

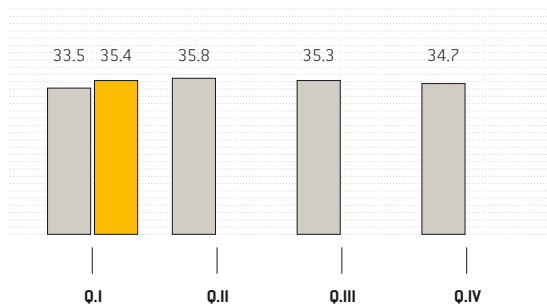
Tipp24de

RETURN TO THE GERMAN MARKET!

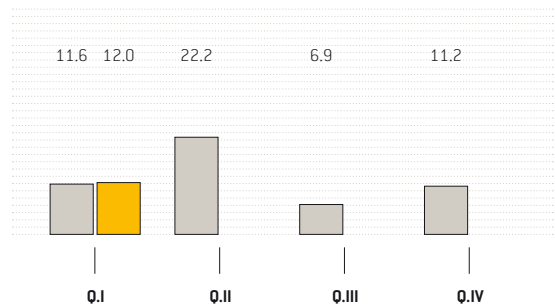
INTERIM FINANCIAL REPORT
1 JAN.–31 MAR. 2012

2012
Q.1

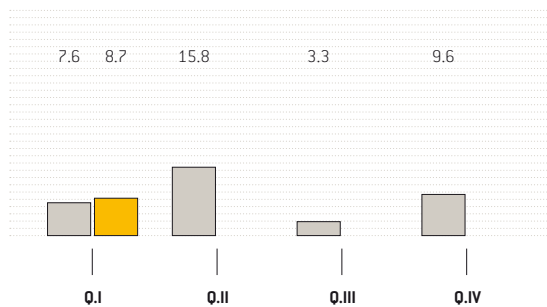
REVENUES in EUR million



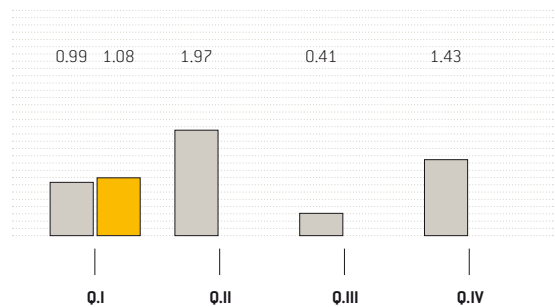
EBIT in EUR million



NET PROFIT in EUR million



EARNINGS PER SHARE in EUR



■ 2011
■ 2012

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[Rounding differences possible due to presentation in EUR thousand]

LADIES AND GENTLEMEN,

Tipp24 SE remained on track for profitable growth in the first quarter of 2012: consolidated revenues were up 5.7% to EUR 35,437 thousand. Consolidated EBIT improved by 3.5% to EUR 12,048 thousand.

Return to German market

With its new gaming legislation, Schleswig-Holstein played a pioneering role in re-opening the market for online lottery brokerage in early 2012. This enabled Tipp24 to launch operations once again on the German market – which it dominated until the end of 2008 – as of 22 February 2012. Under the Lotto24.de brand, German Lotto players can now conveniently submit their tickets online and around the clock »as in the past«.

EU Commission criticizes Revised State Treaty on Games of Chance

The regulatory uncertainty on Germany's lottery market continues: the draft legislation of the other 15 federal states has still not been approved. The states themselves declared that the ratification process of their respective parliaments depended on a »final positive statement« from the EU Commission – this has not been forthcoming, however. On the contrary, in its latest statement on 20 March 2012, the EU Commission criticized – among other things – the large number of permits required for online lottery brokerage compared to sports betting. It repeated that restrictions must only serve to prevent addiction and crime. Seemingly unperturbed by this fact, the Minister Presidents of the 15 states gave their blessing to the new State Treaty on Games of Chance at their conference on 29 March 2012 and will put the legislation to a vote in their respective state parliaments with the aim of enforcing it as of 1 July 2012. We believe that citing the risk of addiction as justification for extensive bans for private lottery providers is no longer tenable. There is simply no such thing as »lottery addiction« – a fact which has since been confirmed in court. We therefore expect that the EU Commission will eventually commence infringement proceedings against Germany.

Spin-off of German operations as Lotto24 AG

Tipp24 has been seeking to regain permission for the online brokerage of lotteries in Germany for four years now. Although we have achieved several clear victories, we believe that a complete separation under company law is the best option to ensure that Lotto24 AG can launch its activities on the German market without legal complications. We therefore intend to spin off our German lottery brokerage business from the Tipp24 Group and transfer it to a public limited company also listed in the Prime Standard segment of the Frankfurt Stock Exchange. Together with the Supervisory Board, we will therefore propose to the Annual General Meeting of Tipp24 SE to distribute shares in the future Lotto24 AG to all shareholders in a 1-to-1 ratio in the form of a dividend in kind. Each shareholder of Tipp24 SE will thus additionally receive a Lotto24 share for each Tipp24 share.

Outlook

Whereas Tipp24 SE will mainly focus on the expansion of our foreign business in future – and in particular the establishment of a new international business division offering Internet services for lottery companies – Lotto24 AG will concentrate on the brokerage of state-run lotteries in Germany.

Against a backdrop of frequent change in its operating environment, Tipp24 has succeeded in generating sustainable growth in both revenue and earnings – giving us a solid platform on which to reach our core strategic targets.

2012 will therefore be a year of sweeping change and the economic potential ahead is still difficult to gauge. In the current fiscal year, we expect to reach consolidated revenue of at least EUR 130 million and EBIT of at least EUR 35 million. This forecast includes consideration of uncertainties regarding negative statistical fluctuations amounting to EUR 10 million. In view of the planned spin-off, no expenses have been taken into account for the re-establishment of German operations.



Dr. Hans Cornehl
Chairman of the Executive Board



Petra von Strombeck
Member of the Executive Board

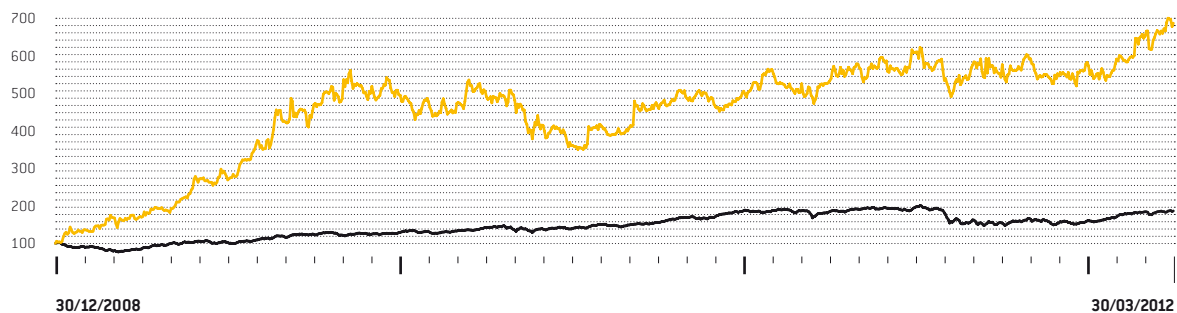
KEY CONSOLIDATED FIGURES OF TIPP24 SE ACC. TO IFRS

