kingdom (hereinafter referred to as MyLotto24),
- Tipp24 Services Limited, London, United Kingdom (hereinafter referred to as Tipp24 Services),
- Smartgames Technologies Limited (formerly Tipp24 Operating Services Limited), London, United Kingdom (hereinafter referred to as Smartgames),
- Tipp24 (UK) Limited, London, United Kingdom (hereinafter referred to as Tipp24 UK),
- Tipp24 Investment 1 Limited, London, United Kingdom (hereinafter referred to as Tipp24 Investment1),
- Tipp24 Investment 2 Limited, London, United Kingdom (hereinafter referred to as Tipp24 Investment2),
- LottoNetwork Limited, London, United Kingdom (hereinafter referred to as LottoNetwork UK),
- LottoNetwork Services S.r.l., Monza, Italy (hereinafter referred to as LottoNetwork Italy),
- Tipp24 (US) Incorporation, Wilmington, United States of America (hereinafter referred to as Tipp24 US),
- as well as Schumann e.K., Hamburg (hereinafter referred to as Schumann e.K.).

For over fourteen 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.

END-USER BUSINESS IN GERMANY

In fiscal year 2013, our business in Germany comprized the field of class lotteries. The processing of class lottery tickets was governed by a cooperation agreement with Schumann e.K., whose sole shareholder is the former Executive Board member and current Supervisory Board member Jens Schumann. It conducts its operations on the basis of a sales agreement with the management of the North German State Lottery (Norddeutsche Klassenlotterie – NKL) and by way of appointment by the management of the South German State Lottery (Süddeutsche Klassenlotterie – SKL). Norddeutsche Klassenlotterie (NKL) and Süddeutsche Klassenlotterie (SKL) have been marketed since 2012 as "GKL – Gemeinsame Klassenlotterie der Länder". The business volume generated by customers in Germany primarily comprises the stake money remitted to the gaming operators. Our revenues consist of commissions received for submitting lottery tickets to the lottery companies.

END-USER BUSINESS ABROAD

The entire non-German business of Tipp24 – i.e. its activities in Spain, Italy and the UK – is pooled with the fully consolidated UK-based minority holding MyLotto24 Limited. This company organises English secondary lotteries based on various European lotteries. In addition, Tipp24 Services Limited acts as broker for various lotteries and other games in the UK.

In Spain, Ventura24 S.L. currently offers the national 6 out of 49 lottery (La Primitiva) and related lottery teams, the Christmas lottery (Sorteo de Navidad), the European lottery EuroMillones and other Spanish lotteries. Due to the legal difficulties regarding the online brokerage of the state-licenced lottery SuperEnalotto, business in Italy was discontinued some years ago. Revenue in Spain results mainly from additional fees.

With regard to the organising of games in the UK, revenue results from stakes received less vouchers granted, and winnings to be distributed. Licence and operator fees payable in the UK are disclosed as a cost position within "Other operating expenses". In our UK brokerage business, revenue is generated by commissions received from game organizers, as well as additional fees charged to players. Winnings are subject to considerable statistical fluctuations compared to the expected value based on the playing systems of the reference games. In order to improve comprehension of the earnings position, the effect on revenue of any deviation between expected and actual payouts is also stated.

BUSINESS MODEL ADAPTED TO GLÜSTV

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 SE 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.

RESUMPTION OF BUSINESS IN GERMANY

In our former core market of Germany, Lotto24 AG began restricted brokerage activities with the state lottery company of Schleswig-Holstein as of 20 February 2012.

Against the backdrop of the current legal and actual implementation of the gaming monopolies, including the lottery monopoly in Germany, the European Court of Justice (ECJ) declared on 8 September 2010 that key regulations of the GlüStV were not applicable as they represented an unjustifiable restriction of basic European freedoms.

Despite the clear ruling of the European Court of Justice (ECJ), a number of German public authorities have passed various orders and prohibitions which affected both Tipp24 itself as well as other market participants. Several lower national administration courts have since declared that the obligation to seek permission is not applicable – in application of the ECJ ruling.

Despite these reservations regarding the compliance of Germany's gaming monopoly with EU law, Germany's Federal Administrative Court (BVerwG) and Federal Supreme Court (BGH) generally confirmed the blanket Internet ban and need for permission in sports betting proceedings of the GlüStV – which expired on 30 June 2012 – without any indication that they regarded the legal position of lottery brokerage any differently, despite the lack of high court verdicts.

The state of Schleswig-Holstein decided against an Internet ban and the need for permits – in the case of lottery brokerage – in its new "Schleswig-Holstein Gaming Law", which came into effect on 1 January 2012.

On 1 July 2012, the "First State Treaty to Revise the State Treaty on Games of Chance" (GlüStV 2012) came into effect in the other federal states of Germany. It retains many of the restrictive regulations of the GlüStV 2008 and only offers relief in certain areas.

In view of the current legal situation since the introduction of the amended GlüStV 2012 – which still generally forbids the online brokerage of lotteries but allows official permits in special cases – these recent verdicts are not likely to be of any lasting significance.

GENERAL INFORMATION

The registered office of Tipp24 SE is located in 25 Southampton Buildings, London WC2A 1AL, United Kingdom (formerly Falkenried-Piazza, Straßenbahnring 11, 20251 Hamburg, Germany).

The balance sheet date is 31 December 2013. Fiscal year 2013 covered the period from 1 January 2013 to 31 December 2013.

Tipp24 SE has been listed at the Frankfurt Stock Exchange (Prime Standard) since 12 October 2005 and was accepted into the German SDAX on 22 June 2009.

These consolidated financial statements were prepared on 19 March 2014 with a resolution of the Executive Board and subsequently forwarded to the Supervisory Board for examination and adoption.

2 GENERAL ACCOUNTING PRINCIPLES

The significant accounting principles applied by the Company in preparing the consolidated financial statements are presented below. The methods described were consistently applied to the reporting periods, unless otherwise indicated.

SIGNIFICANT ACCOUNTING POLICIES

2.1 GENERAL

The consolidated financial statements of Tipp24 as of 31 December 2013 were prepared in accordance with the valid IFRS and IFRIC of the International Accounting Standards Board (IASB) which have to be applied in the EU as of the balance sheet date and the applicable additional regulations under German Commercial Law pursuant to Sec. 315a (1) HGB.

NEW AND REVISED STANDARDS WHICH ARE MANDATORY FOR THE FIRST TIME AS OF 31 DECEMBER 2013 BUT WHOSE INITIAL APPLICATION HAS NO IMPACT ON EARNINGS

IFRS 13 "Fair Value Measurement"

aims to improve measurement continuity and reduce complexity. It describes how fair value is to be defined, how it is measured and what disclosures need to be made. The provisions do not expand the scope of fair value measurement but explain how fair value is to be applied in those cases already required or permitted by standards.

Amendment to IAS 1 "Financial Statement Presentation" – Presentation of Items of Other Comprehensive Income

The amendment to IAS 1 calls for a new grouping of items presented in Other Comprehensive Income. Items that will be reclassified (so-called recycling) to profit or loss at a future point in time (including net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (including effects from the revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

IAS 19 "Employee Benefits" (revised 2011)

Contains regulations on the accounting and disclosure of employee benefits. The amendments aim to make it easier for the addressees of financial statements to understand how defined benefit plans influence a company's earnings, financial position and net assets.

Amendment to IFRS 7 "Disclosures" – Offsetting Financial Assets and Financial Liabilities

The amendments to IFRS 7 result in new disclosure requirements for the reconciliation of the gross to net risk position of financial instruments. The disclosures are based on netted financial instruments and those not netted but subject to master netting agreements. The amendments to IFRS 7 are mandatory for fiscal years beginning on or after 1 January 2013. The disclosures are to be made retrospectively for all comparative periods disclosed.

Annual Improvements to IFRS – Cycle 2009 – 2011

The annual improvements contain amendments to five standards, IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34.

IFRS 1 – Repeated Application of IFRS 1

The amendment clarifies that an entity which already applied IFRS in an earlier reporting period, but whose most recent prior annual financial statements did not include an explicit and unreserved statement of compliance with IFRS and which is again presenting IFRS financial statements for the current reporting period has the option to either apply IFRS 1 again or alternatively to apply IFRS retroactively in compliance with IAS 8 as if it had never stopped applying it.

IFRS 1 "Borrowing Costs"

The amendments clarify that borrowing costs capitalized according to previous accounting regulations prior to the transition to IFRS can be adopted without adjustment at the time of transition. Borrowing costs incurred on or after the date of transition to IFRS and that relate to qualifying assets under construction should be accounted for in accordance with IAS 23 "Borrowing Costs".

The amendments also clarify that a first-time adopter can choose to apply IAS 23 as of a date earlier than the transition to IFRS.

IAS 1 "Presentation of Financial Statements"

Clarification to the effect that a company must prepare a third balance sheet as of the opening balance sheet date of the previous year's period if it applies an accounting method retrospectively or has adjusted or reclassified items in the annual financial statements retrospectively, and if this retrospective application, adjustment or reclassification has material effects on the information contained in the opening balance sheet. Corresponding disclosures do not have to be made for this third balance sheet.

The amendments furthermore clarify that no additional comparable figures for reporting periods going back further than the comparable period required by IAS 1 have to be provided. Nonetheless, a company may choose to voluntarily provide individual parts of the annual financial statements for additional periods, including the related disclosures in the notes, if such additional information was prepared pursuant to IFRS. This does not, however, result in an obligation to provide all parts of the annual financial statements for these additional periods.

IAS 16 "Property, Plant and Equipment" – Classifying Maintenance Devices

The amendment clarifies that replacement parts, spare or replacement devices and maintenance devices must be recognized pursuant to IAS 16 if they fulfil the definition of property, plant and equipment. Otherwise, they are classed as inventories.

IAS 32 "Financial Instruments" – Presentation

Clarification that the tax effects from dividend distributions to investors as well as from transaction costs related to equity transactions must be exclusively recognized pursuant to IAS 12.

IAS 34 "Interim Financial Reporting"

Clarification that the total assets per segment only need to be separately disclosed in interim financial reporting if these are regularly provided to the chief operating decision maker (as defined by IFRS 8) and there has been a material change from the amounts disclosed in the last annual financial statements.

Amendments to IFRS 1 "Government Loans"

The amendments to IFRS 1 provide relief to first-time adopters of IFRS by allowing prospective application of IAS 39 or IFRS 9 and paragraph 10A of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance to low interest-bearing government loans outstanding at the date of transition to IFRS.

IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"

IFRIC 20 applies to waste removal costs incurred in surface mining activity during the production phase of a mine ("stripping costs"). Under this interpretation, the stripping costs which provide improved access to ore are recognized as a non-current asset ("stripping activity asset") when certain criteria are met, whereas the costs of normal ongoing stripping activities during the production phase are accounted for in accordance with IAS 2 "Inventories". The stripping activity asset is accounted for as an addition to, or enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

NEW AND REVISED STANDARDS AND INTERPRETATIONS WHICH ARE NOT YET MANDATORY

The following new or revised standards have already been issued by the IASB, but are not yet mandatory. The Company did not apply the regulations prematurely. These requirements have no significant impact on the Company.

IFRS 9	Financial Instruments [3]
Amendments to IFRS 9 and IFRS 7	Date from which application of IFRS 9 becomes mandatory and details regarding the transition [2,3]
IFRS 10	Consolidated Financial Statements [1]
IFRS 11	Joint Arrangements [1]
IFRS 12	Disclosure of Interests in Other Entities [1]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities [1,3]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transitional Guidelines [1]
Amendments to IAS 27 (2011)	Separate Financial Statements [1]
Amendments to IAS 28 (2011)	Consequential Amendments [1]
Amendments to IAS 32	Offsetting of financial assets and liabilities [1]
IFRIC 21	Levies [1,3]
Amendments to IAS 36	Disclosures on the Recoverable Amount for Non-Financial Assets [1,3]
Amendments to IAS 39	Novation of OTC Derivatives and Continuation of Existing Hedging Relationships [1,3]
Amendments to IFRS (2010 – 2013)	Amendments to the following standards: IFRS 3 – Business Combinations IFRS 13 – Fair Value Measurement IAS 16 – Property, Plant and Equipment IAS 24 – Related Party Disclosures IAS 38 Intangible Assets [4]
Improvements to IFRS (2011 – 2013)	Amendments to the following standards: IFRS 3 – Business Combinations IFRS 13 – Fair Value Measurement [4]

1) To be applied for fiscal years beginning on or after 1 January 2014.

2) To be applied for fiscal years beginning on or after 1 January 2015.

3) Not yet endorsed by the EU.

4) To be applied for fiscal years beginning on or after 1 July 2014.

IFRS 9 "Financial Instruments"

Issued in November 2009, IFRS 9 "Financial Instruments" introduced new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

IFRS 10 "Consolidated Financial Statements"

expands the existing principles. IFRS 10 focuses on the introduction of a standard consolidation model for all companies based on the concept of control of subsidiaries by the parent company. The standard also contains additional guidelines which help ascertain whether there is control – especially in difficult cases. The Group has discussed the new regulations in depth and does not expect any changes in its consolidation strategy.

