

TIPP24 FIRMLY ON COURSE WITH STABLE DEVELOPMENT

<i>BILLINGS Q.I–III</i>	<i>+12.3%</i>
<i>REVENUE Q.I–III</i>	<i>+15.8%</i>
<i>EBIT Q.I–III</i>	<i>+20.3%</i>
<i>REGISTERED CUSTOMERS Q.I–III</i>	<i>+95 THSD.</i>

NINE-MONTHS REPORT Q.I–III 2008

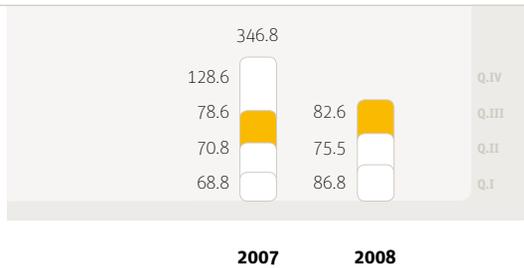
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Q.I-III 2008

PERFORMANCE Q.III

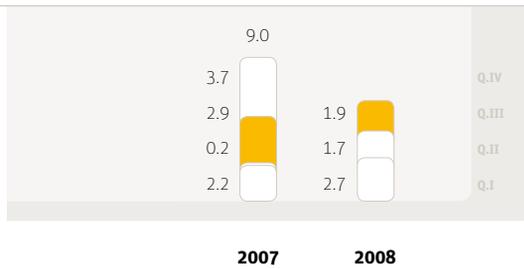
BILLINGS in EUR million



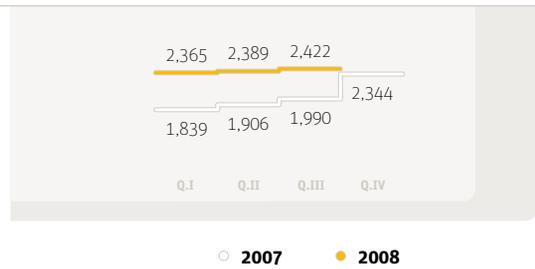
REVENUE in EUR million



EBIT in EUR million



REGISTERED CUSTOMERS in thousand



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

FOREWORD

Ladies and gentlemen,

In the first nine months of fiscal year 2008 – the year in which the controversial new State Treaty on Gaming (GlüStV) was introduced – we succeeded in raising billings (+12.3%) and revenues (+15.8%) of Tipp24 once again. The number of new customer registrations (+95 thousand) continued to suffer from the conditions imposed by the State Treaty on Gaming, as described in the half-year report (»Schufa« inquiry and »PostIdent« process). There was year-on-year growth in EBIT of 20.3%, although the adjusted figure fell by 10.1% due to special items in 2007.

EBIT was affected by the continued lack of jackpots, the costs already mentioned for the renewal and internationalisation of our gaming software, considerable expenses for legal advice and costs relating to the establishment of our UK business and the new Skill-Based Games division. These skill-based games were added to our product portfolio on 26 September with the launch of our new online gaming portal Tipp24games.de. The games were created by Tipp24 Entertainment GmbH, a subsidiary which we only established at the beginning of the year. We have thus expanded our core business by adding a new dimension of Web-based entertainment which is not subject to restrictive gaming regulations.

The State Treaty on Gaming contains a general prohibition of marketing for all gaming products, including lotteries, via the Internet from 1 January 2009 onwards. Numerous law experts and institutions believe that the GlüStV contravenes EU law. This view has been confirmed by the verdicts of several administrative courts. Moreover, in the first principal proceedings of the Administrative Court of Berlin regarding lottery brokerage with reference to EU

law, it was decided that central regulations of the GlüStV were not applicable. We therefore assume that should there be any disruption or a complete elimination of our current business basis in Germany due to official orders based on the GlüStV, the courts responsible would grant temporary legal protection for the continuation of activities in Germany. The Federal Constitutional Court's rejection in late October of a constitutional complaint brought by Tipp24 AG has not changed our assessment of the current legal situation.

We therefore confirm once again our unchanged positive assessment of the future development of Tipp24 AG, which is excellently positioned in a highly promising market. Against the backdrop of the unresolved legal situation, however, any growth forecast for the current fiscal year is bound to involve considerable uncertainties. Due to the chance omission of high jackpots in Germany and Spain in the first three quarters of the period under review, we can concretise the forecast made in our last annual report: we confirm customer growth of at least 100 thousand new customers. However, we only expect an increase in EBIT of at least 10% if there is at least one very large jackpot in Germany (EUR 25–30 million) during the fourth quarter. Otherwise, we expect billings, revenues and EBIT to reach the prior-year level. We are also convinced that following the current transition phase of the European lottery markets, we will return to our historically proven medium-term growth targets – an annual increase in revenue of 30% and disproportionately stronger growth in EBIT.

The Executive Board

Q.I-III 2008**KEY CONSOLIDATED FIGURES OF TIPP24 AG
ACC. TO IFRS**

		Q.I-III 2008	Q.I-III 2007	Change
Billings	EUR thousand	244,906	218,176	+12.3%
Revenues	EUR thousand	32,986	28,491	+15.8%
Gross margin	%	13.5%	13.1%	+0.4%-points
EBIT	EUR thousand	6,299	5,238	+20.3%
EBIT margin	%	19.1%	18.4%	+0.7%-points
Net profit	EUR thousand	4,743	3,902	+21.6%
Net operating margin	%	14.4%	13.7%	+0.7%-points
Acquisition costs per new customer	Euro	71.80	26.69	+169.0%
Cash flow from operating activities	EUR thousand	2,653	14,411	-81.6%
Equity	EUR thousand	52,971	56,528	-6.3%
Registered customers (30 September)	thousand	2,422	1,990	+21.7%
Employees (30 September)		181	152	+19.1%

*(Rounding differences due to presentation in EUR thousand)***INVESTOR RELATIONS****NEGATIVE MARKET TREND
IMPACTS SHARE PERFORMANCE****PERFORMANCE OF THE TIPP24 SHARE**

Q.I-III 2008**KEY FIGURES PER SHARE**

Day of initial listing	12.10.2005
Year-opening price	EUR 15.33
Market capitalization (01.01.2008)	EUR 136 million
Closing price at the end of period	EUR 13.40
Market capitalization (30.09.2008)	EUR 119 million
Highest price (08.05.2008)	EUR 16.82
Lowest price (29.01.2008)	EUR 12.00
Number of shares	8,872 thousand
Average daily trading (until 30.09.2008)	9,021 shares
Earnings per share (undiluted and diluted)	0.59 Euro

SHAREHOLDER SERVICE

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

The escalation of the grave financial crisis on the world's capital markets is weighing heavily on the prevailing stock market mood. The crisis is also spreading increasingly to the real economy. Under the influence of the major international share indices, the German SDax fell by 19.9% – from 4,242.04 to 3,396.37 points – in the third quarter.

The Tipp24 share was unable to escape this bearish mood and fell by 14.9% in the third quarter, from 15.75 to 13.40 euros.

Our investor relation activities continue to focus on discussions concerning the ongoing regulatory situation on the German gaming market. We held numerous one-on-one talks and conference calls in order to inform the capital market about the opportunities and risks for Tipp24 resulting from the current legal discussions.

