

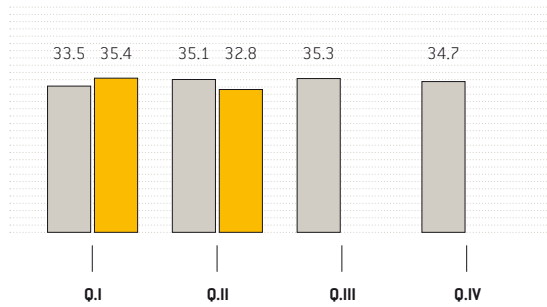
Tipp24de

SUCCESSFUL SPIN-OFF OF LOTTO24 AG FOCUS ON INTER- NATIONAL BUSINESSES

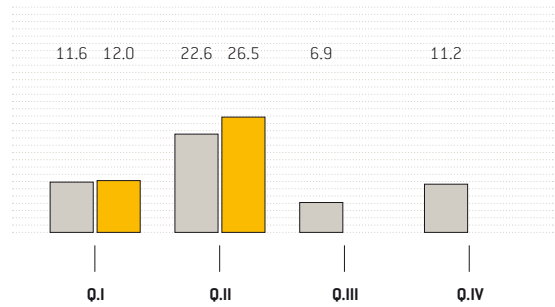
INTERIM FINANCIAL REPORT
1 JAN.–30 JUN. 2012

2012
Q.1–II

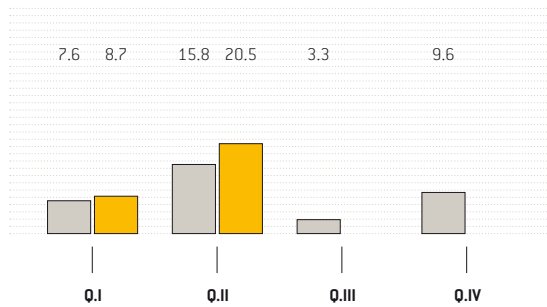
REVENUES in EUR million



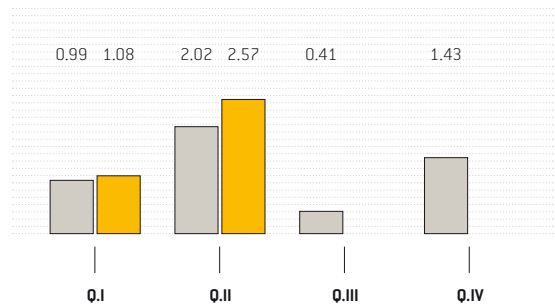
EBIT in EUR million



NET PROFIT¹⁾ in EUR million



EARNINGS PER SHARE¹⁾ in EUR



■ 2011
■ 2012

¹⁾ from continued operations

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(Rounding differences possible due to presentation in EUR thousand)

LADIES AND GENTLEMEN,

In the first six months of 2012, consolidated EBIT of Tipp24 SE rose by 12%. As revenues remained largely unchanged year on year, the EBIT margin improved by 6.5 %-points to 56.5% – whereby EBIT in particular was influenced by three special items, as explained in more detail in the management report.

The spin-off had a particularly strong impact on EBIT due to the disclosure of a hidden reserve in the course of providing Lotto24 AG with the business opportunity for online lottery brokerage in Germany. After accounting for consultancy expenditure, there was an overall positive effect on EBIT of EUR 18.2 million.

Successful spin-off of Lotto24 AG

At the Annual General Meeting of Tipp24 SE, a large majority of shareholders voted in favour of spinning off Lotto24 AG and thus laying the foundation for the successful expansion of Lotto24 AG's lottery brokerage business in Germany. This overwhelming approval confirmed our strategy of focusing on international business with Tipp24 SE and thus enabling Lotto24 AG to launch activities in Germany without the burden of legal disputes. Shares in Lotto24 AG were first listed in the Prime Standard segment of the Frankfurt Stock Exchange on 3 July 2012 – the only IPO in this segment so far this year. The first quotation of EUR 3.00 exceeded the offering price of EUR 2.50 per share by 20%.

Change in the Executive Board

In the course of the spin-off, Petra von Strombeck, formerly Marketing Director of Tipp24 SE, stepped down from her position on the Executive Board of Tipp24 SE at the end of June. She was appointed by the Supervisory Board as CEO of Lotto24 AG. There are plans to increase the number of seats on the Executive Board of Tipp24 SE again in the near future.

Outlook

On 1 July 2012, the »First State Treaty to Revise the State Treaty on Games of Chance in Germany« (Glücksspielstaatsvertrag) came into effect in 14 federal states, with the exception of Schleswig-Holstein and North Rhine-Westphalia. It continues many of the unlawful restrictions of its predecessor criticized by the ECJ and EU Commission. We do not therefore expect any resolution of the ongoing legal uncertainty in the near future.

Tipp24 SE will focus on the expansion of its successful foreign business in future, and in particular on the establishment of a new international business division dedicated to providing Internet services for lottery operators.

Due to the special items in connection with the spin-off, we have adjusted our guidance and now expect consolidated EBIT of at least EUR 48 million for fiscal year 2012 with unchanged revenue of at least EUR 130 million. This forecast includes consideration of uncertainties regarding negative statistical fluctuations amounting to EUR 10 million as well as EUR 5 million for the establishment of new businesses.