IFRS 11 "Joint Arrangements"

aims to specify accounting principles for companies involved in joint arrangements. The term "joint arrangement" is defined and the parties involved are obliged to determine the type of joint arrangement in which they are each involved. To this end, they must assess their rights and obligations and recognize such rights and obligations according to the respective type of joint arrangement.

IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. For example, where a subsidiary is controlled with less than a majority of voting rights (de facto control).

Amendments to IFRS 10, IFRS 11, IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities, Transitional Guidelines"

The amendments contain clarifications on certain transitional guidelines on first-time adoption of IFRS 10, IFRS 11 and IFRS 12.

Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) "Investment Entities"

According to the amendments to IFRS 10, an investment entity must account for subsidiaries at fair value through profit or loss (not optional).

Consequential amendments to IFRS 12 and IAS 27 (2011) concern additional disclosure requirements for investment entities.

Amendments to IAS 27 (2011) "Separate Financial Statements"

The requirements for separate financial statements remain unchanged in the amended IAS 27. The other sections of IAS 27 are replaced by IFRS 10.

Amendments to IAS 28 (2011) "Investments in Associates and Joint Ventures"

Amended IAS 28 contains consequential amendments resulting from the publication of IFRS 10, IFRS 11 and IFRS 12.

Amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities"

The amendments to IAS 32 merely clarify the current offsetting rules.

IFRIC 21 "Levies"

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs (e.g. bank levies). In this case, the obligating event for the recognition of a liability is identified as the activity that triggers payment under the relevant legislation. Levies are only recognized in the balance sheet when the obligating event occurs. The obligating event may also occur gradually over a period of time so that the liability is recognized pro rata.

Amendments to IAS 36 "Impairment of Assets" – Disclosures on the Recoverable Amount for Non-Financial Assets

This amendment removes the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, the amendment requires disclosure of the recoverable amounts for the assets or cash generating units for which impairment loss has been recognized or reversed during the period. The amendment is effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied.

Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"

As a result of the amendment to IAS 39, derivatives are still designated as hedging instruments in existing hedging relationships despite a novation with the interposition of a central counterparty.

Improvements to IFRS (2010 – 2012)

Amendment to IFRS 3 "Business Combinations"

clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.

Amendment to IFRS 13 "Fair Value Measurement"

clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

IAS 16 "Property, Plant and Equipment"

clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

IAS 24 "Related Party Disclosures"

clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

IAS 38 "Intangible Assets"

clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

Improvements to IFRS (2011 – 2013)

Amendment to IFRS 3 "Business Combinations"

clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

Amendment to IFRS 13 "Fair Value Measurement"

clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" or IFRS 9 "Financial Instruments", regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 "Financial Instruments: Presentation".

There are no standards or interpretations not yet mandatory which the Group has applied prematurely.

2.2 BASIS OF PREPARATION

The consolidated financial statements were prepared on the basis of historical cost. Excluded from this were available-for-sale financial assets, which were carried at fair value.

2.3 MEASUREMENT CURRENCY

The measurement currency is the euro (EUR). Unless otherwise stated, amounts are stated in thousands of euros (EUR thousand), which may lead to rounding differences in certain cases.

2.4 ESTIMATES AND ASSUMPTIONS

In preparing the consolidated financial statements, management makes judgments, estimates and assumptions that affect the stated amounts of earnings, expenses, assets and liabilities and their respective disclosures as well as the presentation of contingent liabilities. The uncertainties relating to these estimates and assumptions may lead to results which require substantial adjustments of the carrying values of assets and liabilities in future periods.

In addition, the following forward-looking assumptions and margins of error as of the balance sheet date mean that there is a risk that the carrying values of assets and liabilities may need to be amended in future:

Share-based payment

The cost of granting stock options to employees is measured by the Group using the fair value of these stock options at the moment they were granted. A valuation process has been determined to estimate their fair value; this depends on the conditions attached when granted. The valuation process also requires consideration of further relevant data, in particular the expected option term, volatility and dividend yield, as well as the corresponding assumptions. These assumptions and the related procedures are disclosed in Note 21.4.

Deferred tax assets

Deferred tax assets are recognized for all unused tax loss carryforwards to the extent that it appears probable that taxable income will be available, so that the loss carryforwards can actually be used. When determining the amount of the deferred tax assets, management must make estimations regarding the expected time and size of the future taxable income, as well as future tax planning. Further details are provided in Note 9.

Development costs

Development costs for intangible assets are capitalized in accordance with the accounting and measurement methods stated in Note 2.16, provided that the corresponding requirements are met. In order to determine the expected future benefit, management must make assumptions about the size of expected future cash flows from assets, the discount rates to be applied and the period of the expected future cash flows generated by the asset.

2.5 CONSOLIDATION PRINCIPLES

a) Subsidiaries

The consolidated financial statements include Tipp24 SE as the parent company and the subsidiaries it controls. Control is assumed to exist if the parent company holds more than 50% of the voting rights in an entity and is able to determine its financial and operating policies so as to obtain benefits from its activities.

On 30 April 2009, Tipp24 SE transferred control over its UK subsidiaries in accordance with company law and sold 60% of the voting shares in both MyLotto24 and Tipp24 Services to a Swiss foundation set up by Tipp24 in the form of preference shares stripped of their main economic rights. As a consequence, Tipp24 owns no more than half the voting rights in MyLotto24, while MyLotto24 owns no more than half the voting rights in Tipp24 Services. The inclusion of these affiliated companies and their 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:

- The owner of the majority of voting rights receives a preliminary annual dividend of up to GBP 15 thousand for each company. In the case of liquidation, the owner of the majority of voting rights is entitled to receive previously agreed liquidation proceeds of GBP 30 thousand. Tipp24 SE alone is entitled to the entire remaining profits and any remaining liquidation proceeds.
- Should certain conditions be met, Tipp24 SE has the right to repurchase the majority of voting rights for an amount of GBP 30 thousand for each company.
- Tipp24 SE can sell its shares in MyLotto24 as well as its right to repurchase the majority of voting rights in MyLotto24 and Tipp24 Services.
- Tipp24 SE has the right to block changes in the articles of MyLotto24 and Tipp24 Services.

The possibility of distributing profits of MyLotto24 to Tipp24 SE is restricted insofar as this requires certain conditions to be met.

Since its restructuring in 2009, Tipp24 SE holds (directly or indirectly) 100% of the shares in Tipp24 Deutschland, Tipp24 UK, 75% of the shares in Tipp24 Investment 1, and 40% of the voting rights in the UK sub-group. In addition to its parent company, MyLotto24, the UK sub-group includes 100% of shares in the subsidiaries GSG, Ventura24Games, LottoNetwork UK, LottoNetwork Italy, Giochi24 (sold on 31 January 2013), Smartgames and 40% of the voting rights in Tipp24 Services.

On 2 April 2013, Tipp24 SE founded a 75% subsidiary, Tipp24 Investment 2 Limited, with registered offices in London, UK.

Tipp24 SE has neither an equity interest nor any voting rights in Schumann e.K. Nevertheless, Schumann e.K. was included in the consolidated financial statements in accordance with IAS 27 and SIC 12.10 because:

- the activities of Schumann e.K. are mainly conducted for the benefit of Tipp24 SE,
- Tipp24 SE has decision-making powers and rights to obtain the majority of the benefits from the activities of Schumann e.K. and
- the owner-related and lender-related risks are contractually borne by Tipp24 SE.

Intragroup expenses and income, profits and receivables and liabilities are eliminated.

In the consolidated financial statements, standard accounting policies are applied for like transactions and other events in similar circumstances. The financial statements of the consolidated entities have been prepared as of the balance sheet date of the parent company, which corresponds to the Group's balance sheet date.

In the course of 2011, MyLotto24 sponsored an Insurance-Linked-Security (ILS) vehicle which partially transfers its bookmaking risk to the capital market. The CAT bond was placed with institutional investors outside the Group by a special purpose entity. MyLotto24 Limited has no controlling influence, no exposure to the residual risk, no right to receive benefits and therefore no exposure to risk in respect of the ILS; hence MyLotto24 Limited does not include the entity in its consolidated financial statements.

b) Associated Companies

Associated companies are those companies over which the Group has significant influence but no control, generally accompanied by a shareholding of 20 to 50%. Shares held in associated companies are accounted for using the equity method.

Under the equity method, the investment in the associated company is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associated company is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The income statement reflects the Group's share of the results of operations of the associated company. When there has been a change recognized directly in the equity of the associated company, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associated company are eliminated to the extent of the interest in the associated company.

The Group's share of profit or loss of an associated company is shown on the face of the income statement and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associated company. The financial statements of the associated company are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

On 21 December 2012, Tipp24 Investment 1 Limited acquired a 25.7% interest in Geonomics Global Games Limited (formerly Roboreus Limited) with registered offices in London, UK. This investment is disclosed as an associated company.

c) Interests in joint operations

A joint operation is a company over whose business activities the Group and one or more partners have joint control, which has been founded by a contractual agreement and which requires unanimous consent for strategic financial and operating decisions.

Interests in jointly controlled entities are accounted for using the equity method and initially recognized at cost. The cost of the investment also includes transaction costs.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of those companies accounted for using the equity method, after adjustments to align the accounting policies with those of the Group, from the date on which the significant influence or joint control begins to the date on which the significant influence or joint control ends.

When the Group's share of the losses exceeds the value of its interest in a company accounted for using the equity method, the carrying value of this share including all non-current portions attributable to it, is reduced to zero and further losses are no longer recognized except to the extent that the Group has an obligation or has made payments for the investment company.

On 1 October 2013, Tipp24 Investment 2 Limited acquired 50% of the shares in Geo24 UK Limited, based in London, UK.

This investment is carried as a joint operation.

2.6 CLASSIFICATION IN CURRENT AND NON-CURRENT

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when:

- the asset is expected to be realized or intended to be sold or consumed in the normal operating cycle,
- the asset is held primarily for the purpose of trading,
- the asset is expected to be realized within twelve months after the reporting period, or
- it is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- the liability is expected to be settled in the normal operating cycle,
- the liability is held primarily for the purpose of trading,
- the liability is due to be settled within twelve months after the reporting period, or
- the company has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.7 FAIR VALUE MEASUREMENT

The Group measures financial instruments, such as, derivatives, and non-financial assets at fair value at each balance sheet date. The fair values of financial instruments measured at amortized cost are disclosed in Note 26.1.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

2.8 REVENUES

Revenues are recognized when i) services have been rendered, ii) it is probable that the economic benefits attributable to the transaction will flow to the entity, and iii) the amount of revenue can be reliably measured. Revenue is disclosed net of VAT, discounts, customer bonuses and rebates.

Revenues disclosed by Tipp24 are recognized according to their underlying transactions. Revenues which MyLotto24 generates as the organizer of secondary lotteries based on various European lotteries are recognized at the moment the draw results of the respective lotteries are announced. Stakes received as of the balance sheet date, but which are intended for games whose draw results are not available until after the balance sheet date, are accrued. Revenues result from the stakes received less vouchers granted, and winnings to be distributed.

A contract to participate in an English secondary lottery based on various European lotteries is to be treated as a derivative. The definition of a derivative is to be applied to contracts for participation in an English secondary lottery as in such contracts payment is linked to the outcome of a random event. In comparison with the possible payout amount, the contract also requires relatively low stakes. The contracts are concluded before the event occurs and, in the case of a win, the payout is made in the future after the event has occurred.

Profits or losses from a change in the fair value of derivatives are to be recognized in current net profit. Stakes and payouts are therefore not regarded as separate income and expenditure, but determine in total the fair value.

A possible term for such items in the income statement could be "Changes in the fair value of contracts for participation in English secondary lotteries". Throughout the sector, however, this item is generally termed "Revenues", as it refers to the ordinary activity of a company in the gaming industry.

License and operator fees payable to the British state are carried as "Other operating expenses" and not as a kind of sales tax within revenues.

Revenue also results from commissions and fees which Tipp24 receives for brokering bets. In the brokerage business, revenue is recognized when the bets have been made, the lottery ticket information passed on to the lottery organizer and confirmation of receipt of the information has been obtained. Ventura24 receives advance payments from some of its customers for subscriptions. Payments received are deferred and the revenue pursuant to IAS 18 is only recognized when the lottery ticket information has been passed on to the lottery organizer and confirmation of receipt of the information has been obtained.

Revenue generated by Tipp24 from selling "Klassenlotterie" tickets (a single raffle lottery played over a number of months where players' tickets are entered into monthly draws with winnings increasing over time) is recognized at the time the draw takes place. This is due to the different arrangement made in the sales agreement.

Revenues are measured at the fair value of the consideration received or receivable and represent the amounts receivable less expected customer returns, discounts and other similar deductions.

2.9 INTEREST INCOME

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.10 INCOME TAXES

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.10.1 CURRENT TAX

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.10.2 DEFERRED TAXES

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the consolidated financial statements.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.11 OPERATING EXPENSES

Operating expenses are recognized at the time the products or goods are delivered or the services provided.