		Q.I 2012	Q.I 2011	Change in %
Revenue	EUR thsd.	35,437	33,527	+5.7%
EBIT	EUR thsd.	12,048	11,640	+3.5%
EBIT margin	%	34.0	34.7	-0.7%-points
Net profit	EUR thsd.	8,726	7,555	+15.5%
Net profit margin	%	24.6	22.5	+2.1%-points
Cashflow from operating activities	EUR thsd.	5,139	9,386	-45.2%
Equity (31/03/2012 / 31/12/2011)	EUR thsd.	138,055	129,291	+6.8%
Employees (31/03)	headcounts	131	122	+7.3%

(Rounding differences possible due to presentation in EUR thousand)

INVESTOR RELATIONS

PERFORMANCE OF THE TIPP24 SHARE (Index 30/12/2008 = 100)



EUR 5.71

2,800.73

— Tipp24 EUR 39.19

— SDAX 5,220.98

SHARE

Following some hefty losses in 2011, the stock markets got off to a strong start in the new year. Signs of a recovery in key economic indicators for the Euro zone and other nations led investors to revise their previously pessimistic outlook for the global economy. With regard to the sovereign debt crisis, unconventional measures taken by the European Central Bank and successful government bond auctions helped reduce tension on the capital markets. Against this backdrop, the SDAX index rose by 18.1% in the first quarter of 2012. In the period under review, the Tipp24 share varied between EUR 30.70 and EUR 39.95 and closed the quarter up 18.8%.

Once again, we continued our intensive Investor Relations activities in the first quarter.

KEY SHARE FIGURES

Day of initial listing		12.10.2005
Year-opening price	02/01/2012	EUR 33.00
Market capitalization	02/01/2012	EUR 264 million
Periodenschlusskurs	30/03/2012	EUR 39.19
Market capitalization	31/03/2012	EUR 313 million
Highest price	26/03/2012	EUR 39.95
Lowest price	20/01/2012	EUR 30.50
Number of shares	31/03/2012	7,985 thsd.
Own shares	31/03/2012	0 shares
Average daily trading	01/01–30/03/2012	18,401 shares
Earnings per share	01/01–30/03/2012	1.08 Euro

SHAREHOLDER SERVICE

WKN	784714
ISIN	DE0007847147
Ticker symbol	TIM.DE
Stock exchange	Frankfurt
Market segment	Official Market, Prime Standard
Designated sponsor	Close Brothers Seydler
Coverage	Deutsche Bank, Macquarie, Warburg, Hauck & Aufhäuser
Reuters	TIMGn.DE
Bloomberg	TIM GR

INTERIM GROUP MANAGEMENT REPORT

BUSINESS & ECONOMIC CONDITIONS

ACTIVITIES OF TIPP24

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

In the German part of the Group, the subsidiary Tipp24 Deutschland GmbH (in future Lotto24 AG) launched restricted brokerage operations on 20 February 2012 under www.lotto24.de for the state lottery company Schleswig-Holstein, as well as in Saxony-Anhalt, and is seeking to resume full brokerage operations in Germany as soon as possible. Lotto24 AG will be required to apply for permits from the various regulatory authorities of the individual federal states in order to act as a broker in Germany. In this case, a continued legal connection between the future Lotto24 AG and Tipp24 SE or its fully consolidated minority shareholdings may jeopardize permit application processes. In order to enable the resumption of business in Germany without such legal disputes, Tipp24 SE plans to spin off its German activities and form an independent listed company. Tipp24 SE also markets the German class lotteries NKL and SKL in cooperation with Schumann e. K. Its subsidiary Tipp24 Entertainment GmbH develops skill-based games. However, the Skill-Based Games business model was unable to match the profitability of the company's core business over the long term and it was decided to discontinue activities in this division in an orderly process. A corresponding value adjustment was already made in fiscal year 2011 and no more significant negative effects are expected from this division in 2012.

In the Abroad segment, MyLotto24 Limited in the UK organizes secondary English lotteries based on various European lotteries, whereby it bears the bookmaking risk itself. Tipp24 Services Limited brokers tickets to MyLotto24 Limited. The segment also comprises the brokering of state-run lottery products in Spain and – to a limited extent – in Italy.

REGULATORY CONDITIONS

Adapting the business model to the German State Treaty on Games of Chance

Following the implementation of the second stage of the German State Treaty on Games of Chance (GlüStV), which completely prohibited the online brokering of state-run lotteries as of 1 January 2009, Tipp24 SE discontinued its lottery brokerage activities in Germany. Its operations were therefore brought in line with the regulatory environment – although Tipp24 continues to fight in the courts for the resumption of its business in Germany. In the course of this realignment, Tipp24 SE transferred assets that it no longer required to MyLotto24 Limited and its subsidiaries which had been active in the UK since 2007. This concerned both the brokerage of state-run German lottery products as well as the subsidiaries Ventura24 S.L. in Spain and Giochi24 S.r.l. in Italy. In addition, Tipp24 SE transferred control over its UK subsidiaries in accordance with company law in the second quarter of 2009 to reflect the autonomy and individual responsibility of these companies in their respective business fields. Specifically, 60% of the voting shares in both MyLotto24 Limited and Tipp24Services Limited were sold to a Swiss foundation set up by Tipp24 SE in the form of preference shares stripped of their main economic rights. These shares have a guaranteed limited right to dividends of up to a total of GBP 30 thousand p.a. The inclusion of the shareholding in MyLotto24 Limited and its respective subsidiaries and shareholdings 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.

SIGNIFICANT ECONOMIC AND LEGAL FACTORS AFFECTING BUSINESS

Legal market situation in Germany still unsettled

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 courts confirmed these decrees in summary and principal proceedings in application of the GlüStV (which in our view contravenes EU law). All in all, these decrees and decisions in contravention of the ECJ rulings of 2010 have so far resulted in a very uncertain situation.

Other administrative courts have applied the rulings of the ECJ – in what we believe are clearly reasoned decisions – and declared that not only the gaming monopoly itself but also the resulting key restrictions of the GlüStV are inapplicable.

The German Federal Administrative Court (Bundesverwaltungsgericht – BVerwG) and further lower-instance courts, such as the referring Administrative Courts of Cologne, Stuttgart and Giessen, and recently the Higher Administrative Court of North Rhine-Westphalia and the Administrative Court of Bavaria, have determined an incoherency in gaming regulations and practice in Germany. This has once again confirmed existing doubts about the legality and effectiveness of the GlüStV.