INTERIM GROUP MANAGEMENT REPORT

BUSINESS & ECONOMIC CONDITIONS

SUCCESSFUL BUSINESS MODEL

Tipp24 brokers state-licensed and guaranteed gaming products via electronic media, especially the Internet. Its portfolio comprises the products of the Deutsche Lotto- und Totoblock (DLTB), the class lotteries, the German TV lottery and value-added combined products. Due to the introduction on 1 January 2008 of the German State Treaty on Gaming (Glücksspiel-Staatsvertrag – GlüStV), Tipp24 has discontinued its marketing of the state-run sporting bet Oddset, the Keno lottery and scratch cards. Outside Germany, we have been active on the Spanish market since 2002 with Ventura24 S.L., on the Italian market since early 2005 with Puntogioco24 s.r.l., and on the UK market since November 2007 with MyLotto24 Ltd.. According to our own estimates, we enjoy a leading position in the online brokerage of state-owned and state-licensed lottery products in Germany with a market share of over 60% – measured by billings. In addition, as of 26 September 2008 Tipp24 also offers online games (skill-based games) via a new Internet portal.

THREAT TO BUSINESS MODEL IN GERMANY

The State Treaty on Gaming (GlüStV) contains a general prohibition of marketing for all gaming products, including lotteries, via the Internet from 1 January 2009 onwards. In our opinion, however, the GlüStV contravenes anti-trust and EU law. This assessment is supported by a wide range of expert opinions with respect to EU law prepared by highly reputable professors of law, as well as by the Scientific Services of the state parliaments of Schleswig-Holstein and Lower Saxony, the verdicts of national and European courts, the resolutions and warnings of Germany's anti-trust authorities and a written rejection of key legislation passages from the European Commission as part of infringement proceedings already instituted. Any assessment of future developments remains difficult, however, due to the contradictory statements made by various courts. For example, in first principal proceedings regarding lottery brokerage, the Administrative Court of Berlin stated with reference to EU law that central regulations of the GlüStV were not applicable.

On the other hand, the Federal Constitutional Court decided on 14 October 2008 not to accept a constitutional complaint brought by Tipp24 AG against various regulations of the State Treaty on Gaming and the execution legislation in Lower Saxony and Berlin. We therefore continue to assume that should there be any disruption or a complete elimination of our current business basis in Germany due to official orders based on the GlüStV, the courts responsible would grant temporary legal protection for the continuation of activities in Germany. Moreover, we assume that we will be able to continue the business of the Tipp24 Group as a whole, even if we are forced to adapt our current business model in Germany. These interim financial statements were therefore prepared on the assumption that the company will continue trading.

ECONOMIC UPSWING IN DANGER

There was a noticeable cooling of the global economy in summer 2008. The international finance crisis continues and is now affecting the real economy in Europe. Some countries are also feeling the effects of turmoil on their property markets. Many banks are reacting to losses by tightening their lending conditions. The sharp increases in energy and raw material costs caused by strong international demand have also slowed the global expansion of industrial output. The current fall in oil prices is currently one of the few signals which promise a swift recovery of economic activity in the major West European nations and in Germany. The US economy has not reached recession as yet – however, economic growth is slow and the world's largest economy can no longer be counted on to drive global growth.

MARKET AND SECTOR – SITUATION STILL UNRESOLVED

The intensive political and legal discussions concerning Germany's gaming market and the respective legislation continued to dominate our segment during the first nine months of the current fiscal year. The following significant legal decisions were made:

Q.I-III 2008

- The new **State Treaty on Gaming came into effect** in Germany on 1 January 2008. It contains regulations which seriously impede significant parts of Tipp24 AG's business activities, or even forbid them completely. According to the wording of the new legislation, the online brokerage of gaming is highly restricted in 2008 and will be completely prohibited from 2009 onwards. During a transition phase in 2008, Tipp24 must seek permission for its activities in all 16 federal states of Germany – something which was not required prior to the introduction of the new legislation. There is no legal claim to the granting of these licences.
- On 31 January 2008 the **European Commission** resolved to institute **formal infringement proceedings against the Federal Republic of Germany**, referring specifically to the new State Treaty on Gaming of 1 January 2008. The Commission made it clear that should no changes be made to the current legislation, it would file a suit with the European Court of Justice. In its detailed letter to the German government, as the party responsible, it criticized in particular the general Internet ban, the ban on Internet advertising and the regulations regarding approval procedures for private gaming brokers. The institution of formal infringement proceedings, especially in connection with its comprehensive justification, may represent a major aspect for Tipp24 in defence of its current business model. On 20 May 2008, the German government (as the body responsible) submitted a reply to the EU Commission's detailed letter.
- Since the introduction of the GlüStV on 1 January 2008, numerous **expedited motions** brought by betting shop operators expressing doubts about the legality of the new law with regard to constitutional and EU legislation **have been successful** at administrative courts.
- On 22 September 2008, the **Administrative Court of Berlin** decided in principal proceedings that the **central regulations of the GlüStV did not apply** to commercial lottery brokers. The court responded to declaratory proceedings brought by Tipp24 by stating that the Internet ban, the obligation to seek permission and the advertising restrictions, among others, were invalid.
- On 14 October 2008, the **Federal Constitutional Court decided not to accept a constitutional complaint** brought by Tipp24 AG against various regulations of the GlüStV and the execution legislation in Lower Saxony and Berlin.

RESEARCH & DEVELOPMENT

In the first nine months of the current fiscal year, our R&D activities focused on the updating and internationalisation of our gaming software. In cooperation with external service companies, we expect to complete the project on schedule in 2009.

Apart from this project, our other development activities focused on the following new products and product modifications:

- Integration of an innovative navigation for »Quicktipp« games in the basket
- Integration of the new Lotto features »Jackpot Hunter«, »Editing for repeat tickets« and »Predating tickets for future draws«
- Development of an »Easter Lotto« lottery-club
- Development of an »Summer Lotto« lottery-club
- Introduction of a lottery number archive
- Introduction of a new Lotto minisite
- Launch of lottery-clubs on the basis of the Spanish lotteries (Primitiva, El Gordo de la Primitiva Club, Bono Loto)
- Relaunch of the »MyLotto24« website

In addition to meeting GlüStV requirements by adapting various aspects of our software, we also introduced the following new technologies and carried out the following optimizations:

- Ongoing development of software systems to analyze gaming behaviour of our customers
- Launch of an enhanced credit card validation system
- Ongoing adaptation of security systems to the latest standards
- Ongoing development of software systems for expanded capacity

The above-mentioned projects were successfully completed by our in-house development departments during the first nine months of 2008. We also acquired external R&D know-how for certain projects during this period. The new product developments made a major contribution towards raising revenue. In the first nine months of the current fiscal year, an average of 65 employees were involved with R&D activities on a full-time or part-time basis. R&D expenses amounted to around EUR 2,736 thousand and resulted mainly from personnel costs.

EARNINGS, FINANCIAL POSITION AND NET ASSETS

EARNINGS

Compared with the growth rates of previous years, the Tipp24 Group made much more modest progress in the current period. Two special items are to be considered when comparing figures with those of the previous year:

- In line with the new legal regulations of the GlüStV introduced on 1 January 2008, Tipp24 is obliged to tighten its mechanisms for the protection of minors when registering new customers. This involves checks with the German credit reference agency (»Schufa«) and successfully passing the »PostIdent« identification process. These requirements constitute a genuine hurdle in the registration process, significantly restrict the development of new customer figures and result in greatly increased customer acquisition costs in Germany.
- Due to the GlüStV coming into effect on 1 January 2008, Tipp24 has discontinued its marketing of the state-run sporting bet Oddset, the Keno lottery and scratch cards. In the first nine months of fiscal year 2007, these products accounted for around 8.4% of domestic billings.