2.12 BORROWING COSTS

Borrowing costs are recognized as an expense in the period in which they are incurred.

2.13 FOREIGN CURRENCY TRANSLATION

The consolidated annual financial statements are prepared in euro. Each company within Tipp24 determines its own functional currency. All currency differences from foreign exchange transactions are recognized in profit and loss. The Group currency (euro) is also the functional currency of all fully consolidated companies.

2.14 EVENTS AFTER THE BALANCE SHEET DATE

Events after the balance sheet date are events which could be favourable or unfavourable, that occur between the end of the reporting period and the date on which the consolidated financial statements are prepared. Events that provide further material evidence of conditions that existed at the end of the reporting period ("adjusting events") are recognized in the consolidated financial statements. Significant events that provide evidence of conditions that existed after the end of the reporting period ("non-adjusting events") are discussed in Note 27.

2.15 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to the Group after tax by the weighted average number of outstanding shares during the financial year. Diluted earnings per share are calculated assuming that all potentially dilutive securities and equity-based compensation plans are converted or exercized.

2.16 INTANGIBLE ASSETS

a) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately, i.e. not as part of a business combination, are carried at cost less accumulated amortization and accumulated impairment losses. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The Group has no intangible assets with indefinite useful lives that were acquired separately.

The following useful lives were used to calculate amortization:

	years
Patents, trademarks	3–5
Licences	3–5
Software	3

b) Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

In fiscal year 2013, research and development expenditure of EUR 568 thousand was recognized, compared to EUR 999 thousand in the previous year.

c) Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized. The amount is carried in other operating income or other operating expenses.

2.17 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost, net of accumulated depreciation and recognized impairment losses. Property, plant and equipment relate exclusively to items of office equipment.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives have been assumed for the various groups of property, plant and equipment:

	years
Technical equipment	2–14
Office equipment	3–25

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the residual amount of the asset and is recognized in profit or loss.

2.18 IMPAIRMENT OR WRITE-BACKS OF NON-CURRENT ASSETS

The Group assesses on every balance sheet date whether there is any indication of impairment of its non-financial assets. If there is any indication of impairment, the Group makes an estimation of the recoverable amount of the respective asset.

The recoverable amount of an asset is the higher of the fair value of an asset or cash-generating unit less selling costs and its value in use. The recoverable amount must be determined for each individual asset, unless the asset does not generate cash inflows that are largely independent from other assets or groups of assets. If the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

In order to calculate the value in use of the asset, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market expectations of interest and the specific risks of the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

A review of non-financial assets is carried out on each reporting date to ascertain whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited to the extent that the carrying amount of an asset may not exceed its recoverable amount nor the carrying value that would have been determined, net of depreciation, if no impairment loss had been recognized for the asset in prior years. A reversal is recognized in the income statement.

2.19 LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases

Finance leases apply to those assets for which all main opportunities and risks associated with the property have been transferred to the Company. The Company recognizes finance leases as assets and liabilities in its balance sheet at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is practicable to determine. If not, the lessee's incremental borrowing rate is used. Initial direct costs incurred are capitalized as part of the asset. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance leases give rise to a depreciation expense for the asset as well as to a finance expense for each accounting period. The depreciation policies for leased assets are consistent with those for depreciable assets that are owned.

Operating leases

Lease payments under an operating lease in which all main risks associated with the leasing object are retained by the lessor, are recognized as an expense on a straight-line basis over the lease term.

2.20 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups which are classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

2.21 RECOGNITION AND MEASUREMENT OF FINANCIAL ASSETS

Financial assets are recognized when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets are classified into the following specified categories:

- financial assets "at fair value through profit or loss"
- "held-to-maturity" investments
- "available-for-sale" financial assets
- "loans and receivables"

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

2.21.1 CLASSIFICATION AND VALUATION

a) Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as 'at fair value through profit or loss'.

b) Financial assets 'at fair value through profit or loss'

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

A financial asset is classified as held for trading if:

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

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

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

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

c) Held-to-maturity financial instruments

Held-to-maturity financial instruments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity financial instruments are measured at amortized cost using the effective interest method less any impairment.

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are classified as

a) loans and receivables or

b) held-to-maturity financial instruments or

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

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

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

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

e) Loans and receivables

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

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

2.21.2 IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those 'at fair value through profit or loss', are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For 'available-for-sale' equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an 'available-for-sale' financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of 'available-for-sale' equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve.

In respect of 'available-for-sale' debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

2.21.3 DERECOGNITION OF FINANCIAL ASSETS

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

2.22 FINANCIAL LIABILITIES

a) Initial recognition and measurement

On initial recognition, financial liabilities are classified as either financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, as well as loans.

b) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and other financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

c) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

2.23 CASH AND SHORT-TERM FINANCIAL ASSETS

The balance sheet item "Cash and short-term financial assets" includes cash and bank deposits with terms of less than three months. Cash and bank deposits are carried at cost.

2.24 EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs. Issue costs are those costs which would not have been incurred if the equity instrument had not been issued.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Debt and equity instruments issued by a Group company are classified as financial liabilities or equity depending on the economic purpose of the contractual agreement and the definitions.

2.25 SHARE-BASED PAYMENT

A share-based payment is a transaction in which the entity receives or acquires goods or services either as consideration for its equity instruments or by incurring liabilities for amounts based on the price of the entity's shares or other equity instruments of the entity.

The stock options issued by the Company are classified as share-based payment transactions, whereby the method of settlement is at the Company's discretion.

2.26 PROVISIONS

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

a) Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

b) Compensation on termination

A liability is recognized for benefits upon termination of employment if the Group can no longer withdraw the offer of such benefits.

2.27 CONTINGENT LIABILITIES

Contingent liabilities are not recognized in the annual financial statements. Contingent liabilities are disclosed if the possibility of an outflow of resources embodying economic benefits is probable.

3 SEGMENT REPORTING

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

The "Germany" segment comprises all activities which are controlled by Tipp24 SE. This includes activities in both Germany and the UK. The "Abroad" segment mainly comprises activities in the UK, as well as in Spain and Italy, which are controlled by the minority shareholding.

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

in EUR thousand	Germany		Abroad		Consolidation		Consolidated	
	01/01–31/12		01/01–31/12		01/01–31/12		01/01–31/12	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Revenue	**379**	**469**	**129,554**	**142,993**	**0**	**-730**	**129,933**	**142,731**
Depreciation/amortization	116	173	4,858	4,501	2,383	2,383	7,357	7,058
EBIT	**-12,986**	**7,434**	**35,681**	**47,985**	**-3,236**	**1,046**	**19,459**	**56,464**
Financial result	-1,658	-287	786	8	243	596	-628	318
Income taxes	62	-4,705	-8,854	-11,734	684	-463	-8,108	-16,902
Profit from continued operations	**-14,582**	**2,442**	**27,613**	**36,258**	**-2,308**	**1,180**	**10,722**	**39,880**
Assets	**60,436**	**52,387**	**139,076**	**133,515**	**-58,253**	**-50,123**	**141,259**	**135,779**
Reconciliation to balance sheet								
Deferred taxes							1,992	1,656
Tax refund claims							24	6
Short-term financial assets							70,307	53,776
Total assets	**62,883**	**52,803**	**207,842**	**188,065**	**-57,144**	**-49,651**	**213,581**	**191,217**
Debts	**37,018**	**27,616**	**30,608**	**34,623**	**-34,413**	**-29,252**	**33,213**	**32,987**
Reconciliation to balance sheet								
Deferred taxes							1,204	1,344
Tax liabilities							3,607	6,510
Total debts	**38,430**	**28,618**	**32,808**	**40,216**	**-33,214**	**-27,993**	**38,205**	**40,841**
Investments	**5,069**	**18,420**	**2,190**	**2,014**	**-12**	**-37**	**7,247**	**20,397**

Segment assets do not include deferred taxes, tax refund claims or short-term financial assets. Segment liabilities do not include deferred taxes, tax liabilities or interest-bearing liabilities.

4 REVENUES

In 2013, revenues fell by EUR 12,798 thousand to EUR 129,933 thousand. In fiscal year 2013, the actual payout ratio varied by 1.2%-points (prior year: -5.5%-points) from the expected value.

MyLotto24 Limited, a fully consolidated minority shareholding of Tipp24, recognized a jackpot win of around EUR 6.8 million on 21 August 2013 and a jackpot win of around EUR 15.7 million on 7 December 2013 in secondary lotteries it held.

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 underlying payout ratio 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 consolidated annual financial statements and earnings, the following table therefore 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 thousand	**2013**		2012		Deviation absolute
Revenues	**129,933**	**100.0%**	**142,731**	**100.0%**	**-12,798**
+/- Deviations between actual winnings payouts and expected value	3,125	2.4%	-14,119	-9.9%	17,244
Revenues adjusted for chance effects	133,058	102.4%	128,612	90.1%	4,446

5 OTHER OPERATING INCOME

in EUR thousand	**2013**	2012
Income from hedging transactions	3,285	4,173
Income from realized and unrealized foreign exchange differences	1,736	458
Income not relating to the period	15	37
Income from lottery tickets bought for own account	19	18
Other	501	1,856
Other operating income	**5,556**	**6,543**

Other operating income from realized and unrealized foreign exchange differences amounted to EUR 1,736 thousand in 2013 (prior year: EUR 458 thousand).

6 PERSONNEL EXPENSES

Tipp24 recognized total personnel expenses of EUR 11,090 thousand in 2013 (prior year: EUR 10,760 thousand). Of this total, an amount of EUR 9,481 thousand (prior year: EUR 9,124 thousand) referred to wages and salaries and EUR 1,609 thousand (prior year: EUR 1,639 thousand) to social security contributions. In Germany, pension insurance contributions of EUR 251 thousand (prior year: EUR 212 thousand) were made by the employer. The proportion of employer social security contributions accounted for by pension insurance contributions is not disclosed separately in the UK, Spain and Italy.

7 OTHER OPERATING EXPENSES

in EUR thousand	**2013**	2012
Marketing expenses	**6,768**	**5,923**
Cost of hedging transactions	22,261	22,608
License and operator fees	18,195	19,608
Non-deductible input tax	4,218	3,965
Handling of customer payments	2,965	2,863
Traffic	1,371	1,465
Service/maintenance of online application	1,367	1,300
Bad debt	856	252
Product processing	486	352
Direct costs of operations	**51,718**	**52,413**
Third-party capacities/services	17,120	17,185
Consulting	7,993	12,192
Other expenses [1)]	6,742	1,958
Rent & leasing	2,444	1,758
Exchange rate differences	1,915	45
Travel, training and representation costs	1,416	983
Non-deductible expenses	601	485
Office expenses and insurance	579	583
PR, CSR and lobbying expenses	287	316
Other costs of operations	**39,097**	**35,507**
Other operating expenses	**97,584**	**93,842**

[1)] Other expenses include expenses of EUR 182 thousand relating to other periods (prior year: EUR 138 thousand).

Marketing expenses rose by 14.3% to EUR 6,768 thousand (prior year: EUR 5,923 thousand).

Direct operating expenses fell by 1.33% to EUR 51,718 thousand in the period under review (prior year: EUR 52,413 thousand). License and operator fees payable to the British state are carried as costs in this item. In addition, costs are disclosed in this item which were incurred in connection with hedging transactions of MyLotto24 as well as costs incurred during the processing of gaming operations as a result of the organizer's inability to deduct input tax.

Other costs of operations rose by 10.1% to EUR 39,097 (prior year: EUR 35,507 thousand). They mainly comprise increased costs for the relocation of Tipp24 SE to London, UK.

8 FINANCIAL RESULT

in EUR thousand	2013	2012
Revenues from financial activities		
Other interest and similar income	240	320
Income from other long-term securities and loans	434	353
	675	**673**
Expenses from financial activities		
Interest expenses and similar expenses	-331	-355
	-331	**-355**
Share of the profit or loss of associates accounted for using the equity method	**-857**	**0**
Share of the profit or loss of joint ventures accounted for using the equity method	**-114**	**0**
	-628	**318**

The disclosed share of the loss of associates accounted for using the equity method refers to the loss of Geonomics Global Games Limited.

The disclosed share of the loss of joint ventures accounted for using the equity method refers to the loss of Geo24 UK Limited.

9 INCOME TAXES

Income taxes paid or payable as well as deferred taxes are recognized as income taxes.

Income taxes of Tipp24 SE as a separate company comprise corporate income tax, trade tax and the solidarity surcharge.

The corporate income tax rate in Germany amounts to 15% (in 2013 as in the previous year), while the solidarity surcharge remains 5.5% of corporate income tax.

Trade tax on income is levied on the trading profit of an entity, insofar as it refers to operations in Germany. Trading profit is calculated by taking the taxable income according to income and corporation tax law together with any additions or subtractions according to German trade tax law. The effective trade tax on income rate depends on the municipality in which the entity maintains a permanent establishment for carrying on its operations. The effective trade tax on income rate for Hamburg in 2013 amounted to 16.45% (2012: 16.45%).