The same is also indicated by a decision of the Federal Supreme Court (Bundesgerichtshof - BGH) on 18 November 2010, which for legal reasons could only deal with legislation before the GlüStV was introduced. Despite this restriction, the BGH cites in its verdict the ECJ's ruling on »Carmen Media«, which only relates to the GlüStV, as proof of its incompatibility with higher-ranking legislation and refers to the advertising practice of Germany's state-run lottery companies, which is still not exclusively focused on measures aimed at combating addiction.

In proceedings dealing with sports betting and casino gambling, however, the BVerwG and BGH confirmed the applicability of a general Internet ban. The BVerwG explained that the Internet ban is generally in line with EU law and, as a result of incoherencies, still applies. In its verdict on 28 September 2011, the BGH concurred with this view. Although neither of the proceedings dealt with lotteries, they did assume a valid Internet ban for all games of chance based on the GlüStV.

In the more specific field of lottery brokerage, there are growing doubts among Germany's administrative courts about the proportionality of restrictions (Internet ban) and their alignment with the aim of combating gambling addiction – beyond the general doubts regarding the coherency of German gaming legislation. In proceedings brought by Tipp24, various administrative courts established that Germany's gaming regulations were disproportional due to considerable doubts regarding the existence of any lottery addiction. The Administrative Court (Verwaltungsgericht – VG) Halle conducted an extensive survey among guardianship courts and addiction clinics to settle the existence of such a lottery addiction. It found that lottery addiction played a very minor

role, if any. Consequently, VG Halle, as well as VG Chemnitz and VG Berlin, ruled that there was a disproportion between the aim and the means, and that the current obligation of brokers to seek permission, the Internet ban and the so-called territoriality/regionalism of German Lotto (i.e. the restriction of Lotto marketing to individual federal states) as regulated by the GlüStV contravened EU law. The verdict of VG Halle which unreservedly confirms the legitimacy of online lottery brokerage has been legally binding since 28 June 2011.

In parallel proceedings, however, other administrative courts regarded the especially the Internet ban and permit requirement as still applicable for the field of lottery brokerage. In a further verdict of 12 September 2011, VG Halle upheld its view on online brokerage – also regarding the BVerwG's verdict of 1 June 2011 – that the online brokerage of lotteries does not require permission due to the primacy of application. Following the BVerwG's verdict, VG Berlin does not believe that its opinion on the inapplicability of the permission requirement and the Internet ban for lottery brokerage has been deemed invalid or obsolete. This was recently made clear by the court in a resolution dated 14 September 2011. Contrasting views are held by other courts, such as the Administrative Court of Potsdam.

Implementation of EU law primacy still inconsistent

In September 2010, the ECJ proclaimed:

- that the assumption of various German courts that significant regulations of the GlüStV contravened EU law and were inapplicable was justified as the regulations of Germany's gaming monopoly represented an unjustifiable restriction of the basic European freedoms of private suppliers.
- that such an infringement of basic freedoms, as was the case under the old legislation, meant that the national law was immediately inapplicable, without any transition period for courts and authorities.

We believe that – especially in the field of lotteries – this also affects the obligation of brokers to seek permission from the federal states, the prohibition of online gaming and the restriction and prohibition of advertising. The ECJ's instructions regarding interpretation are generally binding. Several lower national administration courts have since declared that the obligation to seek permission is not applicable – in application of the ECJ ruling. Nevertheless, for the GlüStV's short remaining term of valid-

ity, Germany's Federal Administrative Court and Federal Supreme Court have generally confirmed the blanket Internet ban and need for permission in sports betting proceedings – despite reservations regarding the compliance of Germany's gaming monopoly with EU law – without any indication that they regarded the legal position of lottery brokerage any differently, despite the lack of high court verdicts.

These recent verdicts are likely to be overturned though by future legislation following the amendment of the GlüStV in 2012 – which will once again allow the online brokerage of lotteries – and will thus not be of any lasting significance. With its new »Schleswig-Holstein Gaming Law«, which came into effect on 1 January 2012, the north German state decided against an Internet ban and the need for permits – in the case of lottery brokerage. The view confirmed by numerous expert opinions and legal studies is that with regard to EU law, the new Schleswig-Holstein legislation makes both the Internet ban and the permit requirement of the other federal states incoherent and inapplicable in their current form.

This would mean that in respect of the jurisdiction of the German Federal Administrative Court and Federal Supreme Court, the Internet ban and permit requirement may also have lost their applicability for the entire territory of Germany as of 1 January 2012. At present, there is no jurisdiction to support this highly contested theory.

German legislators are called upon to observe the requirements concerning restrictions of basic freedoms under EU law – as recently referred to by the European Commission – in their revision of the GlüStV in order to avoid any continuation of the current legal chaos.

Varying legal market situation abroad

The markets of our Abroad segment present a varied picture with regard to the development of the prevailing legal conditions. Whereas the regulatory environment in the UK is stable and in line with market requirements, significant legal changes to the regulation of sports betting and poker – also on the Internet – were recently introduced in Spain. Regulations concerning the online brokerage of lotteries are not currently planned or expected. In Italy, the protracted dispute with the Italian anti-trust authorities regarding the online brokerage of the state-licensed lottery SuperEnalotto ended without success.

CHANGES IN THE EXECUTIVE BOARD

As already announced on 27 March 2012, Marcus Geiss – previously responsible for the divisions Corporate Development and New Markets – will leave the company prematurely on 30 April 2012 by mutual agreement and on the best of terms.

RESEARCH & DEVELOPMENT

There were no domestic R&D activities in the period under review.

In the Abroad segment, the new gaming software was expanded and improved following its launch in January 2011. These development efforts are managed directly abroad and operated partly in cooperation with external companies. In addition, our companies in the various countries made a number of improvements to products, capacities and security systems – with the aid of external R&D know-how for certain projects.

In the first quarter of 2012, an average of 1 employees were involved with R&D activities on a full-time or part-time basis in Germany, and 21 in the Abroad segment. R&D expenses amounted to around EUR 12 thousand (prior year: EUR 124 thousand) in the Germany segment and EUR 241 thousand (prior year: EUR 229 thousand) in the Abroad segment.

EARNINGS, FINANCIAL POSITION AND NET ASSETS

EARNINGS

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

In the first quarter of 2012, total payouts for secondary lotteries were EUR 3.5 million below the expected payout value (prior year: EUR 0.9 million) with a positive impact on revenues of the same amount. This benefited EBIT by an amount of EUR 1.5 million (prior year: EUR -0.3 million).