EBIT

In the first nine months of the current fiscal year there was year-on-year growth in EBIT of 20.3% to EUR 6,299 thousand (prior year: EUR 5,238 thousand), while the **EBIT** margin grew by 0.7 %-points to 19.1%. However, fiscal year 2007 was affected by two special items amounting to EUR 1,772 thousand. After adjustment for these two items, EBIT would have fallen by 10.1%.

While revenues grew by 15.8% to EUR 32,986 thousand, there was a total year-over-year increase in operating expenses of 13.8% to EUR 25,784 thousand.

Group EBIT continued to be strongly influenced by EBIT in Germany, which contributed EUR 7,890 thousand (+36.6%) in the first nine months. Adjusted for special items in fiscal year 2007, the increase amounted to 4.5%. The domestic EBIT margin grew by 4.3 %-points to 27.4%, even though the segment was burdened by start-up costs for the development of skill-based games and increased other operating expenses for legal and project consultation services. Start-up costs for our newly founded UK subsidiary MyLotto24 Ltd. placed a burden on the »Abroad« segment, where EBIT amounted to EUR -1,591 thousand (prior year: EUR -537 thousand).

Consolidated net profit rose by 21.6% to EUR 4,743 thousand (prior year: EUR 3,902 thousand). The Group's tax rate fell by 7.1 %-points to 36.3%, compared to the same period last year. There were positive effects on earnings after tax from the Corporate Tax Reform introduced in Germany on 1 January 2008, with reduced tax rates of 32.3%, and from effects resulting from various financial investments. The start-up losses of certain subsidiaries could not be netted with the positive results of other subsidiaries and thus had a negative impact on earnings.

Earnings per share (undiluted and diluted) grew from EUR 0.45 to EUR 0.59.

REVENUES UP 15.8%

Due to the unfavourable jackpot situation and the above mentioned restrictions to the registration process, the increase in **registered customers** during the first nine months of 2008 amounted to just 95 thousand (prior year: 220 thousand). We also sold outstanding receivables from 19 thousand inactive customers to a debt collection agency and deleted these customers from our client base. **Billings** reached EUR 244,906 thousand, corresponding to a year-on-year increase of 12.3%.

At 13.5% the ratio of billings to revenues – the **gross margin** – was above the prior-year figure of 13.1% (+0.4 %-points). The increase resulted mainly from more favourable commissions for lottery products in Germany. The ratio continued to be much higher in our Abroad segment, where gross margin reached 23.8% compared with 12.7% for the Germany segment (prior year: Abroad 24.1%; Germany 12.3%).

Revenues – consisting mainly of commissions and additional fees – rose by 15.8% to EUR 32,986 thousand in the period under review. Revenues in Germany were up 15.2% on the prior-year period to EUR 28,794 thousand and dominated total revenues with a share of 87.3%. Domestic billings grew by 11.6% to EUR 227,316 thousand. In our Abroad segment we raised billings by 21.4% to EUR 17,590 thousand in the first nine months of the current fiscal year.

Q.I-III 2008

Nine-months comparison Q.I-III	Q.I-III 2008		Q.I-III 2007		Change
	EUR thousand	%	EUR thousand	%	
Billings	244,906		218,176		+12.3%
Remitted stakes less commissions	211,919		189,685		+11.7%
Revenues	32,986	100.0%	28,491	100.0%	+15.8%
Personnel expenses	-9,447	-28.6%	-7,461	-26.2%	+26.6%
Other operating expenses	-17,164	-52.0%	-15,633	-54.9%	+9.8%
Less other operating income	828	2.5%	439	1.5%	+88.6%
Operating expenses	-25,784		-22,655		+13.8%
EBITDA	7,203	21.8%	5,836	20.5%	+23.4%
Depreciation/amortization	-903		-598		+50.9%
EBIT	6,299	19.1%	5,238	18.4%	+20.3%
Revenues from financial activities	1,342	4.1%	1,672	5.9%	-19.8%
Expenses from financial activities	-189	-0.6%	-7	0.0%	>100%
Financial result	1,152	3.5%	1,665	5.8%	-30.8%
Net result before taxes	7,452	22.6%	6,903	24.2%	+8.0%
Income taxes	-2,708	-8.2%	-3,001	-10.5%	-9.7%
Consolidated net profit	4,743	14.4%	3,902	13.7%	+21.6%
Breakdown of other operating expenses					
Total marketing expenses	-8,883	-26.9%	-8,190	-28.7%	+8.5%
- Marketing expenses for own clients	-6,811	-20.6%	-5,870	-20.6%	+16.0%
- Business Service commissions	-2,071	-6.3%	-2,319	-8.1%	-10.7%
Total direct costs of operations	-2,331	-7.1%	-2,352	-8.3%	-0.9%
Total other costs of operations	-5,950	-18.0%	-5,092	-17.9%	+16.9%
Other operating expenses	-17,164	-52.0%	-15,633	-54.9%	+9.8%

(Rounding differences due to presentation in EUR thousand)

Development of key income statement positions

Personnel expenses rose by 26.6% over the prior-year period to reach EUR 9,447 thousand for the period under review. After adjustment for a special charge of EUR 350 thousand in fiscal year 2007, the increase amounted to 32.9% and was thus proportionately stronger than the growth in revenues. This was due mainly to the establishment of our Skill-Based Games business from February 2008 onwards. As expected, this segment has not yet generated significant revenues. The personnel expense ratio rose by 2.4 %-points to 28.6%. At the end of the quarter, the number of employees amounted to 181 (prior year: 152).

There was a year-on-year rise in other operating expenses of 9.8% to EUR 17,164 thousand in the first nine months of the fiscal year. The development in detail was as follows:

- **Marketing expenses** rose by 8.5% to EUR 8,883 thousand (26.9% of revenues; -1.8 %-points). They are divided into marketing expenses for our own customers and commissions paid to Business Service partners. Marketing expenses for our own customers were up 16.0% to EUR 6,811 thousand in the period under review, compared to last year. This figure also includes fees of EUR 291 thousand for conducting the PostIdent process in Germany. Commissions to

Q.I-III 2008

Business Service partners fell by 10.7% to EUR 2,071 thousand, due to lower billings for this product.

- **Direct operating expenses** fell to EUR 2,331 thousand in the first nine months and were thus 0.9% below the prior-year figure. They accounted for 1.0% of billings (prior year: 1.1%). In relation to revenues, this cost ratio fell by 1.2 %-points to 7.1%. Once again, there were positive effects from improvements in the dunning process and from the sale of receivables to collection agencies.
- **Other operating expenses** rose by 16.9% to EUR 5,950 thousand (prior year: EUR 5,092 thousand). Adjusted for special charges of EUR 1,422 thousand in fiscal year 2007, the rise amounted to 62.2%. This increase was largely due to legal advice in connection with the current difficult regulatory situation, as well as consultancy costs in connection with labour-intensive development projects, especially with regard to the renewal and internationalisation of the gaming operation platform.

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

In comparison with the previous year, **amortization/depreciation** on intangible assets and property, plant and equipment grew in the first nine months by EUR 305 thousand (+50.9%) to EUR 903 thousand. This development is in line with the volume of investments made.

HEALTHY FINANCIAL POSITION

After the completion of the second share buyback programme on 13 May 2008, Tipp24 AG now holds a total of 887,231 treasury shares (10% minus one share of share capital).