In the case of foreign companies, the respective country-specific regulations and tax rates are used for the calculation of current income taxes.

The same percentages are used to calculate deferred taxes.

Deferred taxes under IAS 12 are calculated at the anticipated average tax rate at the time the differences are reversed. For the calculation of deferred taxes, the total tax rate for domestic companies amounted to 32.28% (prior year: 32.28%). In the case of foreign companies, the respective country-specific regulations and tax rates were used to calculate deferred taxes.

Tax reconciliation

in EUR thousand	**2013**	2012
Actual tax expense	**-8,960**	**-12,870**
Tax expense/income from the use/recognition of deferred tax assets on loss carryforwards/temporary differences	151	-4,111
Tax expense/income from the recognition/reversal of deferred tax liabilities due to temporary differences	220	79
Deferred taxes	**371**	**-4,032**
Actual and deferred income taxes	**-8,588**	**-16,902**
Earnings before taxes from continued operations	18,831	56,782
Result before taxes from discontinued operations	-54	1,011
Earnings before taxes	**18,777**	**57,793**
Income tax rate in %	32.275%	32.275%
Expected tax expense	-6,060	-18,653
Income/expenses IFRS without deferred tax (VBR, stock options)	214	17
Additions acc. to §8 GewStG (see tax calculation)	-3	-8
Tax effects from not fully deductible operating expenses	-62	-254
Tax loss carryforwards not capitalized	-4,933	-1,753
Tax rate difference of foreign subsidiaries	2,710	-4,044
Tax effects from not fully taxable income	0	97
Non-taxable expenses/income from consolidation	-517	-259
Tax effects from previous years	76	-129
Others	-14	-4
Income taxes	**8,588**	**16,902**
Tax expense disclosed in the consolidated income statement	8,108	16,902
Tax expense attributable to discontinued operations	480	0
	8,588	**16,902**

Deferred tax assets and liabilities developed as follows:

in EUR thousand	01/01/2013	Income/expense	Neutral (via equity)	**31/12/2013**
Deferred tax assets				
Deferred tax assets on temporary differences	1,591	257	103	1,951
Deferred tax assets on tax loss carryforwards	65	-24	0	41
	1,656	**232**	**103**	**1,992**

in EUR thousand	01/01/2013	Income/expense	**31/12/2013**
Deferred tax liabilities			
Deferred tax liabilities on temporary differences	1,344	-140	1,204
	1,344	**-140**	**1,204**

Of the deferred tax assets carried by Tipp24, an amount of EUR 41 thousand refers to tax loss carryforwards, and an amount of EUR 1,951 thousand to temporary differences. Based on current business planning of the companies concerned, except for Tipp24, positive results and cash flows are expected in future and thus taxable income will be generated. Deferred tax liabilities amounting to EUR 1,204 thousand result mainly from the different treatment of self-produced software.

Of total tax loss carryforwards amounting to EUR 28,679 thousand as of the balance sheet date (prior year: EUR 30,600 thousand), Tipp24 did not form deferred taxes for an amount of EUR 27,200 thousand (prior year: EUR 20,227 thousand).

In the course of a tax inspection, there is currently a dispute with the relevant tax authority regarding the validity of tax assessments for various items in the inspection period (fiscal years 2005 to 2007 inclusive). Although we have grounds to believe that all the items queried by the tax authority were correctly assessed in accordance with the relevant regulations, the possibility cannot be excluded that the relevant authority may come to a different conclusion and successfully uphold this view in any respective legal proceedings. As a result, there is a total tax risk of up to EUR 3.0 million, which might have a correspondingly negative effect on the earnings, financial position and net assets of Tipp24.

10 DISCONTINUED OPERATIONS

The Skill-Based Games business model was unable to match the profitability of our core business over the long term. We therefore decided to discontinue activities in this division in an orderly process.

As of 31 December 2011, Tipp24 Deutschland was thus classified as a discontinued operation.

The result of Tipp24 Deutschland can be broken down as follows:

in EUR thousand	**2013**	2012
Revenues	12	1,786
Expenses	-66	-774
Financing expenses	0	0
Impairment charge from restatement at fair value	0	0
Profit before tax from discontinued operations	**-54**	**1,011**
Income taxes	-481	0
Profit after tax from discontinued operations	**-535**	**1,011**

The net cash flow of Tipp24 Deutschland was as follows:

in EUR thousand	**2013**	2012
Cash flow from operating activities	125	-34
Cash flow from investing activities	0	500
Cash flow from financing activities	0	0
Net cash flow	**125**	**466**

Earnings per share from discontinued activities amounts to:

Earnings per share from discontinued activities (basic and diluted, in EUR/share)	-0.06	0.13

11 CASH AND SHORT-TERM FINANCIAL ASSETS

in EUR thousand	**31/12/2013**	31/12/2012
Bank balances	85,460	77,942
Cash on hand	5	5
Pledged cash	357	357
Cash and pledged cash	**85,822**	**78,303**

Bank balances mainly comprise sight and term deposits on short-term call and with variable interest rates held at various major European banks.

In addition, Tipp24 held available-for-sale short-term financial assets amounting to EUR 17,594 thousand as of the balance sheet date (prior year: EUR 18,079 thousand). They comprise shares and fixed-income funds. These securities are broadly spread and of high quality.

A negative change in equity of EUR 343 thousand (prior year: EUR 210 thousand) was recognized under consideration of deferred taxes. There were held-to-maturity financial assets of EUR 52,713 thousand as of the balance sheet date (prior year: EUR 35,696).

As of the reporting date, Tipp24 therefore has total available funds of EUR 156,129 thousand (prior year: EUR 132,079 thousand).

12 OTHER ASSETS AND PREPAID EXPENSES

in EUR thousand	**2013**	2012
Receivables from lottery companies	121	137
Receivables from payment systems	2,266	2,793
Receivables from hedging transactions	0	46
Receivables from players	268	359
Security retainers	2,509	511
Receivables from gaming operations	**5,164**	**3,846**
Prepaid expenses	**5,156**	**3,003**
Receivables from tax authorities for sales tax	**184**	**158**
Receivables from loans granted	1,700	392
Receivables from employees	22	22
Creditors with debit balances	56	45
Other	104	2,015
Others	**1,882**	**2,474**
Other assets and prepaid expenses	**12,386**	**9,482**

All other assets and prepaid expenses are due in less than one year. As of the balance sheet date, there were no indications of impairment which would have entailed the recognition of an impairment loss.

13 INTANGIBLE ASSETS

With regard to the development of intangible assets, we refer to the following table:

in EUR thousand	2013	2012
Accumulated acquisition costs as of 1 January	**31,195**	**32,370**
Additions	935	1,408
Disposals	-751	-2,486
Disposals due to changes in consolidation	-267	-97
Accumulated acquisition costs as of 31 December	**31,113**	**31,195**
Accumulated depreciation as of 1 January	**-13,141**	**-9,615**
Depreciation and value adjustments of the period	-6,078	-5,931
Disposals	744	2,396
Disposals due to changes in consolidation	267	9
Accumulated depreciation as of 31 December	**-18,207**	**-13,141**
Net book value as of 31 December	**12,905**	**18,054**

The remaining useful lives of intangible assets are between one and five years.

in EUR thousand	Software	Other software	Licences	Total
Accumulated acquisition costs as of 1 Jan. 2012	**23,792**	**8,050**	**528**	**32,370**
Additions	0	1,298	110	1,408
Disposals	0	-2,396	-90	-2,486
Disposals due to changes in consolidation	0	0	-97	-97
Accumulated acquisition costs as of 31 Dec. 2012	**23,792**	**6,952**	**451**	**31,195**
Additions	0	935	0	935
Disposals	0	-750	-1	-751
Disposals due to changes in consolidation	0	0	-267	-267
Accumulated acquisition costs as of 31 Dec. 2013	**23,792**	**7,137**	**184**	**31,113**

in EUR thousand	Software	Other software	Licences	**Total**
Accumulated acquisition costs as of 1 Jan. 2012	**-4,298**	**-5,209**	**-108**	**-9,615**
Depreciation and value adjustments of the period	-4,765	-1,008	-158	-5,931
Disposals	0	2,396	0	2,396
Disposals due to changes in consolidation	0	9	0	9
Accumulated acquisition costs as of 31 Dec. 2012	**-9,064**	**-3,811**	**-267**	**-13,141**
Depreciation and value adjustments of the period	-4,765	-1,299	-14	-6,078
Disposals	0	744	0	744
Disposals due to changes in consolidation	0	0	267	267
Accumulated acquisition costs as of 31 Dec. 2013	**-13,829**	**-4,365**	**-14**	**-18,207**

The item "Software" refers to the value of gaming software. The item "Other software" contains all other software products.

There are no restrictions on rights of disposal for the above mentioned intangible assets. Once again, no assets were pledged as collateral for liabilities.

14 PROPERTY, PLANT AND EQUIPMENT

With regard to the development of property, plant and equipment, we refer to the following table:

in EUR thousand	**2013**	2012
Accumulated acquisition costs as of 1 January	**7,573**	**6,987**
Additions	1,255	707
Disposals	-2,546	-116
Disposals due to changes in consolidation	-3	-5
Accumulated acquisition costs as of 31 December	**6,279**	**7,573**
Accumulated depreciation as of 1 January	**-5,348**	**-4,295**
Depreciation of the period	-1,279	-1,126
Disposals	2,488	72
Disposals due to changes in consolidation	3	1
Accumulated depreciation as of 31 December	**-4,136**	**-5,348**
Net book value as of 31 December	**2,143**	**2,226**

There are currently no assets from financial leases.

in EUR thousand	Office equipment	Hardware	Office equipment under construction	Total
Accumulated acquisition costs as of 1 Jan. 2012	**1,190**	**5,797**	**0**	**6,987**
Additions	38	669	0	707
Disposals	-2	-114	0	-116
Disposals due to changes in consolidation	-5	0	0	-5
Accumulated acquisition costs as of 31 Dec. 2012	**1,221**	**6,352**	**0**	**7,573**
Additions	32	629	595	1,255
Disposals	-258	-2,287	0	-2,546
Disposals due to changes in consolidation	-3	0	0	-3
Accumulated acquisition costs as of 31 Dec. 2013	**992**	**4,693**	**595**	**6,279**

in EUR thousand	Office equipment	Hardware	Office equipment under construction	Total
Accumulated depreciation as of 1 Jan. 2012	**-814**	**-3,481**	**0**	**-4,295**
Depreciation and value adjustments of the period	-174	-952	0	-1,126
Disposals	2	70	0	72
Disposals due to changes in consolidation	0	1	0	1
Accumulated depreciation as of 31 Dec. 2012	**-986**	**-4,362**	**0**	**-5,348**
Depreciation and value adjustments of the period	-211	-1,068	0	-1,279
Disposals	222	2,266	0	2,488
Disposals due to changes in consolidation	3	0	0	3
Accumulated depreciation as of 31 Dec. 2013	**-968**	**-3,168**	**0**	**-4,136**

15 LONG-TERM FINANCIAL ASSETS

Long-term financial assets of EUR 4,511 thousand (prior year: EUR 8,281 thousand) include loans to external service companies. As of the balance sheet date, there was no cause for impairment requiring value adjustment.

16 SHARES IN ASSOCIATED COMPANIES

The Group holds a stake of 25.7% in Geonomics Global Games Limited, London, UK.

in EUR thousand	**31/12/2013**	31/12/2012
Shares in the assets and liabilities of the associated company		
Short-term assets	2,130	2,776
Long-term assets	343	334
Short-term liabilities	158	225
Long-term liabilities	0	0
Equity	**2,315**	**2,885**
Share in profit or loss of the associated company		
Revenue	567	0
Annual net loss	-587	0
Other comprehensive income	0	0
Total comprehensive income	-587	0

(Rounding differences possible due to presentation in EUR thousand)

Reconciliation of the stated summarized financial information to the carrying value of the investment in Geonomics Global Games Limited disclosed in the consolidated financial statements:

in EUR thousand	**31/12/2013**	31/12/2012
Net assets of the associated company	**10,595**	**13,205**
Group's shareholding	*25.7%*	*25.7%*
Group's share in result	-587	0
Write-downs on undisclosed reserves (net)	270	0
Carrying value of the Group's shareholding in Geonomics Global Games Limited	**17,538**	**18,395**

Geonomics Global Games Limited is accounted for in the consolidated financial statements using the equity method.

The fiscal year of Geonomics Global Games Limited ends on 31 December.

17 SHARES IN JOINT VENTURES

On 1 October 2013, Tipp24 Investment 2 Limited acquired 50% of the shares in Geo24 UK Limited in London, UK. Tipp24 Investment 2 paid a purchase price of EUR 5,105 thousand.

Geo24 UK Limited is accounted for in the consolidated financial statements using the equity method.