	1 Jan.–31 Mar. 2012		1 Jan.–31 Mar. 2011		Change %
	in EUR thousand	%	in EUR thousand	%	
Revenues	35,437	100.0	33,527	100.0	5.7
Personnel expenses	-2,876	-8.1	-2,301	-6.9	25.0
Other operating expenses	-19,313	-54.5	-19,683	-58.7	-1.9
Other operating income	479	1.4	1,304	3.9	-63.3
Operating expenses	-21,710	-61.3	-20,680	-61.7	5.0
EBITDA	13,727	38.7	12,847	38.3	6.8
Amortization and depreciation	-1,679	-4.7	-1,207	-3.6	39.1
EBIT	12,048	34.0	11,640	34.7	3.5
Financial result	224	0.6	101	0.3	121.8
Earnings before taxes	12,272	34.6	11,741	35.0	4.5
Income taxes	-3,682	-10.4	-3,830	-11.4	-3.9
Profit from continued operations	8,590	24.2	7,911	23.6	8.6
Profit after tax from discontinued operations	136	0.4	-356	-1.1	-138.2
Profit	8,726	24.6	7,555	22.5	15.5
Breakdown of other operating expenses					
Marketing expenses	-1,386	-3.9	-2,186	-6.5	-36.6
Direct operating expenses	-9,849	-27.8	-11,310	-33.7	-12.9
Other expenses of operations	-8,078	-22.8	-6,187	-18.5	30.6
Other operating expenses	-19,313	-54.5	-19,683	-58.7	-1.9

EBIT

In the first quarter of 2012, **consolidated EBIT** amounted to EUR 12,048 thousand (prior year: EUR 11,640 thousand), whereby the EBIT margin fell by 0.7 %-points from 34.7% to 34.0%. Adjusted for statistic deviation from the expected level of payouts, EBIT amounted to EUR 10,528 thousand (prior year: EUR 11,897 thousand) while the EBIT margin reached 32.9% (prior year: 36.4%).

Against the backdrop of significant regulatory restrictions imposed on lottery activities, the Germany segment posted an EBIT result of EUR -3,072 thousand (prior year: EUR -1,579 thousand) in the period under review, while the Abroad segment achieved an EBIT result of EUR 15,316 thousand (prior year: EUR 13,604 thousand).

In the period under review, the **financial result** amounted to EUR 224 thousand (prior year: EUR 101 thousand).

Consolidated net profit rose by more than 15.5% to EUR 8,726 thousand (prior year: EUR 7,555 thousand) while the net operating margin after tax reached 24.6% (prior year: 22.5%).

Compared to the previous year, the consolidated tax rate fell by 2.6 %-points to 30.0%. The tax rate fell as Tipp24 SE could form deferred tax liabilities to the full extent on tax loss carryforwards.

Return on equity rose from 5.8% to 6.3%.

Earnings per share from continued operations (undiluted and diluted) increased from EUR 0.99 to EUR 1.08.

Revenues

In the first quarter of 2012, Tipp24 raised total consolidated revenues by 5.7% from EUR 33,527 thousand to EUR 35,437 thousand, whereby the **Germany segment** accounted for EUR 142 thousand (prior year: EUR 171 thousand) and the **Abroad segment** for EUR 35,865 thousand (prior year: EUR 34,103 thousand).

Adjusted for chance effects, consolidated revenues would have fallen by 2.1% from EUR 32,667 thousand to EUR 31,985 thousand. In the first quarter of the reporting year, the actual payout ratio varied by -5.3 %-points (prior year: -1.6 %-points) from the expected value.

For the organisation 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 organised 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 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 financial statements and earnings position, the effect of deviations between the expected and actual payouts is therefore stated.

Development of key income statement positions

In the period under review, **personnel expenses** exceeded the prior-year figure by 25.0% and amounted to EUR 2,876 thousand (prior year: EUR 2,301 thousand). The personnel expense ratio rose by 1.2 %-points to 8.1%. The increase in personnel expenses is mainly due to the expansion of the Executive Board in July 2011. Headcount amounted to 131 (prior year: 122) as of 31 March 2012.

Other operating expenses fell by 1.9% to EUR 19,313 thousand (prior year: EUR 19,683 thousand). The development in detail was as follows:

- **Marketing expenses** fell by 36.6% to EUR 1,386 thousand (prior year: EUR 2,186 thousand). The decline is predominantly due to reduced marketing activities for operations in Italy.
- **Direct operating expenses** decreased by 12.9% to EUR 9,849 thousand (prior year: EUR 11,310 thousand). This item is strongly influenced by licence and operator fees as well as costs in connection with hedging transactions of MyLotto24 Limited. At EUR 2,556 thousand, hedging costs were below the prior-year figure of EUR 4,995 thousand. The growth in revenues of the Abroad segment led to increased

licence and operator fees to be paid to the UK finance authorities of EUR 4,754 thousand (prior year: EUR 4,269 thousand).

- **Other operating expenses** increased by 30.6% to EUR 8,078 thousand (prior year: EUR 6,187 thousand) – a rise which resulted mainly from increased outsourcing and consultancy expenses compared to the prior quarter in connection with the spin-off of German operations.

Other operating income amounted to EUR 479 thousand (prior year: EUR 1,304 thousand).

The scheduled amortisation of software put into operation in January 2011 led to a rise in **depreciation** of tangible and intangible assets of EUR 472 thousand to EUR 1,679 thousand.

FINANCIAL POSITION

Compared with the balance sheet date, Tipp24's **equity capital** grew in total by EUR 8,764 thousand to EUR 138,055 thousand as of 31 March 2012. Over the same period, the equity ratio increased by 3.0 %-points to 77.7%, while the balance sheet total rose by 2.7% to EUR 177,684 thousand.

Other liabilities in EUR thousand	31 Mar. 2012	31 Dec. 2011
Liabilities from gaming operations	15,299	17,605
Tax liabilities	941	3,008
Liabilities from open invoices	406	416
Liabilities from social security	131	136
Others	440	679
	17,217	21,844

In the first quarter of 2012, **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 – fell by 21.2% to EUR 17,217 thousand (31 December 2011: EUR 21,844 thousand).

Investment analysis

In the first quarter of 2012, investing activities resulted in net cash flow of EUR -16,677 thousand (prior year: EUR -11,770 thousand). Proceeds and disbursements from financial investments resulted in net cash flow of EUR -16,172 thousand (prior year: EUR -10,024 thousand). Net cash flow from investments in our operating business totalled EUR -504 thousand (prior year: EUR -1,746 thousand).

Liquidity analysis

Key cash flow positions in EUR thousand	Q.1 2012	Q.1 2011
Cash flow from operating activities	5,139	9,386
Cash flow from investing activities	-16,672	-11,770
<i>thereof financial investments</i>	-16,168	-10,024
<i>thereof operative investments</i>	-504	-1,746
Cash flow from financing activities	–	–
Change in cash	-11,533	-2,384
Cash at the beginning of the period (without pledged cash)	63,366	42,673
Cash at the end of the period (without pledged cash)	51,833	40,289
Short-term financial assets	81,640	58,240
Available funds	133,473	98,529

At EUR 5,139 thousand, **cash flow from operating activities** in the first quarter of 2012 was down on the previous year (EUR 9,386 thousand) mainly as a result of a decrease in other liabilities.

As explained in the investment analysis section above, **cash flow from investing activities** fell by EUR 4,902 thousand year on year to EUR -16,672 thousand.

Cash flow from financing activities amounted to EUR 0 thousand (prior year: EUR 0 thousand).