On 30 May 2008, Tipp24 AG also distributed a total of EUR 3,993 thousand in its dividend payment of 50 cents per no-par value share with dividend rights. Compared with the balance sheet date, equity capital fell by EUR 2,659 thousand to EUR 52,971 thousand, while the equity ratio grew by 7.4 %-points from 60.6% to 68.0% over the same period. The balance sheet total fell by 15.1% to EUR 77,901 thousand.

Due to the high jackpot-related gaming volume in December 2007 there was a temporary increase in balance sheet items connected with gaming operations as of the balance sheet date, which subsequently resumed normal operating levels in the course of the reporting period. Other assets, for example, fell by 56.1% to EUR 6,253 thousand as a result of the settlement of receivables from customer winnings outstanding on the balance sheet date and the processing of payment transactions.

Other liabilities fell by 34.0% to EUR 17,698 thousand, mainly due to a decrease in liabilities from gaming operations. These largely resulted from customer winnings from draws held prior to 31 December 2007 which were not paid out January 2008.

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Other liabilities in EUR thousand	30 Sep. 2008	31 Dec. 2007
Liabilities for gaming operations	16,410	24,677
Liabilities for taxes	492	1,375
Liabilities relating to social security	65	65
Others	731	695
	17,698	26,811

(Rounding differences due to presentation in EUR thousand)

Investment analysis

In the period under review, we made total investments of EUR 50,803 thousand. In particular, we invested EUR 44,000 thousand of liquid funds from shares in money market funds in short-term financial assets. A further share of total investment was allocated to the continued renewal of software systems for international gaming operations and to the acquisition of assets belonging to Enter.TV GmbH, an innovative supplier of skill-based games. We also invested in the improvement of our gaming software and continually developed our live systems. We will continue to expand these systems in 2008 in line with growing capacity requirements and the ongoing development of security standards. We also plan to continually update our Office systems.

Liquidity analysis

At EUR 2,653 thousand, **cash flow from operating activities** was significantly lower than in the previous year (EUR 14,411 thousand). The difference was mainly due to the fact that the balance of changes in other assets and other liabilities – which mainly reflect the accounting of gaming operations (receivables from banks and credit card companies, receivables/payables from/to lottery organizers,

payables to customers) – made a significantly smaller contribution to cash flow (EUR -1,220 thousand, prior year: EUR +7,128 thousand). However, this change is within the usual statistical variation in the processing of gaming activities. Moreover, comparatively high trade payables as of the balance sheet date resulted from increased marketing during the record jackpot period in December 2007 and were subsequently settled in the course of the reporting period.

Cash flow from investing activities changed by EUR 51,419 thousand to EUR -50,803 thousand, mainly as a result of the above mentioned financial investment of EUR 44,000 thousand.

Cash flow from financing activities amounted to EUR -7,386 thousand and was caused by the above mentioned share buyback program and the dividend paid out on 30 May 2008. In the previous year it amounted to EUR -7,972 thousand. As a result of the aforementioned investments, **free cash flow** amounted to EUR -48,150 thousand in the period under review (prior year: EUR 15,026 thousand).

Q.I-III 2008

Key cash flow positions in EUR thousand	Q.I-III 2008	Q.I-III 2007
Cash flow from operating activities	2,653	14,411
Cash flow from investing activities	-50,803	616
Cash flow from financing activities	-7,386	-7,972
= Net inflow/outflow from of funds	-55,536	7,054
+ Cash, cash equivalents and securities at the beginning of the period	65,821	60,703
+ Non-disclosed profit/loss	-81	-81
- Change in cash, cash equivalents and securities	-55,886	7,116
= Cash, cash equivalents and securities at the end of the period	9,853	67,737

(Rounding differences due to presentation in EUR thousand)

ASSET SITUATION

The assets of Tipp24 mainly comprise current assets amounting to EUR 64,966 thousand (31 December 2007: EUR 84,526 thousand). In turn, these mainly consist of cash, cash equivalents and securities (EUR 9,853 thousand), other assets and prepaid expenses (EUR 6,253 thousand), short-term financial assets (EUR 48,194 thousand) and pledged cash (EUR 650 thousand).

Moreover, Tipp24 has intangible assets (mainly software) amounting to EUR 7,081 thousand, property, plant and equipment (mainly hardware and office equipment) amounting to EUR 2,749 thousand, long-term financial assets totalling EUR 3,000 thousand and deferred tax assets amounting to EUR 105 thousand.

Other assets in EUR thousand	30 Sep. 2008	31 Dec. 2007
Receivables from gaming operations	5,014	12,860
Prepaid expenses	790	672
Others	450	713
	6,253	14,245

(Rounding differences due to presentation in EUR thousand)

ASSESSMENT OF THE ECONOMIC POSITION

The current regulatory situation bears the risk of at least medium-term disruption, up to the complete prohibition of our present business model in Germany as of 1 January 2009 – particularly as a result of the GlüStV, which has been ratified by all German states. This could thus have a considerable impact on the earnings, financial position and net assets of the company. Nevertheless, we regard Tipp24's situation as generally robust:

Tipp24 has sufficient resources to successfully prevail even in the face of significant negative regulatory conditions. Above all, however, in view of the obvious incompatibility of current gaming legislation in Germany with EU and anti-trust law, it seems unlikely that such legislation can prevail in the long term. At the same time, the Executive Board sees the opportunity for sustained encouraging growth in the future. In comparison with other sectors, the online lottery market in Germany – as well as in Spain, Italy and the UK – is still underdeveloped. Against this backdrop, there is therefore a strong probability that the sector will enjoy significant growth in the coming years. Tipp24 is excellently positioned to benefit strongly from such growth. Furthermore, we see attractive additional potential in new product categories and in the course of possible deregulation of European lottery markets. The Group has extensive financial liquidity, mainly from equity capital. This gives us considerable scope to grasp future growth opportunities – for example by means of acquisitions.

SUBSEQUENT EVENTS

On 14 October 2008, the Federal Constitutional Court decided not to accept a constitutional complaint brought by Tipp24 AG against various regulations of the State Treaty on Gaming and the execution legislation in Lower Saxony and Berlin.

On 28 October 2008 the Italian state antitrust commission AAMS granted a licence to Tipp24's subsidiary Giochi24 S.r.l. for the operation and marketing of online gaming. This licence enables Tipp24 to market in Italy all state-licensed Italian gaming products via the Internet.

The specific use of the licence for lottery products depends on technical specifications being provided by the state, which we expect by early 2009.

RISK REPORT

In our annual report 2007, we described in detail all risks in connection with our business activities, as well as the management of these risks and systems to recognize such risks at an early stage. The risks can be divided mainly into market risks, legal risks resulting from the regulatory environment for the operations of Tipp24, business risks, risks from the processing of gaming operations personnel risks and general business risks. In addition to this description of our risks, we would like to focus in particular on the following risks:

LEGAL RISKS

State Treaty on Gaming

In the follow-up to the verdict of the Federal Constitutional Court (Bundesverfassungsgericht – BVerfG) of 28 March 2006, there have been various judicial verdicts, official directives and political statements of intent at various levels (including the very highest) with regard to the regulation of the gaming sector, some of which are highly contradictory. The respective state authorities are mainly pursuing a policy of strictly defending the state's gaming monopoly while extending it to a marketing monopoly under the guise of effectively combating gambling addiction. In this connection, the state premiers of all Germany's federal states have signed a **State Treaty on Gaming** (GlüStV), which was ratified by their respective parliaments. The GlüStV contains a general prohibition of marketing for all gaming products, including lotteries, via the Internet from 1 January 2009 onwards as well as sweeping restrictions, for example in the field of advertising in Germany. The GlüStV came into effect on 1 January 2008. A one-year grace period until the end of 2008 is planned for existing market players, like Tipp24, which nevertheless constitutes an actual significant barrier, especially with regard to online brokerage and gaining new customers for online brokerage.