The fiscal year of Geo24 UK Limited ends on 31 December.

in EUR thousand	31/12/2013
Shares in the assets and liabilities of the associated company	
Short-term assets	2,145
Long-term assets	12
Short-term liabilities	1,315
Long-term liabilities	0
Equity	**842**
Share in profit or loss of the joint venture	
Revenue	11
Annual net loss	-114
Other comprehensive income	0
Total comprehensive income	-114

(Rounding differences possible due to presentation in EUR thousand)

Reconciliation of the stated summarized financial information to the carrying value of the investment in Geo24 UK Limited disclosed in the consolidated financial statements:

in EUR thousand	31/12/2013
Net assets of the joint venture	**1,685**
Group's shareholding	*50.00 %*
Group's share in result	-114
Carrying value of the Group's shareholding in Geo24 UK Limited	**5,069**

(Rounding differences possible due to presentation in EUR thousand)

18 OTHER LIABILITIES

in EUR thousand	**31/12/2013**	31/12/2012
Liabilities to players	13,117	14,448
Liabilities to lottery companies	-6	-7
Liabilities to game brokers	683	118
Liabilities from gaming duty	202	2,177
Liabilities from gaming operations	**13,996**	**16,736**
VAT	1,165	1,167
Wage & church tax	299	119
Tax liabilities	**1,464**	**1,286**
Social security contributions	122	143
Liabilities from social security	**122**	**143**
Outstanding invoices	600	512
Other liabilities	1,787	211
Other liabilities	**2,387**	**734**
Total other liabilities	**17,971**	**18,900**

All other liabilities are due in less than one year.

19 DEFERRED INCOME

The company disclosed deferred income of EUR 3,783 thousand (prior year: EUR 3,460 thousand). It relates to payments for gaming orders and stakes received prior to 31 December 2013, yet which can only be recognized when the service is provided in the following year.

20 PROVISIONS

in EUR thousand	Opening balance 01/01/2013	Usage	Releases	Additions	**Closing balance 31/12/2013**
Provisions for bonuses	1,835	-1,835	0	935	935
Provisions for bonuses, long-term	83	-83	0	0	0
Provisions for lawsuits	1,538	-1,538	0	550	550
Other provisions	0	0	0	55	55
Total	**3,456**	**-3,456**	**0**	**1,540**	**1,540**

Provisions for lawsuits amounting in total to EUR 550 thousand (prior year: EUR 1,538 thousand) comprise the court costs and lawyers' fees incurred for trial preparation and management. Bonus provisions are likely to be paid out in the first quarter of 2014.

Income from the release of provisions was recognized with the expense items they were originally incurred for.

All provisions are likely to be used within one year.

21 EQUITY

21.1 SHARE CAPITAL

The Company's share capital equals its capital stock of EUR 8,385 thousand. It is fully paid and divided into 8,385,088 no-par value registered shares.

21.2 AUTHORIZED AND CONDITIONAL CAPITAL

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

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

Up to the effective relocation date, there was conditional capital of EUR 150 thousand to serve stock options issued as part of the Stock Option Plan of 29 June 2011, pursuant to Section 4 (3) of the Articles of Association. As of the effective relocation date, there is no longer any corresponding provision.

Up to the effective relocation date, there was conditional capital of EUR 10 thousand to serve stock options issued as part of the Stock Option Plan of 7 September 2005, pursuant to Section 4 (4) of the Articles of Association. As of the effective relocation date, there is no longer any corresponding provision.

21.3 CAPITAL RESERVES

Capital reserves amount to EUR 22,741 thousand (prior year: EUR 7,805 thousand). In the course of the increase in share capital, an amount of EUR 15,600 thousand was added to capital reserves.

The transaction costs for the capital increase amounted to EUR 663 thousand. As a result, capital reserves increased by EUR 14,937 thousand – from EUR 7,805 thousand to EUR 22,741 thousand.

21.4 SHARE-BASED PAYMENT

As part of the creation of Conditional Capital I at the Annual General Meeting of 7 September 2005, the Executive Board was authorized to establish a stock option plan (SOP 2005). This SOP 2005 expired in 2010. No more stock options are currently outstanding from the five SOP 2005 tranches issued up to 2010.

A new stock option plan (SOP 2011) was adopted at the Annual General Meeting of 29 June 2011. No stock options have so far been granted on the basis of SOP 2011.

The following identical option terms apply to both SOP 2005 and SOP 2011:

The stock options are limited to a period of up to five years and intended exclusively for issue to members of the Executive Board, selected executives and other key employees of the Company as well as the general management, selected executives and key employees of associated companies, as defined by § 15, German Stock Corporation Law (AktG).

The stock option plans of Tipp24 SE are a share-based payment system, whereby the method of compensation is at the Company's discretion. The transaction is expected to be settled via equity instruments, whereby fair value is calculated at the time of granting. The Company measures the stock option plans using financial valuation methods according to the Black-Scholes-Merton formula.

The stock options from all tranches can be exercised no sooner than two years after the respective date of issuance and within a period of three years. Options can only be exercised if an absolute or relative performance target is reached at the end of the lock-up period. At the end of the exercise period, any options which have not been exercised will expire.

In order to determine if and to what extent performance targets have been achieved, the average share price or average index of two periods (reference period and performance period) are compared with each other. The reference period consists of the 20 consecutive trading days prior to the issuance date. The performance period refers to the last 20 trading days before the lock-up period ends. The average share price is calculated as the average of the closing prices of the Tipp24 share in XETRA trading (or comparable successor of Deutsche Börse AG).

The absolute performance target depends on the performance of the Tipp24 share and is said to be achieved if its price increases by at least 20% (final price less exercise price).

The relative performance target is linked to the performance of the Tipp24 share relative to the SDAX. The relative performance target is achieved if the share's performance during the above mentioned performance period exceeds the index.

Performance during the fiscal year

The following table illustrates the performance of the share options and the weighted average exercise price (WAEP) during the fiscal year:

Share-based payments

Development during the fiscal year

	2013 Number	**2013** WAEP	2012 Number	2012 WAEP
Outstanding at the beginning of the reporting period	0	0	10,000	20.25
Granted during the reporting period	0	0	0	0
Forfeited during the reporting period	0	0	2,000	16.82
Exercised during the reporting period	0	0	8,000	21.36
Expired during the reporting period	0	0	0	0
Outstanding at the end of the reporting period	**0**	**0**	**0**	**0**

At the end of the reporting period there are no more share options outstanding. The average contract term was around three years.

Underlying parameters

The following table contains the underlying parameters for the valuation of the five tranches of the Share Option Plan of Tipp24 SE.

Share-based payments

Underlying parameters	Tranche 5	Tranche 4	Tranche 3	Tranche 2	Tranche 1
Dividend yield (%)	0.0	2.9	3.7	0.0	0.0
Expected volatility (%)	39.7	60.0	44.3	47.9	46.0
Risk-free interest rate (%)	0.86	0.73	3.72	3.98	3.44
Anticipated term of option (years)	2	2	2	2	2
Weighted average share price (EUR)	26.30	17.57	13.52	13.67	25.08
Model applied	Black-Scholes-Merton formula				

The anticipated term of the options is based on historical data and does not necessarily correspond to the actual exercise behaviour of the entitled persons. Expected volatility is based on the assumption that historical volatilities can be applied to future trends, whereby actual volatility may differ from these assumptions.

21.5 OTHER RESERVES

in EUR thousand	Opening balance	Reversals	Additions	**Closing balance 31/12/2013**
Changes in foreign exchange rates	-176	0	0	-176
Changes in fair values	238	-446	0	-208
Deferred tax assets	0	0	103	103
Other additions	72	0	0	72
Total	**134**	**-446**	**103**	**-209**

in EUR thousand	Opening balance 01/01/2012	Reversals	Additions	**Closing balance 31/12/2012**
Share-based payments	54	-54	0	0
Changes in foreign exchange rates	-176	0	0	-176
Changes in fair values	28	-20	230	238
Other additions	72	0	0	72
Total	**-21**	**-74**	**230**	**134**

The reserve for foreign currency translation serves to recognize differences between GBP and EUR from the translation of annual financial statements of the UK subsidiaries. With the commencement of fiscal year 2009, the Group's UK subsidiaries all changed their functional currency to the Group currency: euro. As a consequence, the unchanged reserve of EUR -176 thousand will be carried forward in accordance with IAS 21.37 until the companies are sold.

The changes in fair values concern gains/losses resulting from the revaluation of available-for-sale financial assets. The change recognized in other reserves (additions and reversals) corresponds to other comprehensive income in the consolidated statement of comprehensive income (EUR -446 thousand, prior year: EUR 162 thousand).

21.6 RETAINED EARNINGS

Retained earnings increased mainly by the amount of the consolidated net profit 2013.

21.7 EARNINGS PER SHARE

Earnings per share (basic and diluted) decreased in the past fiscal year from EUR 4.99 to EUR 1.30 per share. In comparison with the previous year, the average number of weighted outstanding shares increased by 283,333 – from 7,985,088 to 8,268,421.

Development of outstanding shares	
As of 31 December 2007	**8,218,272**
Change in 2008	-233,184
As of 31 December 2008	**7,985,088**
Change in 2009	-361,180
As of 31 December 2009	**7,623,908**
Change in 2010	+361,180
As of 31 December 2010	**7,985,088**
Change in 2011	0
As of 31 December 2011	**7,985,088**
Change in 2012	0
As of 31 December 2012	**7,985,088**
Change in 2013	+400,000
As of 31 December 2013	**8,385,088**

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year (increased to account for the diluting effects from stock options). In fiscal year 2013, there was no dilutive effect as there is no active stock option program at present. In fiscal year 2012, there was no significant dilutive effect from stock options.

22 PAID AND PROPOSED DIVIDENDS

Following the restructuring of business fields and the resulting transfer of control, Tipp24 SE currently has no significant cash flows, as the payment of a dividend from profits generated in the UK is currently excluded. The net income of Tipp24 SE according to commercial law amounted to EUR -13,012 thousand. The balance sheet loss of Tipp24 SE amounting to EUR 1,926 thousand will be carried forward.

On 27 February 2014, the Executive Board of Tipp24 announced that it was considering the payment of a one-off special dividend in late April 2014 in the form of an interim dividend amounting to EUR 7.50 per share.

The Executive Board also resolved to propose annual dividend payments for shareholders in future as of 2015. The first such dividend would be based on the annual financial statements for the current fiscal year 2014. The annual dividend is to be at least EUR 1.50 per share – provided that the Company's financial position and performance enables such a dividend.

23 LEASES

23.1 FINANCE LEASES

The Company held no finance leases in the period under review.

23.2 OPERATING LEASES

The Company has concluded several leases which were classified as operating leases pursuant to IAS 17.

Tipp24 expensed rental payments for offices amounting to EUR 2,444 thousand (prior year: EUR 1,758 thousand).

The future minimum lease payments and the present value of the minimum lease payments for the above operating leases are as follows:

in EUR thousand	**31/12/2013**	31/12/2012	**31/12/2013**	31/12/2012
	Minimum lease payments		Present value of the minimum lease payments	
Obligations from the following year	0	1,747	1,304	1,603
> 1–5 years	1,468	1,565	60	1,315
> 5 years	1,183	0	0	0
Minimum lease obligations	**2,651**	**3,312**	**1,364**	**2,918**
less interest	-142	-394	0	0
Present value of minimum obligations	**2,509**	**2,918**	**1,364**	**2,918**

23.3 OTHER FINANCIAL OBLIGATIONS

In addition, other significant financial obligations arising from other contracts, including cooperation agreements, insurance contracts, license agreements and maintenance agreements are as follows:

in EUR thousand	2014	2015	2016	2017	2018 and beyond	**Total**
Other contracts	22,237	861	469	0	0	**23,568**

24 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. Oliver Jaster is a member of the Supervisory Board. The operating business of Schumann e.K. was outsourced to a related company of Oliver Jaster, Günther Direct Services GmbH, Bamberg. In return, Günther Direct Services GmbH, Bamberg, received compensation of EUR 148 thousand in the period under review (prior year: EUR 182 thousand).

At the Annual General Meeting for fiscal year 2010 held on 29 June 2011, Jens Schumann was elected member of the Supervisory Board with effect from 1 July 2011. Jens Schumann is the sole shareholder of Schumann e.K. This structure has existed in comparable form since 2002 and was chosen because class lotteries only issue sales licenses at present to natural persons or companies in which neither the liability of the Company or its direct and indirect partners is limited. A cooperation agreement is in place between Tipp24 SE and Schumann e.K., which governs the processing of game participation of class lottery customers by Schumann e.K. Under the terms of the agreement, Schumann e.K. must pay all commissions and other brokerage fees collected in this context to Tipp24 SE. Tipp24 SE provides Schumann e.K. with services in the field of controlling, bookkeeping, marketing and technical services and bears the costs incurred by Schumann e.K. in running its operations. As Jens Schumann operates Schumann e.K. in the interest of Tipp24 SE, Tipp24 SE has undertaken to indemnify him in the event of any personal claims by third parties arising from or in connection with the operation of Schumann e.K. Indemnification is limited to the extent that fulfilment of this indemnification may not cause Tipp24 to become insolvent or over-indebted. In his capacity as shareholder of Schumann e.K., Mr Schumann did not receive any remuneration during the fiscal year.