Tipp24 has available funds in the form of cash and short-term financial assets of EUR 133,473 thousand (prior year: EUR 98,529 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 Mar. 2012	31 Dec. 2011
Receivables from gaming operations	2,575	2,701
Prepaid expenses	3,049	2,616
Receivables from tax authorities for sales tax	601	597
Others	732	760
	6,956	6,674

ASSET SITUATION

Tipp24's asset profile is dominated by current assets of EUR 141,516 thousand (31 December 2011: EUR 136,828 thousand). These consist largely of cash (EUR 52,589 thousand), short-term financial assets (EUR 81,640 thousand) and other assets and prepaid expenses (EUR 6,956 thousand). Moreover, Tipp24 has intangible assets (mainly software) amounting to

EUR 21,757 thousand, financial assets of EUR 4,351 thousand, property, plant and equipment (mainly hardware and office equipment) amounting to EUR 2,516 thousand and deferred tax assets amounting to EUR 7,051 thousand. The development of assets mainly reflects the development of cash flow from operating activities.

Management's assessment of the economic position

For the fourth consecutive year following the implementation of the second stage of the GlüStV, Tipp24 was prevented from pursuing its traditional business of brokering state-run lotteries in Germany in the period under review. The exception to this is the beginning of restricted brokerage operations on 20 February 2012 under www.lotto24.de in Schleswig-Holstein and Saxony-Anhalt. Tipp24 is seeking to resume full brokerage operations in Germany as soon as possible.

At the same time, business activities in the Abroad segment continued to make steady progress. 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 negative regulatory conditions. Above all, however, in view of what we regard as the obvious incompatibility of current gaming legislation in Germany with EU and anti-trust law, especially with regard to ongoing constitutional reservations, we believe that it is unlikely that such legislation can prevail in the long term. This belief has been confirmed by the ECJ with regard to its incompatibility with EU law.

At the same time, the Executive Board sees the opportunity for sustained encouraging growth in the medium term. In comparison with other sectors, the online lottery market in Germany and abroad is still underdeveloped – there is therefore a strong probability that the sector will enjoy significant growth in the coming years. Tipp24 is excellently positioned to benefit strongly from such growth.

Furthermore, we see attractive additional potential in new product categories and in the course of a possible deregulation of European lottery markets. In particular, we plan to establish a new business field in the medium term which will offer Internet services for international lottery organizers. Initial talks with potential customers have strengthened our view that this is a promising market segment. Tipp24 has extensive financial liquidity, mainly from equity capital. This provides considerable scope to grasp future growth opportunities – for example by means of acquisitions.

SUBSEQUENT EVENTS

Tipp24 SE intends to spin off from the Tipp24 Group its German lottery brokerage business launched in February 2012 under the Lotto24 brand and to transfer it to a public limited company listed in the Prime Standard segment of the Frankfurt Stock Exchange. The Executive Board and Supervisory Board will therefore propose to the Annual General Meeting of Tipp24 SE to distribute shares in the future Lotto24 AG (formerly Tipp24 Deutschland GmbH) to all shareholders in a 1-to-1 ratio in the form of a dividend in kind. Each shareholder of Tipp24 SE will therefore additionally receive a Lotto24 share for each Tipp24 share. To this end, the Executive Board released free capital reserves on 20 April 2012 in the course of an amendment to the annual and consolidated financial statements 2011, resulting in a balance sheet profit of around EUR 26.38 million. Of this total, the distribution of the proposed dividend in kind accounts for an amount of EUR 19.97 million. The remaining amount is to be carried forward.

Lotto24 AG will focus on brokering state lotteries in Germany. Launched in February under www.lotto24.de, its service targets customers in Schleswig-Holstein and Saxony-Anhalt at present, where Tipp24 SE had successfully fought in court for the legal right to broker lotteries online.

On 17 April 2012, Tipp24 Entertainment GmbH sold various assets to an investor for a total purchase price of EUR 750 thousand.

REPORT ON EXPECTED DEVELOPMENTS AND ASSOCIATED MATERIAL OPPORTUNITIES AND RISKS

In our annual report 2011, we described in detail all risks in connection with the business activities of Tipp24, as well as the management of these risks and systems to recognise such risks at an early stage. The risks can be divided mainly into sector and market risks, legal risks resulting from the regulatory environment for the operations of Tipp24, business risks, risks from the processing of gaming operations personnel risks and general business risks.

Within the scope of this interim report, we would like to focus in particular on the risks presented below:

FINANCING AND CURRENCY RISKS

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

Risks 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 the 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

Tipp24 has cash in Germany and abroad totalling EUR 52,589 thousand which is 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 81,640 thousand are invested widely and comprise mainly investments with high credit ratings. The collapse of individual issuers of such securities may lead to the partial or complete loss of these financial assets. The financial assets and cash deposits currently held also bear a significant interest risk. A reduction in interest rates may mean that no income can be generated from cash deposits and financial assets.

Legal risks resulting from the regulatory development in Germany

As a result of the extensive Internet prohibition and other restrictions of the GlüStV in Germany, Tipp24 was once again largely prevented from pursuing its traditional business of brokering state-run lotteries in Germany during the first quarter of 2012. In spite of the ECJ ruling of 8 September 2010, that of the BVerwG on 24 November 2010 and those of various other administrative courts which confirm our own assessment of the situation, there is still a risk that this restrictive legal framework may be upheld to a large extent or completely also in the medium term. Within the framework of its remit, the ECJ has examined the restrictions of the GlüStV with regard to its compliance with EU law and in response to inquiries brought by several German courts has confirmed reservations regarding the compliance of Germany's gaming laws with EU law. In application of the principles determined by the ECJ, the BVerwG also referred to the contradictory nature of the German gaming monopoly in November 2010.

These assessments are just as unlikely to enable access to Germany's huge market potential in the short term as the expiry of the GlüStV on 31 December 2011 and the new liberal gaming legislation in Schleswig-Holstein introduced on 1 January 2012.

Although the term of the GlüStV has expired, it continues to apply in fifteen federal states in the form of state legislation. It is still unclear whether nationwide brokerage is possible solely on the basis of the Schleswig-Holstein legislation. Since 1 January 2012, there is obviously a serious contradiction in Germany's currently valid gaming regulations, which in our opinion directly results in the inapplicability of the ongoing restrictions for reasons of incoherence. It is unclear, however, to what extent Tipp24 can quickly relaunch nationwide operations on the basis of such an inapplicability of state gaming legislation under EU law.

In addition to the liberal gaming regulations of Schleswig-Holstein, the »First State Treaty to Revise the State Treaty on Games of Chance« (ÄndGlüStV) of the remaining 15 states is expected to come into force on 1 July 2012. However, the new treaty continues many of the illegal restrictions of its predecessor which were criticised by both the ECJ and the EU Commission. It is not expected that the ÄndGlüStV will clarify the unchanged legal uncertainties in the short term.