Q.I-III 2008

The legality of the GlüStV is highly controversial. Reputable legal experts, such as Prof. Dr. jur. Rupert Scholz (University of Munich, emer.), Prof. Dr. jur. Clemens Weidemann (University of Würzburg), Prof. Dr. jur. Bodo Pieroth (University of Münster), Prof. Dr. jur. Hans-Detlef Horn (University of Marburg) and Prof. Dr. jur. Georg Hermes (University of Frankfurt) have documented its illegality regarding constitutional and EU law in expert opinions made available to us. Moreover, an expert opinion published on 4 October 2007 by the Scientific Services of the state parliament of Schleswig-Holstein also came to the conclusion that the GlüStV contravenes EU law and is unconstitutional, at least with regard to gaming brokers. The Scientific Services of the state parliament of Lower Saxony come to the same conclusion with regard to contravening EU law. Due to an EU guideline, a notification process had to be instituted with the EU Commission in December 2006 for the draft version of the GlüStV. On 22 March 2007 the German government was informed in a »Detailed Opinion« that the notified GlüStV contravened EU legislation in significant areas. As the representative of the federal states at EU level, the German federal government was ordered to review and revise the critical points of the notified GlüStV by 23 April 2007. In their reply, the federal states insisted on their draft treaty. This led the EU Commission to write a further letter in which additional infringements of the GlüStV against EU law were specified. Despite the infringements against applicable EU law highlighted by the EU Commission, the Minister Presidents of the individual federal states signed the notified GlüStV in its current version and had it ratified by their respective state parliaments. As a reaction to this step, the EU Commission instituted formal infringement proceedings against the Federal Republic of Germany in late January 2008. In an extensive accompanying letter, the German government (as representative of the federal states) was called upon to submit a response. This response was submitted to the EU Commission on 20 May 2008.

The GlüStV, and subsequent legislation passed on the basis of the GlüStV, would mean the complete elimination of Tipp24's current business basis in Germany from 1 January 2009 onwards. However, the probability that in such a case Tipp24 would receive temporary legal protection for the continuation of its activities in Germany from the respective courts can be regarded as fairly high. This assessment is based primarily on the fact that the provisions contravene EU law, as expressed by the EU Commission in their »Detailed Opinion«, in further official pronouncements of the EU Commission to the German government in the past year and in the accompanying letter to the German government as part of infringement proceedings instituted by the EU Commission. In cases challenging the legality of the GlüStV brought before various administrative courts during the first nine months of 2008 by affected private suppliers of gaming, temporary legal protection was granted with regard to the continuation of their activities. However, there were also contrary verdicts passed by administrative courts, especially in the field of sports betting. According to the GlüStV, permission is required in every federal state for the Internet brokerage of lotteries in 2008. Tipp24 already took the precaution of applying for such permission in November 2007. In most cases, no decision has been taken regarding the applications. Tipp24 has been granted permission by two states, and has been rejected by six. Tipp24 has filed an action against these last decisions. On 22 September 2008, the Administrative Court of Berlin decided in principal proceedings that the central restrictions of the GlüStV did not apply to commercial lottery brokers. The court responded to declaratory proceedings brought by Tipp24 AG by stating that the Internet ban, the obligation to seek permission and the advertising restrictions, among others, were invalid insofar as they were applied to the brokerage of lotteries operated with the permission of a federal state and provided there were no more than two draws per week. This applies to the products »Lotto 6 from 49 with additional lotteries«, »Glücksspirale«, »Class lotteries« and the »ARD TV lottery«, which are brokered by Tipp24.

Q.I-III 2008

However, the Federal Constitutional Court decided on 14 October 2008 not to accept a constitutional complaint brought by Tipp24 AG against various regulations of the State Treaty on Gaming and the execution legislation in Lower Saxony and Berlin. The GlüStV was thus regarded as being in line with Germany's constitution.

Electronic betting in Italy

From 4 July 2006 to 27 August 2007 the website of Puntogioco24 was blocked due to a directive issued by the Italian authorities. It was therefore not possible for Tipp24 AG to carry out its business activities in Italy. Puntogioco24 took legal action and claimed for damages. A final ruling on the matter is expected in the fourth quarter of 2008. In May 2005, the public prosecutor had launched a preliminary investigation against the managing director of Puntogioco24 on suspicion of a breach of the ban on accepting bets via electronic communications media without authorization or without being properly engaged to accept bets via this form of media. Criminal proceedings instituted on 12 July 2006 at trial court ended on 27 September 2007 with an acquittal. No appeal was submitted by the public prosecutor. The verdict is therefore final. Tipp24 does not believe that Puntogioco24's activities breach the above mentioned provisions because Puntogioco24 does not operate as a broker of lottery products but is instead engaged by lottery players to deliver the lottery tickets to an authorized lottery agent on their behalf. The gaming agreement is entered into directly between the lottery player and the lottery operator; the lottery player therefore has a direct claim to the prize proceeds. The website of Puntogioco24 is currently blocked once again without reason. In our opinion, and on the basis of the court verdict, this blockade contravenes valid law. Even in the case of a permanent blockade, no adverse effect on revenues or earnings is expected. Due to the previous long-term blockade, no significant contribution of Puntogioco24 was included in Tipp24's sales forecasts and the company is not currently generating profit.

However, the great potential which the Italian market offers for Tipp24, already indicated during the establishment of business prior to the blockade, would no longer be accessible to Tipp24 in the longer term. The investments made by Tipp24 in Puntogioco24 so far consist mainly of its cumulative start-up losses.

BUSINESS RISKS

Tipp24 only invests in financial assets secured by a capital guarantee offered by various German financial institutes. Moreover, the overwhelming proportion of these investments is also completely protected by the German deposit guarantee fund. Should the global financial crisis deepen further and should – against all expectations – neither the national bank support systems nor the support packages provided by the leading 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 a scenario may lead to the partial or complete loss of our cash deposits and financial assets.

The collapse of individual credit institutes but not of the national support systems may lead to the partial or complete loss of interest income expected from our financial assets. The financial assets currently held also bear a limited interest risk. Both factors apply merely to a part of the potential yield, but not to the invested amounts.

The gaming behaviour of Tipp24's customers has so far been largely unaffected by the macroeconomic fluctuations experienced in Germany 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 and thus also impact our earnings, financial position and net assets.

Q.I-III 2008

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

FORECAST REPORT

Due to the regulations of the current GlüStV, significant restrictions of our business activities in Germany are already possible during the current fiscal year. The main reasons for this are the law's provisions requiring a license for our business activities in each individual federal state and the possible restrictions of our advertising activities. In addition, there are already increased costs for new customer acquisition in order to meet the requirements for the protection of minors («PostIdent» process), as well as the termination of the products Oddset, scratch cards and Keno. We believe that these potential and actual restrictions are contrary to valid law. However, it is difficult to predict in which time frame and to which financial extent they will take hold. Against this backdrop, any growth forecast for the current fiscal year involves considerable uncertainties – which still apply. Due to the chance omission of high jackpots in Germany and Spain in the first three quarters of the period under review, we can concretise the forecast made in our last annual report: we confirm customer growth of at least 100 thousand new customers. As of 2008, only those new customers in Germany who have successfully completed the «PostIdent» process will be registered. However, we only expect an increase in EBIT of at least 10% if there is at least one very large jackpot in Germany (EUR 25–30 million) during the fourth quarter.