The charitable foundation "Fondation enfance sans frontières", Zurich, owner of the preference shares of MyLotto24 Limited and Tipp24 Services Limited, has been identified as a related party. According to its disclosures, it did not receive any remuneration from Tipp24 in the reporting period.

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

Please refer to Note 28 for details on Executive Board and Supervisory Board remuneration.

25 CAPITAL MANAGEMENT

Tipp24 operates a decentralized capital management system. All major decisions concerning the financial structure of the "Germany" segment are taken by the Executive Board of Tipp24 SE. Capital management activities of the "Abroad" segment are handled by MyLotto24, with the exception of Tipp24 Services which operates its own capital management system. The principles and objectives of capital management are as follows, while the risks to which Tipp24 is hereby exposed are described in the current risk report.

Equity which exceeds the amount required to secure the Company's stable financial position is to be used for investments and further growth finance in line with our growth strategy. In the medium term, Tipp24 may also leverage its financial position by means of interest-bearing debt. In future, liquid equity capital not required for the Company's strategic objectives is to be used once again to pay dividends to our shareholders and buy back shares from the market. This optimization of the equity ratio, however, is only prudent and possible when MyLotto24 can distribute a dividend to Tipp24 SE again.

Principles and objectives of capital management

in EUR thousand	**31/12/2013**	31/12/2012
Equity ratio	82.1%	78.6%
Equity	175,556	150,375

26 DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

26.1 FAIR VALUE

The following table illustrates the significance of net profits from financial instruments:

Net profits from financial instruments

in EUR thousand	2013	2012	2013	2012
	Carried in equity		Carried in income statement	
Financial assets				
Cash and pledged cash	**0**	**0**	**0**	**27**
Short-term financial assets				
Available-for-sale financial assets	0	210	-120	153
Held-to-maturity financial assets	-446	0	-291	-35
Financial result	**-446**	**210**	**-411**	**146**
Other financial assets (short-term)	0	0	0	-250
	-446	**210**	**-411**	**-104**

The financial instruments included in the following balance sheet items can be allocated to the following categories:

Financial instruments 2013

EUR thousand	Amortized cost	Fair value recognized in equity	Non-financial assets/ liabilities	Total	**Book value 31/12/2013**	**Fair value 31/12/2013**
Assets						
Cash and pledged cash						
Receivables	85,817	–	–	85,817	–	–
Non-financial assets	–	–	5	5	85,822	85,822
Short-term financial assets						
Available-for-sale financial assets	–	17,594	–	17,594	–	–
Held-to-maturity financial assets	52,713	–	–	52,713	70,307	70,307
Trade receivables						
Receivables	259	–	–	259	259	259
Other assets						
Receivables	5,347	–	5,340	10,687	–	–
Loans	1,700	–	–	1,700	12,386	12,386
Long-term financial assets						
Financial assets held-to-maturity	4,511	–	–	4,511	4,511	4,511
Long-term other assets						
Receivables	–	–	435	435	435	435
Total assets					**173,720**	**173,720**
– of which loans and receivables	–	–	–	–	93,123	93,123
– of which available-for-sale financial assets	–	–	–	–	17,594	17,594
Held-to-maturity financial assets, short-term	–	–	–	–	52,713	52,713
Held-to-maturity financial assets, long-term	–	–	–	–	4,511	4,511
Liabilities						
Liabilities						
Trade payables	9,812	–	–	9,812	9,812	9,812
Other liabilities	16,384	–	1,587	17,971	–	–
Financial liabilities	108	–	–	108	18,079	18,079
Total liabilities					**27,890**	**27,890**
– of which liabilities	–	–	–	–	26,196	26,196

Financial instruments 2012

EUR thousand	Amortized cost	Fair value recognized in equity	Non-financial assets/ liabilities	Total	**Book value 31/12/2012**	**Fair value 31/12/2012**
Assets						
Cash and pledged cash						
Receivables	78,298	–	–	78,298	–	–
Non-financial assets	–	–	5	5	78,303	78,303
Short-term financial assets						
Available-for-sale financial assets	–	18,079	–	18,079	–	–
Held-to-maturity financial assets	35,696	–	–	35,696	53,776	53,776
Trade receivables						
Receivables	71	–	–	71	71	71
Other assets						
Receivables	6,005	–	3,161	9,558	–	–
Loans	392	–	–	392	9,558	9,558
Long-term financial assets						
Financial assets held-to-maturity	4,516	–	–	4,516	–	–
Receivables	2,000	–	–	2,000	–	–
Loans	1,765	–	–	1,765	8,281	8,281
Long-term other assets						
Receivables	–	–	269	269	269	269
Total assets					**150,258**	**150,258**
– of which loans and receivables	–	–	–	–	88,531	88,531
– of which available-for-sale financial assets	–	–	–	–	18,079	18,079
Held-to-maturity financial assets, short-term	–	–	–	–	35,696	35,696
Held-to-maturity financial assets, long-term	–	–	–	–	4,516	4,516
Liabilities						
Liabilities						
Trade payables	6,568	–	–	6,568	6,568	6,568
Other liabilities	16,185	–	1,429	17,614	–	–
Financial liabilities	110	–	–	110	17,724	17,724
Total liabilities					**24,292**	**24,292**
– of which liabilities	–	–	–	–	22,863	22,863

The carrying amounts of cash and current assets, as well as trade payables, approximate their fair values due to the short-term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Long-term financial assets are evaluated by the Group based on parameters such as interest rates. Based on this evaluation, allowances are taken into account. As at 31 December 2013, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

Hierarchy of fair values

As of 31 December 2013, Tipp24 held securities with a value of EUR 70,307 thousand (prior year: EUR 53,776 thousand), which were all classified as in the previous year as Level 1 financial instruments measured at fair value.

As in the previous year, the Company did not hold any liabilities measured at fair value on the balance sheet date.

Tipp24 uses the following hierarchy to determine and disclose the fair value of financial instruments for each measurement method:

Level 1: listed (unadjusted) prices on active markets for similar assets or liabilities.

Level 2: methods in which all input parameters, which have a significant effect on the carried fair value can be observed, either directly or indirectly.

Level 3: methods which use input parameters which have a significant effect on the carried fair value and are not based on observable market data.

26.2 CREDIT RISK

The scope of the credit risk of Tipp24 equals the sum of cash, short-term financial assets, trade receivables and other receivables.

Cash and other financial assets

In view of the current adverse climate on the European and global financial markets, there may be a default risk both in respect of the cash and short-term financial assets themselves, as well as the accruing interest.

Due to the high total amount of cash and short-term financial assets held by Tipp24, and the resulting absolute and relative importance, extensive management processes have been established to steer and regularly monitor the Company's investment strategy.

Cash and short-term financial assets are invested in a variety of short-term securities offering as much liquidity and as little volatility as possible, while ensuring broad risk diversification. The overriding objective of our investment strategy is to preserve capital – even at the expense of expected returns.

Tipp24's investment strategy is aimed at spreading and minimizing risk by means of multi-dimensional diversification. Firstly, funds are divided into differing investment products, such as sight and term deposits, highly fungible government bonds of eurozone states and short-term investment fund units. Secondly, we restrict our choice to those investments with good credit ratings. Following regular monitoring, there were no specific default risks in the portfolio as of the balance sheet date.

Trade and other receivables

The Company mainly collects the amounts owed by customers directly, via direct debit or credit card. On the basis of many years of collected data, the risk of returned direct debits or credit card charges is regarded as limited. Missing amounts from such cancellations are charged directly to "Other operating expenses".

The Group generates receivables from lottery organizers for the winnings of its customers, which are passed on directly to the winners upon receipt. Due to the credit standing of the lottery organizers, the Group does not expect any significant default on payment.

Receivables from payment systems such as credit card companies entail the risk that the Group's customers themselves fail to meet their payment obligations. This risk is recognized directly in profit or loss in the event of payment default by a customer.

Contingent receivables

There are no contingent receivables.

26.3 LIQUIDITY RISK

Due to the sufficiency of its liquid assets, Tipp24 is not exposed to any significant liquidity risk. Even in the case of significant restrictions of business against the backdrop of regulatory developments, Tipp24 has sufficient liquidity to service the Company's liabilities at any time. Financial liabilities are mainly due immediately and do not accrue interest.

In order to reduce the particular risk of high jackpot payouts in the "Abroad" segment, MyLotto24 Limited conducts hedging transactions – such as the transfer of payment obligation risks to a so-called catastrophe bond (CAT bond) via an Insurance-Linked-Security (ILS) vehicle.

26.4 INTEREST RATE RISK

Tipp24 invests the majority of its funds in a combination of fixed term deposits. For these funds, which are mainly held in liquid or short-term investments, there is a general risk from changing interest rates. A sensitivity analysis was conducted for the portfolio of cash and short-term financial assets held on 31 December 2013 with a simulated interest rate increase of 50 base points. Assuming no changes are made to the portfolio in response to the interest rate increase, there would be a rise in interest income of EUR 792 thousand (in a simplified calculation). Under consideration of the duration of those investments currently in the portfolio, there would be an expected reduction of this interest income of EUR 102 thousand. The overall effect, therefore, would be an increase in interest income of EUR 690 thousand. In the previous year, there was a total effect of EUR 581 thousand.

26.5 CURRENCY RISK

The Company is exposed to a currency risk as a result of the 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.

For the presentation of currency risks, IFRS 7 requires sensitivity analyses which display the effects of hypothetical changes of the relevant risk variables on earnings and equity. In order to determine the currency risk, a fluctuation of the euro to British pound exchange rate of 10% was assumed as of 31 December 2013.

On the basis of this assumption, a revaluation of the euro against the British pound of 10% to 0.7508 GBP/EUR would result in an effect of EUR 5,014 thousand on earnings. A devaluation of the euro against the British pound of 10% to 0.9171 GBP/EUR would result in an effect of EUR -3,407 thousand on earnings. In the previous year, a revaluation of the euro against the British pound of 10% would have resulted in an effect of EUR 2,513 thousand on earnings, while a devaluation of the euro against the British pound of 10% would have resulted in an effect of EUR -3,071 thousand on earnings.

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

27 EVENTS AFTER THE BALANCE SHEET DATE

As stated in Note 1, Tipp24 SE successfully relocated its registered office to London, UK, on entry in the commercial register of the UK's Companies House on 7 February 2014.

As of 10 February 2014, the registered shares of Tipp24 are traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange in the form of so-called Clearstream Interests (CIs) under the ISIN GB00BHD66J44/WKN TIPP024.

On 25 February 2014, Tipp24 (Netherland) B.V., based in Amsterdam, the Netherlands, was formed. It is a wholly-owned subsidiary of Tipp24 UK Limited.

28 OTHER DISCLOSURES ACC. TO GERMAN COMMERCIAL LAW

28.1 EXECUTIVE BOARD

The Executive Board manages Tipp24 SE in coordination with an operative management team.

Dr. Hans Cornehl is Chairman of the Executive Board of Tipp24 and has been a member of the Executive Board since 2002. From July 2012 to the end of January 2013, he led the company as the sole member of the Executive Board. He is responsible for Strategy, Corporate Development, Communication, Corporate & Legal Affairs, IT and HR.

Andreas Keil has been a member of the Executive Board since 1 February 2013 with responsibility for the Finance, Accounting, Taxes, Controlling, Risk Management and Investor Relations divisions. Andreas Keil is a member of the Supervisory Board of MATERNUS-KLINIKEN AG, Berlin (regular member).

Dr. Helmut Becker was appointed to the Executive Board of Tipp24 on 1 June 2013 and is responsible for the Marketing, Sales and Brand Management divisions.

The members of the Executive Board worked on a full-time basis. The remuneration of the Executive Board in fiscal year 2013 consisted of the following elements:

in EUR thousand	Fixed remuneration	Variable remuneration	**2013**
Dr. Hans Cornehl	400	519 [1)]	919
Andreas Keil	253	216	469
Dr. Helmut Becker	204	174	378
Total	**857**	**909**	**1,766**

[1)] Variable remuneration includes an amount of EUR 156 thousand resulting from an additional annual bonus for work as the sole Executive Board member and for a one-off voluntary "signing-on bonus".

The remuneration of the Executive Board in fiscal year 2012 consisted of the following elements:

in EUR thousand	Fixed remuneration	Variable remuneration	Severance pay	**2012**
Dr. Hans Cornehl	350	643	–	993
Marcus Geiß	117	246	1,937	2,300
Petra von Strombeck	175	332	–	507
Total	**642**	**1,221**	**1,937**	**3,800**

In fiscal year 2013, total remuneration of the Executive Board amounted to EUR 1,766 thousand (prior year: EUR 3,800 thousand).