Tipp24 SE has clearly won some of the court cases it has brought in certain federal states since 2008. Only one verdict is enforceable as yet, however, while the other proceedings are still in progress in lower- and upper-level courts. Numerous authorities had forbidden Tipp24 SE from brokering games of chance to customers in Germany. Several verdicts have since been repealed, however. There is currently one order for North Rhine-Westphalia, which forbids the brokerage of games of chance, and one for the federal state of Saxony-Anhalt, which forbids the brokerage and advertising of games of chance not permitted in Saxony-Anhalt. The action for annulment of the prohibition order for North Rhine-Westphalia was rejected in a lower-court verdict in November 2011, whereby an appeal process was permitted. The order is thus still enforceable in North Rhine-Westphalia and must therefore be observed. Tipp24 SE has appealed against the verdict. The prohibition order for Saxony-Anhalt has been repealed in a lower-court verdict, but is not yet legally binding as the state has lodged an appeal. For the time being, both prohibition orders are still enforceable and would lead to coercive payments. Tipp24 SE

observes these regulations, whereby it should be noted that Tipp24 SE has never brokered foreign games, as alleged by the authorities.

If the current discrimination against commercial online brokerage in particular continues, this could significantly delay the planned resumption of business in Germany.

In 2011, there was a favourable development in proceedings regarding Tipp24 SE's responsibility for offerings of its minority investments as well as in the resulting risks: two administrative courts rejected any responsibility of the German company. In advance, some courts attempted to interpret verdicts originally concerning German lottery brokerage in the past in such a way that these also concerned the brokerage of secondary lotteries by investment companies. A prohibition order for Tipp24 SE expressly forbidding Tipp24 SE's operations for 12 federal states »via« the UK products was legally repealed as the UK companies conduct their business independently and Tipp24 SE neither controls such activities nor is responsible for them. A coercive payment with comparable grounds passed by the state of North Rhine-Westphalia was voluntarily repealed again by the authorities after a verdict of VG Düsseldorf. We therefore do not expect any further coercive payments against Tipp24 SE due to the UK business, which the German authorities regard as illegal on the basis of German gaming legislation. In view of the legal opinions and verdicts of the federal states, however, it cannot be completely excluded that certain authorities will issue further 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 though the UK companies operate on the basis of concessions issued by the UK Gambling Commission and, according to the ECJ ruling on the interpretation of EU law, German legislation is to be regarded as incoherent and inapplicable as even the German organization monopoly is inapplicable and there are considerable doubts about the applicability of the permit requirement and Internet ban (see above). Even if the legal basis for such action outside Germany is difficult to comprehend and its effect questionable, it cannot be excluded that such measures would hinder or prevent the business activities of the UK companies.

In their capacity as market participants, certain state lottery companies also believe that the UK companies contravene the GlüStV and are thus anticompetitive. Even if we assume that the UK companies are acting legally on the basis of valid concessions explicitly allowing the activity performed, it cannot be ruled out that they will fail to assert their rights in German courts. In this connection, we also cannot exclude the possibility that the UK regulatory authorities themselves may include restrictions in the licence in view of the aforementioned proceedings and possible future court verdicts. As a consequence, we cannot exclude the possibility that the above mentioned risks may lead to a significant restriction in the business activities of the UK companies.

In view of the doubts expressed by the supreme court, there is a not insignificant probability that the national courts will increasingly come to the conclusion that the German monopoly regulations are incoherent and thus disproportional. A coherent implementation of restrictions intended to prevent gambling addiction would not ignore what the ECJ and BVerwG believe to be the most dangerous games (commercial gaming machines), whose operation is currently allowed and even facilitated for private persons – irrespective of which legislator is responsible, federal or state. Moreover, the ECJ – and recently also the Higher Administrative Court of North Rhine-Westphalia – believe that the current advertising methods of state-run lotteries contradict the aim of preventing gambling addiction and are instead aimed at gaining new customers. Such incoherencies justified the decision that the European freedom of private persons to provide services was restricted in a disproportional manner. German authorities and courts are currently adopting the view that the monopoly regulations may be ineffective, but that the need to seek permission and the Internet ban are still effective. Based on numerous legal analyses and court verdicts to the contrary, we regard this view as incorrect – above all for the field of lottery brokerage.

In summary, however, 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 earnings, financial position and net assets 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 earnings, financial position and net assets of MyLotto24 Limited, which through consolidation would also represent a burden for Tipp24 as a whole. In 2011, MyLotto24 Ltd. structured a 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 this announcement to the capital market is included in the company's ad hoc disclosure obligations. However, such notifications are checked in advance on a case-by-case basis.

Risks from the assertion of claims from hedging transactions

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 earnings, financial position and net assets 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.

FORECAST AND OPPORTUNITY REPORT

In general, Tipp24 SE plans to clarify the legal and political conditions for its business model in Germany by utilising all available appeal possibilities and continuing its political lobbying.

On 20 February 2012, we launched restricted brokerage operations for the state lottery of Schleswig-Holstein («Landeslotteriegesellschaft Schleswig-Holstein»), as well as in Saxony-Anhalt, under the www.lotto24.de brand and now seek to resume full brokerage operations in Germany as soon as possible. In view of the current political and regulatory developments, there has been a strong improvement in this prospect – even though no favourable clarification has been achieved yet – which will benefit the new independent company Lotto24 AG.

The company will therefore be ideally placed to benefit from the imminent liberalization of online lottery brokerage in Germany and to grasp the significant opportunities offered by this market. In the course of resuming online lottery brokerage in Schleswig-Holstein and Saxony-Anhalt, work has already begun on establishing Lotto24 as a strong and distinctive brand for the German business.

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

EXPECTED EARNINGS POSITION

For its fiscal year 2012, Tipp24 SE expects consolidated EBIT of at least EUR 35 million and revenue of at least EUR 130 million. This forecast includes consideration of uncertainties regarding negative statistical fluctuations amounting to EUR 10 million. In view of the planned spin-off, no expenses have been taken into account for the re-establishment of German operations.

Should the current legal and economic conditions remain stable beyond 2012 and into 2013, the forecast for 2012 can also be applied in the same way to 2013. Against the backdrop of a very unsettled regulatory environment, however, this forecast is still subject to significant uncertainties.

EXPECTED FINANCIAL POSITION

We aim to reduce our equity ratio in the coming years by means of the following measures: expansion of business and thus of debt from gaming operations, partial exchange of equity for interest-bearing debt, distribution of dividends, and share buy-back programmes. However, Tipp24 SE still bears considerable running costs – mainly for administration and legal advice – but has very few revenue streams itself from its own activities. At the same time, the profits of associated companies in the Abroad segment are currently being carried forward and not distributed to Tipp24 SE. As a consequence, Tipp24 SE will only be in a position to distribute dividends when the legal situation in Germany has been settled in our favour.

We expect capital expenditure to be well below the prior-year value in 2012. Investments are planned mainly in the Abroad segment and will focus on steadily improving the performance of the system components used, updating standard software, and replacing outdated hardware. We are planning total investments of around EUR 3–5 million in both 2012 and 2013.