Otherwise, we expect billings, revenues and EBIT to reach the prior-year level. Following the current transition phase of the European lottery markets, we expect a return to our historically proven medium-term growth targets – an annual increase in revenue of 30% and a disproportionately stronger increase in EBIT.

OPPORTUNITIES

As a result of the above-mentioned discussions of the legal framework, we believe it is unlikely that Germany's legislators will act against valid law and political common sense by restricting the growing market of online lottery brokerage. Recently announced verdicts the Federal Cartel Authority, various temporary verdicts at German administrative courts and the first principal proceedings of the Administrative Court of Berlin regarding lottery brokerage with reference to EU law – as well as supplementary regulations and official pronouncements on a European level, may result in steps towards deregulation in the medium term with a direct or indirect impact on lotteries. As an internationally aligned company, Tipp24 may benefit more than average from such a development: our German customers, above all, would gain access to further highly attractive products and enable Tipp24 to enter new markets with its existing products. Deregulation would also probably result in a complete clarification of the legal situation in Italy and thus provide our Italian subsidiary Puntogioco24 with the opportunity to freely pursue its business interests.

Q.I-III 2008

**CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER
ACC. TO IFRS**

	Q.III 2008	Q.III 2007	Q.I-III 2008	Q.I-III 2007
in EUR				
Billings	82,620,372.79	78,592,442.47	244,905,791.07	218,175,871.14
Remitted stakes less commissions	-71,198,072.57	-68,059,043.44	-211,919,477.33	-189,684,545.23
Revenue	11,422,300.22	10,533,399.03	32,986,313.74	28,491,325.91
Other operating income	238,451.39	37,415.71	827,581.05	438,812.16
Total operating performance	11,660,751.61	10,570,814.74	33,813,894.79	28,930,138.07
Operating expenses				
Personnel expenses	-3,228,267.71	-2,261,961.48	-9,447,398.20	-7,460,616.46
Amortization/depreciation on intangible assets and property, plant and equipment	-296,484.57	-204,383.12	-903,424.68	-598,495.89
Other operating expenses	-6,235,118.75	-5,225,061.39	-17,163,752.00	-15,633,149.72
Marketing expenses	-3,061,131.32	-2,999,792.68	-8,882,573.28	-8,189,717.33
Direct costs of operations	-1,024,981.93	-866,563.05	-2,331,153.29	-2,351,826.97
Other costs of operations	-2,149,005.50	-1,358,705.66	-5,950,025.43	-5,091,605.42
Result from operating activities	1,900,880.58	2,879,408.75	6,299,319.91	5,237,876.00
Financial revenues	475,997.77	579,835.22	1,341,733.69	1,671,985.78
Financial expenses	481.31	-228.68	-189,308.33	-7,143.05
Financial result	476,479.08	579,606.54	1,152,425.36	1,664,842.73
Result from ordinary activities	2,377,359.66	3,459,015.29	7,451,745.27	6,902,718.73
Income taxes	-1,116,188.74	-1,544,523.25	-2,708,268.60	-3,000,848.75
Consolidated net profit	1,261,170.92	1,914,492.04	4,743,476.67	3,901,869.98
Earnings per share (undiluted and diluted; in EUR/share)	0.16	0.22	0.59	0.45
Weighted average of ordinary shares outstanding (undiluted and diluted, in units)	7,985,088	8,587,700	8,048,105	8,587,700

Q.I-III 2008

**CONSOLIDATED BALANCE SHEET
AS OF 30 SEPTEMBER
ACC. TO IFRS**

	30 Sep. 2008	31 Dec. 2007
ASSETS in EUR		
Current assets		
Cash, cash equivalents and securities	9,853,197.74	65,820,775.65
Pledged cash	650,000.00	300,000.00
Short-term financial assets	48,194,228.89	4,144,200.00
Trade receivables	10,346.48	6,955.12
Income tax refund claims	5,191.09	8,965.81
Other assets and prepaid expenses	6,253,052.08	14,245,207.31
Total current assets	64,966,016.28	84,526,103.89
Non-current assets		
Intangible assets	7,081,252.31	1,581,953.18
Other equipment, furniture & fixtures and leased assets (property, plant and equipment)	2,748,508.88	2,349,101.53
Financial assets	3,000,000.00	3,000,000.00
Deferred tax assets	104,737.39	281,761.02
Total non-current assets	12,934,498.58	7,212,815.73
	77,900,514.86	91,738,919.62
EQUITY AND LIABILITIES in EUR		
Current liabilities		
Trade payables	3,415,377.96	5,958,519.16
Other liabilities	17,698,000.07	26,810,648.21
Deferred income	281,974.56	416,233.67
Income tax liabilities	648,912.32	1,693,382.74
Provisions	1,196,589.33	894,893.95
Total current liabilities	23,240,854.24	35,773,677.73
Non-current liabilities		
Deferred tax liabilities	1,688,573.33	335,258.61
Total non-current liabilities	1,688,573.33	335,258.61
Equity		
Subscribed capital	8,872,319.00	8,872,319.00
Capital reserves	41,143,321.36	41,143,321.36
Other reserves	47,053.14	62,943.49
Retained earnings	17,637,141.75	16,886,209.08
Own shares	-14,728,747.96	-11,334,809.65
Total equity	52,971,087.29	55,629,983.28
	77,900,514.86	91,738,919.62

Q.I-III 2008

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

	Q.I-III 2008	Q.I-III 2007
in EUR		
Result from operating activities	6,299,319.91	5,237,876.00
<i>Adjustments for:</i>		
Amortization/depreciation on non-current assets	903,424.68	598,495.89
<i>Changes in:</i>		
Trade receivables	-3,391.36	-1,518.17
Other assets	7,992,155.23	2,181,900.37
Trade payables	-2,543,141.20	920,952.17
Other liabilities	-9,112,648.14	4,946,399.24
Provisions	301,695.38	323,049.97
Deferred income	-134,259.11	-177,552.25
Other interest and similar income	1,341,733.69	1,671,985.78
Interest expenses and similar expenses	-189,308.33	-7,143.05
Earned surplus	15,410.21	27,658.00
Taxes paid	-2,217,681.66	-1,311,584.89
Cash flow from operating activities	2,653,309.30	14,410,519.06
Disbursements for/proceeds from financial investments	-44,000,000.00	2,122,414.44
Disbursements in intangible assets	-5,851,311.84	-495,637.56
Disbursements in property, plant and equipment	-951,763.61	-1,010,902.37
Cash flow from investing activities	-50,803,075.45	615,874.51
Purchase of own shares	-3,393,938.31	-7,972,178.60
Dividends paid to shareholders of the parent company	-3,992,544.00	0.00
Cash flow from financing activities	-7,386,482.31	-7,972,178.60
Change in cash, cash equivalents and securities	-55,536,248.46	7,054,214.97
Cash, cash equivalents and securities at the beginning of the period	65,820,775.65	60,702,758.83
Change of cash from exchange rate differences	-48,980.48	0.00
Non-disclosed profit/loss	-32,348.97	-81,462.71
Change in pledged cash and cash equivalents	-350,000.00	61,387.20
Cash, cash equivalents and securities at the end of the period	9,853,197.74	67,736,898.29
Composition of cash, cash equivalents and securities at the end of the period		
Cash on hand, bank balances and checks	9,352,310.99	39,032,438.69
Current investments	1,150,886.75	28,704,459.60
Pledged cash, cash equivalents and securities	-650,000.00	0.00
	9,853,197.74	67,736,898.29