28.2 SUPERVISORY BOARD

The following persons held seats on the Supervisory Board of Tipp24 SE in fiscal year 2013:

- Andreas de Maizière, self-employed partner of Doertenbach & Co. GmbH, (Chairman)
- Prof. Willi Berchtold, Managing Partner of CUATROB GmbH, (Deputy Chairman), until 28 June 2013
- Dr. Helmut Becker, Member of the Executive Board of XING AG, (regular member), until 31 May 2013
- Hendrik Pressmar, lawyer, (regular member), until 28 June 2013
- Thorsten Hehl, investment manager Günther Holding GmbH, (regular member), since 28 June 2013
- Bernd Schiphorst, Executive Board member WMP EuroCom AG, (regular member), since 28 June 2013
- Peter Steiner, self-employed auditor, (Deputy Chairman), since 28 June 2013
- Oliver Jaster, Managing Partner of Günther Holding, (regular member)
- Jens Schumann, merchant, (regular member)

The remuneration of the Supervisory Board consisted of the following elements:

in EUR thousand	Fixed remuneration	Variable remuneration	2013
Andreas de Maizière (Chairman)	134	0	134
Prof. Willi Berchtold until 28 June 2013 (Deputy Chairman)	47	0	47
Peter Steiner since 28 June 2013 (Deputy Chairman)	47	0	47
Oliver Jaster	60	0	60
Dr. Helmut Becker until 31 May 2013	17	0	17
Hendrik Pressmar until 28 June 2013	20	0	20
Thorsten Hehl since 28 June 2013	30	0	30
Bernd Schiphorst since 28 June 2013	20	0	20
Jens Schumann	60	0	60
Total	**435**	**0**	**435**

in EUR thousand	Fixed remuneration	Variable remuneration	2012
Andreas de Maizière (Chairman)	134	0	134
Prof. Willi Berchtold (Deputy Chairman)	94	0	94
Oliver Jaster	60	0	60
Dr. Helmut Becker	40	0	40
Hendrik Pressmar	40	0	40
Jens Schumann	60	0	60
Total	**428**	**0**	**428**

28.3 DIRECTORS' DEALINGS

Shares and subscription rights held by executive bodies

The following table shows the number of shares held in Tipp24 SE by members of the executive bodies of Tipp24 SE as of 31 December 2013, as well as changes in shareholdings during 2013.

Otherwise, none of the executive bodies holds subscription rights to shares of Tipp24 SE.

Shares	01/01/2013	Changes	**31/12/2013**
Executive Board			
Dr. Hans Cornehl	55,389	2,000	57,389
Andreas Keil	0	800	800
Supervisory Board			
Oliver Jaster	1,995,842	-300,000	1,695,842
Jens Schumann	355,000	-5,000	350,000

28.4 CORPORATE GOVERNANCE

Declaration of Conformity for the Adoption of the Recommendations of the "Government Commission on the German Corporate Governance Code"

The Executive Board and Supervisory Board of Tipp24 issued the last Declaration of Conformity with the German Corporate Governance Code pursuant to Sec. 161 AktG in February 2013. This has been made publicly available on the website of Tipp24 SE (www.tipp24.co.uk). Since the relocation of the Company's registered office became effective on 7 February 2014, Tipp24 SE – as a UK-based company whose shares are traded exclusively on a regulated market in Germany – is subject to neither UK nor German corporate governance regulations and, in particular, is no longer required to submit declarations of conformity pursuant to Sec. 161 AktG. Nevertheless, Tipp24 intends to prepare and publish its own voluntary Corporate Governance rules.

28.5 EMPLOYEES

The average number of employees is shown below:

2013	Germany	Abroad	Tipp24
Executive Board	3	0	3
General Managers	1	6	7
Employees	23	105	128
Trainees	0	1	1
Temporary personnel	1	0	1
Total	**28**	**112**	**140**

2012	Germany	Abroad	Tipp24
Executive Board	2	0	2
General Managers	0	5	5
Employees	13	91	104
Trainees	0	0	0
Temporary personnel	0	0	0
Total	**15**	**96**	**111**

28.6 AUDITING COSTS

The following fees were charged by the auditors of the annual financial statements, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft for fiscal year 2013:

in EUR thousand	**2013**	2012
Auditing fees	398	472
thereof for international partner companies of the auditing company	294	299
Other auditing services	0	0
thereof for international partner companies of the auditing company	0	0
Tax consulting	218	227
thereof for international partner companies of the auditing company	70	17
Other services	47	578
thereof for international partner companies of the auditing company	0	69
Total	**663**	**1,277**

Other services provided by the auditing company relate to consultations in connection with the relocation and other projects.

28.7 CONSOLIDATED GROUP

The consolidated Group comprises the companies listed below, for which the respective present and past shareholdings are also stated (see also Note 2.5 "Consolidation principles").

In April 2013, Tipp24 Investment 2 Limited, was founded. Tipp24 SE holds 75% of shares in Tipp24 Investment 2 Limited, while the remaining 25% are held by Smartgames Technologies Limited.

In November 2013, Tipp24 (US) Incorporation was founded as a wholly-owned subsidiary of Tipp24 (UK) Limited.

In % of voting rights (calculated)	2013	2012	Initial consolidation	Deconsolidation
Subsidiaries:				
Tipp24 Deutschland GmbH, Hamburg, Germany	100	100	2008	
MyLotto24 Limited, London, UK	40	40	2007	
Smartgames Technologies Limited, London, UK (formerly Tipp24 Operating Services Limited)	40	40	2007	
Ventura24 S.L., Madrid, Spain	40	40	2001	
Ventura24 Games S.A., Madrid, Spain	40	40	2011	
Giochi24 S.r.l., Monza, Italy	0	40	2008	2013
GSG Lottery Systems GmbH, Hamburg, Germany	40	40	2001	
Tipp24 Services Limited, London, UK	16	16	2007	
LottoNetwork Limited, London, UK	40	40	2012	
LottoNetwork s.r.l., Monza, Italy	40	40	2012	
Tipp24 (UK) Limited, London, UK	100	100	2012	
Tipp24 Investment 1 Limited, London, UK	85	85	2012	
Tipp24 Investment 2 Limited, London, UK	85	–	2013	
Tipp24 (US) Incorporation, Wilmington, USA	100	–	2013	
Associated companies:				
Geonomics Global Games Limited, London, UK (formerly Roboreus Limited)	21.85	21.85	2012	
Joint ventures:				
Geo24 UK Limited, London, UK	53.43	–	2013	

Schumann e.K., Hamburg, was included in the consolidated financial statements in accordance with IAS 27 and SIC 12.10 even though Tipp24 SE has no equity interest or voting rights in the Company. We refer to our comments in Section 2.5 "Consolidation Principles".

MyLotto24 Limited sponsored an Insurance-Linked-Security (ILS) vehicle which partially transfers its bookmaking risk to the capital market. The CAT bond was placed with institutional investors outside the Group by a special purpose entity. MyLotto24 Limited has no controlling influence, no exposure to the residual risk, no right to receive benefits and therefore no exposure to risk in respect of the ILS; hence MyLotto24 Limited does not include the entity in its consolidated financial statements.

London, 19 March 2014

The Executive Board

Dr. Hans Cornehl Andreas Keil Dr. Helmut Becker

AUDIT OPINION

We have audited the consolidated financial statements prepared by Tipp24 SE, Hamburg, comprising the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity, and the notes to the consolidated financial statements, together with the Group management report for the fiscal year from January 1 to December 31, 2013. The preparation of the consolidated financial statements and the Group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit.

The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, 19 March 2014

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Klimmer	Borger
Auditor	Auditor

RESPONSIBILITY STATEMENT

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

London, 19 March 2014

The Executive Board

Dr. Hans Cornehl Andreas Keil Dr. Helmut Becker

VOLUNTARY SPECIAL REPORT OF THE SUPERVISORY BOARD

Since relocating its registered office on 7 February 2014, the Company is now subject to the laws of England and Wales. As a consequence, the previous obligation of the Supervisory Board to prepare a written report for the general meeting pursuant to Sec. 171 (2) AktG no longer applies as there is no corresponding duty under English law. The Supervisory Board performed its duties throughout the fiscal year 2013 according to German law. Against this backdrop, the Supervisory Board of Tipp24 SE has decided to prepare a special voluntary report for the shareholders which largely comprises the content of a Supervisory Board report under German law. In the following, the Company's supervisory body is referred to as the Supervisory Board and the management body as the Executive Board when discussing events of the reporting period.

ADVISING AND MONITORING MANAGEMENT

The Supervisory Board of Tipp24 SE regularly monitored and advised the Executive Board in accordance with statutory obligations during the period under review. We were directly involved in all decisions of the Executive Board which were of significance for the Company. Moreover, the Executive Board regularly informed the Supervisory Board fully and promptly, in oral and written reports, about all material issues of business planning and strategic development, about the course of events, the Group's current situation, including possible risks and the risk management system. Deviations between the planned and actual course of business were explained to us in detail. The Executive Board consulted with us about the company's strategic alignment. Moreover, the Executive Board provided the Supervisory Board with comprehensive reports about the course of business, including the development of revenue and profitability, as well as the Company's current situation and business policy. These reports were presented to all members of the Supervisory Board. Based on these reports of the Executive Board, the Supervisory Board was able to discuss in detail, monitor and advise on all important business activities. After careful examination and detailed discussion, the Supervisory Board approved all resolutions presented by the Executive Board. A total of eleven Supervisory Board meetings were held in fiscal year 2013, which were attended by all members. Further resolutions concerning current topics were adopted by circular written consent. In addition to the Supervisory Board meetings, the Chairman of the Supervisory Board was also regularly provided with detailed and up-to-date information by the Executive Board about significant business transactions and discussed various aspects of business policy with the Executive Board.

MAIN TOPICS OF DISCUSSION OF THE SUPERVISORY BOARD

In fiscal year 2013, the meetings of the Supervisory Board focused on the following topics:

- the development of sales and earnings, as well as the financial position, of Tipp24 SE and its fully consolidated associated companies in Germany and in the foreign markets UK, Spain and Italy,
- corporate planning, including investment and personnel planning,
- the legal disputes being conducted by Tipp24 SE,
- the development of the regulatory and economic environment in those markets of relevance for Tipp24, in particular the UK and North America,
- the strategic alignment and growth strategy of Tipp24 SE and its fully consolidated associated companies; in particular the formation of a joint venture with the UK-based Geonomics Global Games Limited,
- planning and implementing the relocation of the company's registered office,
- measures of the Executive Board requiring approval, especially in connection with the relocation of the company's registered office and the aforementioned joint venture,
- the composition and expansion of the Executive Board, including remuneration of the Executive Board,
- the ongoing development of the early risk warning systems,
- discussion and consultation of all business transactions requiring approval and
- the continuous improvement of Corporate Governance and its adaptation to new statutory requirements.

In view of the transfer of control over the fully consolidated associated companies in the foreign markets UK and Spain completed in 2009, discussions concerning these companies were restricted to an assessment of the opportunities and risks which Tipp24 SE believes are associated with these businesses.

COMPOSITION OF THE COMMITTEES AND MAIN TOPICS OF DISCUSSION

The Supervisory Board has set up two committees. The Presidial Committee, comprising Messrs de Maizière (Chairman), Jaster and Schumann, also acts as the Nomination Committee – whose tasks include Executive Board personnel matters – and met twice during fiscal year 2013. Discussions focused mainly on the strategic alignment, Executive Board remuneration including the target agreements agreed with the Executive Board and the expansion of the Executive Board. In its function as Nomination Committee, the Presidial Committee also prepared a Supervisory Board resolution concerning proposals for the election of all Supervisory Board members by the Annual General Meeting of 28 June 2013. Up to 28 June 2013, the Audit Committee comprised Prof. Berchtold (Chairman), Messrs Jaster and de Maizière and as of 28 June 2013 Messrs Steiner (Chairman), de Maizière and Hehl. The Audit Committee was convened five times during fiscal year 2013 and dealt with the audit of the annual financial statements 2012, as well as corporate structure, risk management and the main audit focus of the annual financial statements 2013.