SIGNIFICANT OPPORTUNITIES

In view of the above-mentioned discussion of the legal framework, we believe it is unlikely that Germany's legislators will act against valid law and political common sense by restricting the growing market of online lottery brokerage. The ECJ verdict announced on 8 September 2010, as well as verdicts of Germany's anti-trust authorities and subsequent court instances for EU anti-trust legislation, various temporary verdicts at German administrative and civil courts, the introduction of liberal gaming legislation in Schleswig-Holstein, and official pronouncements on a European level may also result in steps towards deregulation in the medium term with a direct or indirect impact on lotteries. With its international alignment, Tipp24 may benefit more than average from such a development: above all, it would not only allow the company to resume operations on the German market but also enable further internationalisation – thus significantly increasing access to our product portfolio and enabling Tipp24 to enter new European markets with its existing products.

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

	Q.1 2012	Q.1 2011
in EUR thousand		
Revenues	35,437	33,527
Other operating income	479	1,304
Total operating performance	35,915	34,831
Personnel expenses	-2,876	-2,301
Amortization/depreciation on intangible assets and property, plant and equipment	-1,679	-1,207
Other operating expenses	-19,313	-19,683
Marketing expenses	-1,386	-2,186
Direct costs of operations	-9,849	-11,310
Other costs of operations	-8,078	-6,187
Result from operating activities (EBIT)	12,048	11,640
Revenues from financial activities	301	158
Expenses from financial activities	-77	-58
Financial result	224	101
Result from ordinary activities	12,272	11,741
Income taxes	-3,682	-3,830
Profit from continued operations	8,590	7,911
Profit after tax from discontinued operations	136	-356
Consolidated net profit	8,726	7,555
Earnings per share (undiluted and diluted, in EUR/share)	1.09	0.95
Earnings per share from continued operations (undiluted and diluted, in EUR/share)	1.08	0.99
Weighted average of ordinary shares outstanding (undiluted and diluted, in shares)	7,985,088	7,985,088

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

	Q.1 2012	Q.1 2011
in EUR thousand		
Net profit for the period	8,726	7,555
Other result		
Unrealised gains/losses from revaluation of financial assets held for sale	37	-11
Other result after tax	37	-11
Total net profit after tax	8,764	7,544

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH ACC. TO IFRS

	31 Mar. 2012	31 Dec. 2011
ASSETS in EUR thousand		
Current assets		
Cash and pledged cash	52,589	64,123
Short-term financial assets	81,640	65,433
Trade receivables	17	12
Income tax refund claims	313	586
Other assets and prepaid expenses	6,956	6,674
Total current assets	141,516	136,828
Non-current assets		
Intangible assets	21,757	22,755
Other equipment, furniture & fixtures and leased assets	2,516	2,692
Financial assets	4,351	4,351
Other assets and prepaid expenses	494	629
Deferred tax assets	7,051	5,788
Total non-current assets	36,169	36,215
	177,684	173,043

	31 Mar. 2012	31 Dec. 2011
EQUITY AND LIABILITIES in EUR thousand		
Current liabilities		
Trade payables	5,726	5,860
Other liabilities	17,217	21,844
Financial liabilities	111	102
Deferred income	2,305	2,350
Income tax liabilities	7,394	7,888
Short-term provisions	4,803	4,804
Total current liabilities	37,557	42,848
Non-current liabilities		
Deferred tax liabilities	2,073	904
Total non-current liabilities	2,073	904
Equity		
Subscribed capital	7,985	7,985
Capital reserves	7,805	7,805
Other reserves	16	-21
Retained earnings	122,249	113,523
Total equity	138,055	129,291
	177,684	173,043

CONSOLIDATED CASH FLOW STATEMENT FROM 1 JANUARY TO 31 MARCH

	Q.1 2012	Q.1 2011
in EUR thousand		
Profit from continued operations before tax	12,272	11,741
Profit from discontinued operations after tax	136	-356
Result before tax	12,408	11,385
Adjustments for		
Amortization/depreciation on non-current assets	1,679	1,378
Result from disposal of non-current assets	0	0
Result from foreign exchange transactions	-35	0
Revenues from financial activities	-301	-158
Expenses from financial activities	77	58
Changes in		
Trade receivables	-5	0
Other assets and prepaid expenses	-282	-117
Financial assets	0	0
Non-current other assets or prepaid expenses	134	0
Trade payables	-134	1,153
Other liabilities	-4,627	1,951
Financial liabilities	9	2
Short-term provisions	-1	-1,702
Deferred income	-45	-481
Other non-cash changes	0	0
Non-current provisions	0	0
Interests received	301	158
Interests paid	-77	-58
Taxes paid	-3,961	-4,182
Cash flow from operating activities	5,139	9,386
Investing activities		
Changes (net) on financial investments (short-term)	-16,168	-10,024
Payments for investments in intangible assets	-411	-1,703
Proceeds from the sale of intangible assets	0	0
Payments for investments in property, plant and equipment	-93	-43
Proceeds from the sale of property, plant and equipment	0	0
Cash flow from investing activities	-16,672	-11,770

	Q.1 2012	Q.1 2011
in EUR thousand		
Cash flow from financing activities	0	0
Changes in cash and pledged cash	-11,533	-2,384
Cash at the beginning of the period (except pledged cash)	63,366	42,673
Changes due to consolidation	0	0
Changes in pledged cash	0	0
Cash at the end of the period (except pledged cash)	51,833	40,289
Composition of cash at the end of the period		
Cash and pledged cash	52,589	41,572
Pledged cash	-757	-1,284
	51,833	40,289

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR thousand	Share capital	Capital reserves	Other reserves	Retained earnings	Total equity
As at 1 Jan. 2011	7,985	43,815	-125	41,247	92,921
Other results	0	0	-11	0	-11
Net profit 2011	0	0	0	7,555	7,555
Total net profit 2011	0	0	-11	7,555	7,544
As at 31 Mar. 2011	7,985	43,815	-136	48,801	100,465
Contribution to other provisions	0	0	72	-72	0
Adjustments of balance sheet loss	0	-9,625	0	9,625	0
Withdrawal from capital reserves	0	-26,385	0	26,385	0
Share-based payments	0	0	18	0	18
Other results	0	0	25	0	25
Net profit 2011	0	0	0	28,784	28,784
Total net profit 2011	0	0	25	28,784	28,809
As at 31 Dec. 2011	7,985	7,805	-21	113,523	129,291
As at 1 Jan. 2012	7,985	7,805	-21	113,523	129,291
Other results	0	0	37	0	37
Net profit 2012	0	0	0	8,726	8,726
Total net profit 2012	-0	-0	37	8,726	8,764
As at 31 Mar. 2012	7,985	7,805	16	122,249	138,055

SEGMENT REPORTING

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

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

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

Revenue from these business segments corresponds to the revenue of the geographic location of the operating units (Group subsidiaries) which generate that revenue.