Q.I-III 2008

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR	Subscribed Capital	Capital Reserves	Other Reserves	Retained Earnings	Own Shares	Total Equity
As at 1 January 2007	8,872,319.00	41,143,321.36	21,690.02	10,614,350.65	0.00	60,651,681.03
Own shares	0.00	0.00	0.00	0.00	-7,972,178.60	-7,972,178.60
Share-based payments	0.00	0.00	27,658.00	0.00	0.00	27,658.00
<i>Unrealised gains/losses</i>	<i>0.00</i>	<i>0.00</i>	<i>-82,609.97</i>	<i>0.00</i>	<i>0.00</i>	<i>-82,609.97</i>
<i>Foreign currency translation</i>	<i>0.00</i>	<i>0.00</i>	<i>1,147.26</i>	<i>0.00</i>	<i>0.00</i>	<i>1,147.26</i>
Total result recognized directly in equity	0.00	0.00	-81,462.71	0.00	0.00	-81,462.71
Net profit for the period	0.00	0.00	0.00	3,901,869.98	0.00	3,901,869.98
Total net profit for the period	0.00	0.00	-81,462.71	3,901,869.98	0.00	3,820,407.27
As at 30 September 2007	8,872,319.00	41,143,321.36	-32,114.69	14,516,220.63	-7,972,178.60	56,527,567.70
Own shares	0.00	0.00	0.00	0.00	-3,362,631.05	-3,362,631.05
Share-based payments	0.00	0.00	8,427.00	0.00	0.00	8,427.00
<i>Unrealised gains/losses</i>	<i>0.00</i>	<i>0.00</i>	<i>178,263.57</i>	<i>0.00</i>	<i>0.00</i>	<i>178,263.57</i>
<i>Foreign currency translation</i>	<i>0.00</i>	<i>0.00</i>	<i>-91,632.39</i>	<i>0.00</i>	<i>0.00</i>	<i>-91,632.39</i>
Total result recognized directly in equity	0.00	0.00	86,631.18	0.00	0.00	86,631.18
Net profit for the period	0.00	0.00	0.00	2,369,988.45	0.00	2,369,988.45
Total net profit for the period	0.00	0.00	86,631.18	2,369,988.45	0.00	2,456,619.63
As at 31 December 2007	8,872,319.00	41,143,321.36	62,943.49	16,886,209.08	-11,334,809.65	55,629,983.28
Own shares	0.00	0.00	0.00	0.00	-3,393,938.31	-3,393,938.31
Share-based payments	0.00	0.00	15,410.21	0.00	0.00	15,410.21
Dividend payment	0.00	0.00	0.00	-3,992,544.00	0.00	-3,992,544.00
<i>Unrealised gains/losses</i>	<i>0.00</i>	<i>0.00</i>	<i>17,679.92</i>	<i>0.00</i>	<i>0.00</i>	<i>17,679.92</i>
<i>Foreign currency translation</i>	<i>0.00</i>	<i>0.00</i>	<i>-48,980.48</i>	<i>0.00</i>	<i>0.00</i>	<i>-48,980.48</i>
Total result recognized directly in equity	0.00	0.00	-31,300.56	0.00	0.00	-31,300.56
Net profit for the period	0.00	0.00	0.00	4,743,476.67	0.00	4,743,476.67
Total net profit for the period	0.00	0.00	-31,300.56	4,743,476.67	0.00	4,712,176.11
As at 30 September 2008	8,872,319.00	41,143,321.36	47,053.14	17,637,141.75	-14,728,747.96	52,971,087.29

Q.I-III 2008**SEGMENT REPORTING**

The Group distinguishes between the two geographical segments »Germany« and »Abroad«. The »Abroad« segment comprises the Group's activities in Spain, Italy and the UK.

In the context of segment reporting for the geographical segments, segment revenue relates to the geographical location of the operating units (group subsidiaries) which generate that revenue. This more or less equates to the geographical location of the respective customers.

Q.III in EUR thousand	Germany		Abroad		Consolidation		Consolidated	
	1 Jul.-30 Sep.		1 Jul.-30 Sep.		1 Jul.-30 Sep.		1 Jul.-30 Sep.	
	2008	2007	2008	2007	2008	2007	2008	2007
Billings	77,174	73,602	5,420	4,990	26	0	82,620	78,592
Revenue	10,108	9,337	1,314	1,196	0	0	11,422	10,533
Depreciation/amortization	231	181	65	23	0	0	296	204
EBIT	2,540	3,362	-639	-483	0	0	1,901	2,879
Financial result							476	580
Income taxes							-1,116	5,358
Consolidated net profit							1,261	1,914
Assets	26,896	83,945	6,081	5,158	-7,531	-3,546	25,445	85,557
Reconciliation to the balance sheet							52,455	6,182
Total assets							77,901	91,739
Debts	18,343	24,916	5,684	4,650	-1,435	-536	22,592	29,030
Reconciliation to the balance sheet							2,337	7,079
Total debts							24,929	36,109
Investments	2,213	454	157	716	0	0	2,370	1,170

Q.I-III 2008

Q.I-III in EUR thousand	Germany		Abroad		Consolidation		Consolidated	
	1 Jan.-30 Sep.		1 Jan.-30 Sep.		1 Jan.-30 Sep.		1 Jan.-30 Sep.	
	2008	2007	2008	2007	2008	2007	2008	2007
Billings	227,316	203,685	17,590	14,491	0	0	244,906	218,176
Revenue	28,794	24,994	4,193	3,497	0	0	32,986	28,491
Depreciation/amortization	708	531	195	67	0	0	903	598
EBIT	7,890	5,775	-1,591	-537	0	0	6,299	5,238
Financial result							1,152	1,665
Income taxes							-2,708	3,902
Consolidated net profit							4,743	3,902
Assets	26,896	83,945	6,081	5,158	-7,531	-3,546	25,445	85,557
Reconciliation to the balance sheet							52,455	6,182
Total assets							77,901	91,739
Debts	18,343	24,916	5,684	4,650	-1,435	-536	22,592	29,030
Reconciliation to the balance sheet							2,337	7,079
Total debts							24,929	36,109
Investments	6,398	710	405	797	0	0	6,803	1,507

Segment assets do not include deferred taxes, tax refund claims, shares in money market funds nor long- or short-term financial assets. Segment liabilities do not include deferred taxes, tax liabilities or interest-bearing liabilities. These items were summarised in the item »Reconciliation with the balance sheets«. The prior-year figures were adjusted accordingly.

SELECTED EXPLANATORY NOTES

GENERAL

The condensed consolidated interim report as of 30 September 2008 was approved for publication by a resolution of the Executive Board on 24 October 2008.

The condensed consolidated interim report for the first nine months of 2008 was prepared in accordance with IAS 34 (Interim Financial Reporting).

The condensed consolidated interim report does not include all information and disclosures required by the consolidated annual financial statements and is therefore to be read in conjunction with the consolidated annual financial statements as of 31 December 2007.