CORPORATE GOVERNANCE AND DECLARATION OF CONFORMITY

During the reporting period, the Supervisory Board dealt with the recommendations of the German Corporate Governance Code. In February 2013, the Executive Board and Supervisory Board submitted a Declaration of Conformity, pursuant to Sec. 161 German Stock Corporation Law (AktG) and made it permanently available to shareholders via the Company's website. The Supervisory Board reported on this in its report dated 20 March 2013. Since the relocation of the Company's registered office became effective on 7 February 2014, Tipp24 SE – as a UK-based company whose shares are traded exclusively on a regulated market in Germany – is subject to neither UK nor German corporate governance regulations and, in particular, is no longer required to submit declarations of conformity pursuant to Sec. 161 AktG. Nevertheless, the Company intends to prepare and publish its own voluntary Corporate Governance rules. A cooperation agreement exists between Tipp24 SE and Staatliche Lotterieeinnahme Schumann e.K. (SEK) which regulates SEK's processing of game proceeds from class lottery customers. Supervisory Board member Jens Schumann is the owner of SEK. The cooperation agreement stipulates that SEK must remit all commissions and other brokerage fees to Tipp24 SE. In return, Tipp24 SE provides SEK with controlling, bookkeeping, marketing and technical services and bears SEK's operating costs. As Jens Schumann operates SEK in the interest of Tipp24 SE, Tipp24 SE has undertaken to indemnify him in the event of any personal claims by third parties arising from or in connection with the operation of SEK. Indemnification is limited to the extent that fulfilment of this indemnification may not cause Tipp24 SE to become insolvent or over-indebted. In the reporting period, Mr Schumann did not receive any remuneration for his activities on behalf of SEK. The Supervisory Board voted to approve the continuation of the cooperation agreement between Tipp24 SE and SEK on 29 June 2011, the date on which Mr Schumann was elected to the Supervisory Board. There are no further direct or indirect consultancy or other service relationships between the company and individual members of the Supervisory Board. In addition to their membership of the Supervisory Board of our company, Prof. Berchtold (up to 28 June 2013) and Mr Schumann have also been (or were) Supervisory Board members of the former subsidiary Lotto24 AG since 2 May 2012. Neither from this matter nor any other were there any conflicts of interest between the mandate of individual Supervisory Board members and their other activities in fiscal year 2013. According to our examinations, the Supervisory Board has a sufficient number of independent members. In accordance with Section 107 (4) in connection with Section 100 (5) AktG, Prof. Berchtold (up to 28 June 2013) and Mr Jaster were appointed to the Audit Committee as finance experts, and as of 28 June 2013 Mr Steiner.

AUDITING OF THE PARENT COMPANY AND CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The annual financial statements and management report for fiscal 2013 of Tipp24 SE, as prepared by the Executive Board in accordance with the German Commercial Code (HGB), and the consolidated annual financial statements and Group management report prepared in accordance with International Financial Reporting Standards (IFRS) were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, which issued an unqualified audit certificate in each case. The audit also included an examination of the respective accounting systems. The Executive Board provided us with the aforementioned documents in due time. They were discussed in detail at the Audit Committee's meeting on 18 March 2014. The Supervisory Board comprehensively dealt with the annual financial statements and consolidated financial statements of Tipp24 SE during the balance sheet meeting on 19 March 2014, which was also attended by the auditor. Moreover, the auditor reported on the chief results of his audit and confirmed that there were no significant weaknesses in the internal control system and the risk management system. During the meeting, the Executive Board explained the annual financial statements of Tipp24 SE and the Group, as well as the risk management system. The auditor also reported on the scope, focus areas and costs of the audit. We concur with the auditor's findings. Based on the final result of the audit undertaken by the Audit Committee and our own final examination, there are no objections to be raised. The Supervisory Board approved the financial statements prepared by the Executive Board.

PERSONNEL

During the reporting period, the Supervisory Board comprised Messrs Andreas de Maizière (Chairman), Peter Steiner (Deputy Chairman), Thorsten Hehl, Oliver Jaster, Bernd Schiphorst and Jens Schumann. Mr de Maizière has sat on the Supervisory Board since 29 June 2011, Mr Jaster since 29 May 2008 and Mr Schumann since 29 June 2011. All current members of the Supervisory Board were elected, or re-elected, by the Annual General Meeting of 28 June 2013 for the period ending on completion of the Annual General Meeting which adopts the resolution on the formal approval of the fiscal year 2015 (in adaptation to the law of England and Wales: for the period ending on completion of the Annual General Meeting which receives the annual financial statements for fiscal year 2015). The previous Supervisory Board members, Prof. Berchtold and Mr Pressmar, retired from the Supervisory Board as of 28 June 2013 on expiry of their respective terms of office. As of 7 February 2014, the previous Supervisory Board (Company's supervisory body) has continued with the same members as a Supervisory Board under the laws of England and Wales and the Company Statutes.

Mr Andreas Keil joined the company as Chief Financial Officer on 1 February 2013. The Executive Board was expanded once again on 1 June 2013 with the appointment of Dr. Helmut Becker as Chief Marketing Officer. As of 7 February 2014, the previous Executive Board (Company's management body) has continued with the same members.

The Supervisory Board would like to thank the members of the Executive Board and all employees of Tipp24 SE and its fully consolidated associated companies for their commitment and successful efforts during the past fiscal year.

London, 19 March 2014

Andreas de Maizière
(Chairman of the Supervisory Board)

KEY SHARE FIGURES

KEY SHARE FIGURES

Day of initial listing	**12/10/2005**
Year-opening price	**EUR 37.60**
Market capitalization (Year-opening)	**EUR 300 million**
Year-end price	**EUR 48.49**
Market capitalization (Year-end)	**EUR 407 million**
Highest price (20 Aug. 2013)	**EUR 51.58**
Lowest price (07 Jan. 2013)	**EUR 37.65**
Number of outstanding shares (31 Dec. 2013)	**8,385,088**
Average daily trading (2013)	**EUR 879 thousand**
Earnings per share[1]	**Euro 1.30**

[1] from continued operations

SHAREHOLDER SERVICE

WKN	**TPP024**
ISIN	**GB00BHD66J44**
Ticker symbol	**TIM.DE**
Stock exchange	**Frankfurter Wertpapierbörse**
Market segment	**Official Market, Prime Standard**
Designated sponsor	**Close Brothers Seydler**
Coverage	**Berenberg Bank, Bankhaus Lampe, Deutsche Bank, Kepler Cheuvreux, M.M. Warburg**
Reuters	**TIMGn.DE**
Bloomberg	**TIM GR**

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KEY CONSOLIDATED FIGURES OF TIPP24 SE

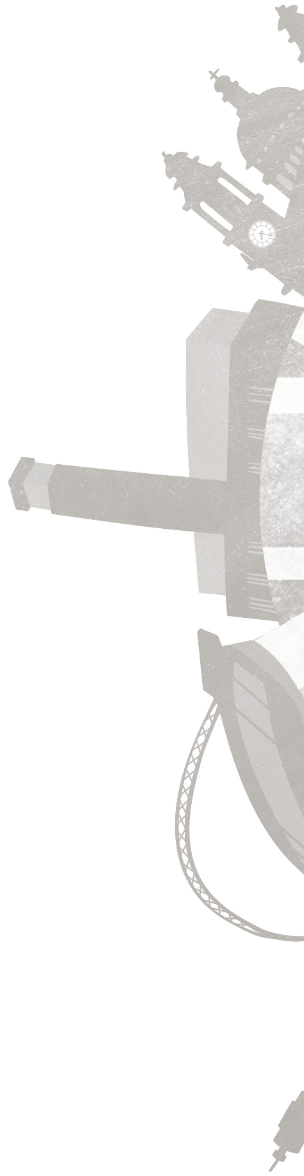
		2013	2012	2011	2010	2009
Customers						
Number of registered customers (at year-end)	Thsd.	n/a	n/a	n/a	n/a	n/a
Number of registered new customers (at year-end)	Thsd.	n/a	n/a	n/a	n/a	n/a
Customer activity rate	%	n/a	n/a	n/a	n/a	n/a
Average billings/customer	EUR	n/a	n/a	n/a	n/a	n/a
Acquisition costs per new customer	EUR	n/a	n/a	n/a	n/a	n/a
Income statement	EUR thsd.					
Billings		n/a	n/a	n/a	n/a	n/a
Revenue		129,933[2)]	142,731[2)]	139,316[2)]	101,882[2)]	89,551
EBIT		19,459[2)]	56,464[2)]	51,905[2)]	32,681[2)]	23,052
EBT		18,831[2)]	56,782[2)]	52,770[2)]	33,167[2)]	25,076
Net profit		10,187	40,891	36,339	19,551	17,482
Balance sheet	EUR thsd.					
Cash, cash equivalents and securities (incl. pledged cash, cash equivalents and securities)		85,822	78,303	64,123	43,957	69,361
Other current assets		85,822	64,033	65,433	56,613	20,466
Total non-current assets		44,593	48,881	36,215	29,444	18,296
ASSETS		213,581	191,217	173,043	130,013	108,123
Current liabilities		36,821	39,414	42,848	36,911	42,971
Non-current liabilities		1,204	1,427	904	181	752
Equity		175,556	150,375	129,291	92,921	64,399
EQUITY AND LIABILITIES		213,581	191,217	173,043	130,013	108,123
Cash flow	EUR thsd.					
Cash flow from operating activities		16,751	22,546	44,323	14,081	30,217
Cash flow from investing activities		-23,988	-8,098	-24,157	-48,446	25,579
Cash flow from financing activities		15,337	0	0	8,950	-7,723
Personnel						
Number of employees (average no. of full-time staff without board members/managing directors/interns/apprentices)	No.	140	104	128	121	132
Personnel expenses	EUR thsd.	11,090[2)]	10,760[2)]	12,026[2)]	10,110[2)]	12,524
Expenses per employee	EUR thsd.	79[2)]	103[2)]	94[2)]	84[2)]	72
R&D expenses	EUR thsd.	568	999	1,461	1,579	1,396
R&D staff	No.	14	22	30	33	33
Share (from 2004)						
Average number of shares (undiluted)	No.	8,268,421	7,985,088	7,985,088	7,715,614	7,730,961
Earnings per share (undiluted)	EUR	1.30[2)]	4.99[2)]	4.80[2)]	2.85[2)]	2.26
Operating cash flow per share (undiluted)	EUR	2.03	2.82	5.55	1.82	3.91
Ratios	%					
Gross margin		n/a	n/a	n/a	n/a	n/a
EBIT margin		15.0%[2)]	39.6%[2)]	37.3%[2)]	32.1%[2)]	25.7%
Net operating margin		7.8%[2)]	28.6%[2)]	26.1%[2)]	19.2%[2)]	19.5%
Return-on-equity (ROE)		5.8%	27.2%	28.1%	21.0%	27.1%

1) 2000–2003: unaudited 2) from continued operations

2008	2007	2006	2005	2004	2003[1)]	2002[1)]	2001[1)]	2000[1)]
2,526	2,344	1,770	1,322	1,031	675	441	323	121
203	574	448	291	356	234	118	202	121
24.7%	28.7%	28.6%	28.6%	30.9%	30.3%	31.4%	n/a	n/a
566	588	598	609	584	620	591	n/a	n/a
46.44	20.11	18.81	20.12	17.01	17.52	14.21	n/a	n/a
335,947	346,776	264,235	204,696	154,094	104,812	70,926	42,933	5,200
45,838	44,974	34,575	26,119	19,504	14,085	8,284	3,808	691
8,897	8,949	7,244	6,048	3,207	1,000	1,019	-3,170	-5,364
10,720	11,192	8,365	6,490	3,324	1,070	1,055	-3,124	-5,695
6,606	6,272	7,445	3,318	1,575	2,994	1,752	-3,289	-5,697
21,261	66,121	60,764	57,174	13,202	8,251	4,217	2,100	3,878
59,586	18,405	16,290	7,666	3,092	3,940	2,440	1,558	809
12,304	7,213	5,740	7,296	2,602	3,845	2,104	1,371	1,366
93,151	91,739	82,794	72,135	18,896	16,036	8,761	5,029	6,053
35,623	35,774	22,128	18,854	10,955	9,872	5,797	3,897	1,659
2,607	335	14	96	124	99	150	70	46
54,922	55,630	60,652	53,185	7,817	6,065	2,814	1,062	4,349
93,151	91,739	82,794	72,135	18,896	16,036	8,761	5,029	6,053
9,651	17,886	8,360	10,308	5,375	4,570	2,546	-1,321	-5,569
-47,040	-1,200	-4,769	-6,371	-600	-506	-399	-457	-1,304
-7,386	-11,335	–	40,035	175	-30	-30	0	10,481
185	154	144	114	95	72	47	26	17
12,667	10,324	8,277	6,990	5,522	4,285	3,021	2,005	1,076
69	67	58	61	58	60	64	77	63
3,374	3,051	2,767	2,151	1,938	1,420	n/a	n/a	n/a
68	58	56	44	38	30	n/a	n/a	n/a
8,032,265	8,524,199	8,872,319	7,191,100	6,451,928	n/a	n/a	n/a	n/a
0.82	0.74	0.84	0.46	0.24	n/a	n/a	n/a	n/a
1.20	2.10	0.94	1.43	0.83	n/a	n/a	n/a	n/a
13.6%	13.0%	13.1%	12.8%	12.7%	13.4%	11.4%	8.9%	13.3%
19.4%	19.9%	21.0%	23.2%	16.4%	7.1%	12.6%	-83.2%	-776.3%
14.4%	13.9%	21.5%	12.7%	8.1%	21.3%	21.6%	-86.4%	-824.5%
12.0%	11.3%	12.3%	6.2%	20.1%	49.4%	62.3%	-309.7%	-131.0%

FINANCIAL CALENDAR

26 MARCH 2014	ANNUAL PRESS CONFERENCE
8 MAY 2014	Q1 REPORT
19 JUNE 2014	ANNUAL GENERAL MEETING
17 AUGUST 2014	HALF-YEAR REPORT
13 NOVEMBER 2014	Q3 REPORT



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