Q.I in EUR thsd.	Germany		Abroad		Consolidation		Consolidated	
	1 Jan.–31 Mar.		1 Jan.–31 Mar.		1 Jan.–31 Mar.		1 Jan.–31 Mar.	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenue	142	171	35,865	34,103	-571	-747	35,437	33,527
Depreciation/amortization	46	45	1,037	769	596	393	1,679	1,207
EBIT	-3,072	-1,579	15,316	13,604	-197	-385	12,048	11,640
Financial result	-19	-26	243	127	0	0	224	101
Income taxes	868	-17	-3,523	-3,914	-1,026	102	-3,682	-3,830
Profit from continued operations	-2,223	-1,622	12,036	9,816	-1,223	-283	8,590	7,911
Assets	40,489	45,628	83,912	68,541	-35,720	-37,198	88,681	76,970

SELECTED EXPLANATORY NOTES

GENERAL

This condensed interim report as of 31 March 2012 was approved for publication by a resolution of the Executive Board on 7 May 2012.

The condensed interim report for the first three months of 2012 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 at 31 December 2011.

The reporting period is 1 January to 31 March 2012.

The same accounting policies and calculation methods were used for this condensed interim report as for the consolidated financial statements as at 31 December 2011.

There has been no change to the consolidated group of companies since 31 December 2011.

SHARE-BASED REMUNERATION

The stock option plans of Tipp24 SE are a share-based remuneration system with compensation via equity instruments so that the fair value is calculated at the time of granting. The Company values the stock op-

tion plans of Tipp24 SE using financial valuation methods according to the Black-Scholes-Merton formula.

REVENUES

Compared with the same period last year, revenues grew by EUR 1,909 thousand to EUR 35,437 thousand as of 31 March 2012. In the first quarter of 2012, the actual payout ratio differed by -5.3 %-points (prior year: -1.6 %-points) from the expected value.

For the organisation of secondary lotteries, reference is made to the organisation 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 organised 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 pay-

out ratio for the organisation 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 financial statements and earnings, the following table presents the reconciliation of actual revenues with revenues adjusted for chance effects and the effect of deviations between actual winnings payouts and the expected value.

	Q.1 2012		Q.1 2011		Deviation absolute
	in EUR thousand	%	in EUR thousand	%	
Revenues adjusted for chance effects	31,985	90.3%	32,667	97.4%	-683
+/- Deviations between actual winnings payouts and expected value	-3,452	-9.7%	-860	-2.6%	-2,592
Revenues	35,437	100.0%	33,527	100.0%	1,909

DISCONTINUED OPERATIONS

As of 31 December 2011, Tipp24 Entertainment was classified as a discontinued operation. The result of Tipp24 Entertainment can be broken down as follows:

in EUR thousand	Q.1 2012	Q.1 2011
Revenues	591	748
Expenses	-455	-1,104
Financing expenses	0	0
Impairment charge from restatement at fair value	0	0
Profit before tax from discontinued operations	136	-356
Income taxes	0	0
Profit after tax from discontinued operations	136	-356

OBJECTIVES AND METHODS OF CAPITAL MANAGEMENT

Tipp24 operates a decentralised capital management system. All key decisions concerning the financial structure of the German segment are taken by the Executive Board of Tipp24. MyLotto24 Limited is responsible for capital management of the Abroad segment, with the exception of Tipp24 Services Limited which undertakes its own capital management. The principles and objectives of financial management, as well as the risks which Tipp24 is exposed to, are presented in the current risk report.

Interest rate risk

Tipp24 invests the majority of its funds in a combination of fixed term deposits and short-term government bonds. 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 the closing date 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 648 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 105 thousand. The overall effect, therefore, would be an increase in interest income of EUR 543 thousand.

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. Moreover, a part of financial assets is invested in British Pound and thus exposed to a currency risk.

In order to determine the currency risk, a fluctuation of the Euro to British Pound exchange rate of 10% was assumed as of 31 March 2012. On the basis of this assumption, a revaluation of the British Pound against the Euro of 10% to 0.9173 GBP/EUR would result in an effect of EUR -397 thousand on earnings. A devaluation of the British Pound against the Euro of 10% to 0.7505 GBP/EUR would result in an effect of EUR 485 thousand on earnings.

SUBSEQUENT EVENTS

Tipp24 SE intends to spin off from the Tipp24 Group its German lottery brokerage business launched in February 2012 under the Lotto24 brand and to transfer it to a public limited company listed in the Prime Standard segment of the Frankfurt Stock Exchange. The Executive Board and Supervisory Board will therefore propose to the Annual General Meeting of Tipp24 SE to distribute shares in the future Lotto24 AG (formerly Tipp24 Deutschland GmbH) to all shareholders in a 1-to-1 ratio in the form of a dividend in kind. Each shareholder of Tipp24 SE will therefore additionally receive a Lotto24 share for each Tipp24 share. To this end, the Executive Board released free capital reserves on 20 April 2012 in the course of an amendment to the annual and consolidated financial statements 2011, resulting in a balance sheet profit of around EUR 26.38 million. Of this total, the distribution of the proposed divi-

dent in kind accounts for an amount of EUR 19.97 million. The remaining amount is to be carried forward.

Lotto24 AG will focus on brokering state lotteries in Germany. Launched in February under www.lotto24.de, its service targets customers in Schleswig-Holstein and Saxony-Anhalt at present, where Tipp24 SE had successfully fought in court for the legal right to broker lotteries online.

On 17 April 2012, Tipp24 Entertainment GmbH sold various assets to an investor for a total purchase price of EUR 750 thousand. The transaction is not recognized in the current financial statements.

RELATED PARTIES

The members of Tipp24 SE's Executive Board and Supervisory Board 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. In return, Günther Direct Services received compensation of EUR 49 thousand in the period under review.

At the Annual General Meeting for fiscal year 2010 held on 29 June 2011, Jens Schumann was elected Chairman 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 participa-

tion 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. 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 Tipp 24 SE, Tipp24 SE has undertaken to indemnify them 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 period under review.

The charitable foundation »Fondation enfance sans frontières«, owner of the preference shares of Tipp24 Service Limited, has been identified as a related party. Dr Heinrich Lammer is a member of the Board of Trustees of the foundation »Fondation enfance sans frontières« and CEO of TBIC Asset Management AG, Zurich, Switzerland. TBIC Asset Management AG was involved in consultations regarding the strategy for the investment of its liquid funds in the foreign segment and received a reimbursement of expenses totalling EUR 36 thousand in the period under review.

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

Hamburg, 7 May 2012

The Executive Board

Dr. Hans Cornehl

Petra von Strombeck

FINANCIAL CALENDAR

22 JUNE 2012	ANNUAL GENERAL MEETING
6 AUGUST 2012	HALF-YEAR REPORT
6 NOVEMBER 2012	NINE-MONTH REPORT
IN NOVEMBER 2012	ANALYST CONFERENCE (FRANKFURT)

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