The reporting period is 1 January to 30 September 2008.

The same accounting policies and calculation methods were used for this interim report as for the consolidated financial statements as at 31 December 2007.

The basis of consolidation consists of the subsidiaries listed below, in which the Company holds/held the following interests:

in %	30 Sep. 2008	31 Dec. 2007	Initial consolidation
Ventura24 S.L., Madrid, Spain	100	100	2001
GSG Lottery Systems GmbH, Hamburg, Germany	100	100	2001
Puntogioco24 s.r.l., Monza, Italy	100	100	2004
MyLotto24 Ltd., London, Great Britain	100	100	2007
Tipp24 Operating Services Ltd., London, Great Britain	100	100	2007
Tipp24 Services Ltd., London, Great Britain	100	100	2007
Tipp24 Entertainment GmbH, Hamburg, Germany	100	-	2008
Giochi24 s.r.l., Monza, Italy	100	-	2008

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

EQUITY

In the period under review, the Executive Board made use of its authorization to buy back company shares. A total of 233,184 shares or 2.63% of capital stock was bought back during the period under review. The number of shares outstanding fell from 8,218,272 to 7,985,088 during the period under review. The share buyback programme was thus completed. An amount of EUR 3,993 thousand was also paid in dividends.

Q.I-III 2008**SHARE-BASED REMUNERATION**

The stock option plan of Tipp24 AG is a share-based remuneration system with compensation via equity instruments, so that the fair value is calculated at the time of granting. As of fiscal year 2007, the Company values the stock option plan 2005 of Tipp24 AG using financial valuation methods according to the Black-Scholes-Merton formula. A total amount of EUR 51 thousand for

share-based remuneration was recognized in personnel expenses in the period under review. In the course of the third tranche of the stock option plan 2005, the Executive Board resolved as of 13 February 2008 to offer staff a total of 25 thousand options. These were all accepted.

OBJECTIVES AND METHODS OF FINANCIAL MANAGEMENT

Tipp24 operates a central financial management system. All key decisions concerning the company's financial structure are taken by the Executive Board. Financial management is generally undertaken at group level. The principles and objectives of financial management, as well as the risks the Company is exposed to, were presented in detail in our annual report 2007.

The following table shows the significance of net gains or losses from key financial instruments:

Financial assets 2008 – income and expenses

in EUR	Q.I-III 2008	Q.I-III 2007	Q.I-III 2008	Q.I-III 2007
	Carried in equity		Carried in income statement	
Financial assets				
Bank balances, cash on hand and securities	0.00	0.00	566,538.90	293,188.23
Other primary financial assets				
Available-for-Sale financial assets	17,679.92	-142,320.04	585,886.46	792,047.96
Other financial assets (short-term)	0.00	0.00	-193,601.50	-349,600.67
	17,679.92	-142,320.04	392,284.96	442,447.29
Total	17,679.92	-142,320.04	958,823.86	735,635.52

The net amount from other financial assets includes expenses from payment default and income from the realisation of these receivables, which are contained in »Other income« or »Other expenditure«.

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The following table provides an overview of the classifications and terms of our financial assets:

Interest rate risk

in EUR	Short-term	Long-term	Total
30 Sep. 2008			
Variable interest rates			
Bank balances and securities	8,702,310.99		8,702,310.99
Pledged cash	650,000.00		650,000.00
Other financial assets			
Financial assets available for sale	1,150,886.75		1,150,886.75
Financial assets held to maturity		3,000,000.00	3,000,000.00
Fixed interest			
Other financial assets			
Financial assets available for sale	14,194,228.89		14,194,228.89
Financial assets held to maturity	34,000,000.00		34,000,000.00
	58,697,426.63	3,000,000.00	61,697,426.63
31 Dec. 2007			
Variable interest rates			
Bank balances and securities	10,839,348.97		10,839,348.97
Pledged cash	300,000.00		300,000.00
Other financial assets			
Financial assets available for sale	54,981,426.78		54,981,426.78
Financial assets held to maturity		3,000,000.00	3,000,000.00
Fixed interest			
Other financial assets			
Financial assets available for sale	4,144,200.00		4,144,200.00
	66,120,775.75	7,144,200.00	73,264,975.75

Interest rate risk

Tipp24 only invests in financial assets secured by a capital guarantee. Financial assets currently held bear no currency risk and only a very limited interest rate risk. The latter applies merely to a part of the potential yield, but not to the invested amounts. Any change in the interest rate has only an insignificant impact on consolidated pre-tax earnings. Our diversified interest investment policy largely protects us from interest rate risks in the short term.

For a total investment volume of nearly EUR 62 million, the remaining risk amounts to about EUR 53 thousand p.a. should short-term interest rates change by 50 base points. Irrespective of this fact, the current financial crisis has led to an increased default risk with respect to both interest agreed for financial assets as well as the invested sums themselves and bank deposits. Held-to-maturity financial assets predominantly have terms of less than 12 months.

RELATED PARTIES

The members of Tipp24 AG's Executive Board and Supervisory Board, as well as their immediate relatives, are regarded as related parties in accordance with IAS 24. The transactions and legal relationships of the companies included in the consolidated financial statements with these persons are detailed in the Annual Report 2007. Jaenecke & Cie. GmbH, Munich, in which Supervisory Board Chairman Mr Klaus F. Jaenecke holds an interest, provided the Company with consultancy services for which it received total fees

of EUR 11 thousand in the period under review. Remuneration was in line with standard market conditions. During the period under review, the Company also acquired planning services amounting to EUR 19 thousand from the architecture firm of Dr.-Ing. Ulrich Cornehl in connection with various reconstruction projects. Ulrich Cornehl is the brother of the Executive Board member Dr. Hans Cornehl.

OTHER DISCLOSURES

In the period under review, the Executive Board consisted of Dr. Hans Cornehl and Jens Schumann, and from 1 April 2008 onwards also of Petra von Strombeck and Marcus Geiß.

The members of the Supervisory Board were Klaus F. Jaenecke (Chairman), Oliver Jaster (Deputy Chairman) and Annet Aris. At the Annual General Meeting of 29 May 2008, Klaus F. Jaenecke and Annet Aris were re-elected. Dr. Hans Wilhelm Jenckel did not stand for re-election and was replaced by Oliver Jaster (Deputy Chairman) as the new member of the Supervisory Board.

The members of the Executive Board and Supervisory Board acquired or sold the following number of shares in Tipp24 AG in the first nine months of 2008 (Directors' Dealings). As of 30 September 2008 they held the following amounts of shares in Tipp24 AG (Directors' Holdings):

Directors' Dealings & Holdings

Shares	31 Dec. 2007	Changes	30 Sep. 2008
Executive Board			
Dr. Hans Cornehl	134,695	0	134,695
Marcus Geiß	0	13,150	13,150
Jens Schumann	903,518	0	903,518

Hamburg, 28 October 2008

The Executive Board

Jens Schumann
(Chairman of the
Executive Board)

Dr. Hans Cornehl
(Deputy Chairman
of the Executive Board)

Marcus Geiß

Petra von Strombeck

FINANCIAL CALENDAR 2008

10 November 2008

Analyst Conference (Frankfurt am Main, Germany)

EDITOR

Tipp24 AG

Falkenried-Piazza

Strassenbahnring 11-13

20251 Hamburg, Germany

Phone +49 (0) 40-32 55 33 0

Fax +49 (0) 40-32 55 33 77

www.tipp24-ag.de