Dr. Hans Cornehl

Chairman of the Executive Board

KEY CONSOLIDATED FIGURES OF TIPP24 SE ACC. TO IFRS

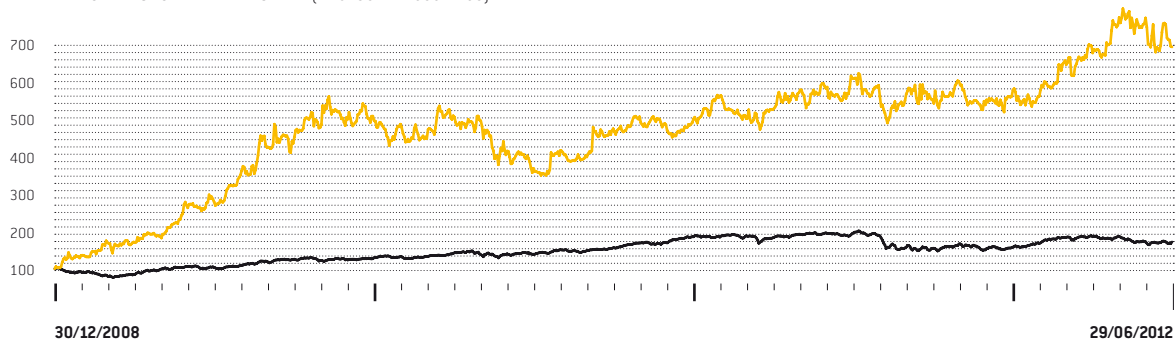
		Q.I–II 2012	Q.I–II 2011	change in %
Revenue	EUR thsd.	68,194	68,629	-0.6%
EBIT	EUR thsd.	38,527	34,282	+12.4%
EBIT margin	%	56.5	50.0	+6.5%-points
Net profit ¹⁾	EUR thsd.	29,114	24,088	+20.9%
Net profit margin ¹⁾	%	42.7	35.1	+7.6%-points
Cash Flow from operating activities	EUR thsd.	10,596	25,416	-58.3%
Equity (30/06/2012 / 31/12/2011)	EUR thsd.	139,368	129,291	+7.8%
Employees (30/06)	headcounts	111	120	-7.5%

(Rounding differences possible due to presentation in EUR thousand)

¹⁾ from continued operations

INVESTOR RELATIONS

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



EUR 5.71

2,800.73

— Tipp24 EUR 39.59

— SDAX 4,804.29

SHARE

The Euro zone economy is shrinking. Although Germany still exerts a strong positive influence on the region's overall economic performance, developments will depend heavily on attempts to resolve Europe's debt crisis in the coming months.

At the recent EU summit meeting, Europe's political leaders agreed on direct support for ailing banks, easier access to the Euro rescue package for Spain and Italy, the rescue fund's purchase of government bonds, an EU growth pact and a joint European banking supervision authority.

As a result of the renewed escalation of the Euro crisis, the major international share indices all suffered falls during the second quarter of 2012. The situation has improved somewhat, however, mainly due to political decisions such as the pro-EU election result in Greece, Spain's use of the EU rescue fund, and the recent results of the EU summit.

In this turbulent environment, the SDAX fell by 7.9% in the second quarter and closed at 4,804.29 points. The Tipp24 share outperformed the index with growth of 1.5% to EUR 39.59 as of 29 June 2012. It should be noted that the Tipp24 share was traded ex dividend on 25 June 2012. The share reached its all-time-high of EUR 45.00 on 14 May 2012.

The Annual General Meeting of Tipp24 SE was held at the Curiohaus in Hamburg on 22 June 2012. A total of 60.74% of voting share capital was represented. The Annual General Meeting voted in favour of all resolutions proposed by management on the agenda. For further details, please refer to the Investor Relations section of our corporate website (www.tipp24-se.de).

In the second quarter of 2012, we once again sought a dialogue with potential investors at numerous roadshows.

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
Period end-price	30/06/2012	EUR 39.59
Market capitalization	30/06/2012	EUR 316 million
Highest price	14/05/2012	EUR 45.00
Lowest price	20/01/2012	EUR 30.50
Number of shares	30/06/2012	7,985 thsd.
Own shares	30/06/2012	0 shares
Average daily trading	01/01–30/06/2012	17,923 shares
Earnings per share	01/01–30/06/2012	EUR 3.65

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.

On 20 February 2012, the subsidiary Lotto24 AG (formerly Tipp24 Deutschland GmbH) launched restricted brokerage operations under www.lotto24.de for the state lottery company Schleswig-Holstein and is seeking to resume full brokerage operations in Germany as soon as possible. This will require Lotto24 AG to apply for permits from the various regulatory authorities of the individual federal states. A continued legal connection between Lotto24 AG and Tipp24 SE or its fully consolidated minority shareholdings may jeopardize such application processes. In order to enable the resumption of business in Germany without such legal disputes of Tipp24 SE, the Annual General Meeting of Tipp24 SE on 22 June 2012 adopted a resolution to spin off its German activities and form an independent listed company. Shares in Lotto24 AG were admitted for trading by the Frankfurt Stock Exchange on 2 July 2012 and have been listed under the ISIN DE000LTO243 in the Prime Standard segment of the Frankfurt Stock Exchange since 3 July. Tipp24 SE also markets the German class lotteries NKL and SKL in cooperation with Schumann e. K. Its subsidiary Tipp24 Entertainment GmbH used to develop skill-based games. This business model was unable to match the profitability of the company's core business over the long term and consequently it was decided to discontinue these activities in an orderly process. In April 2012, various assets of Tipp24 Entertainment GmbH were sold for a total purchase price of EUR 750 thousand.

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 Tipp24 Services Limited were sold to a Swiss foundation set up by Tipp24 SE in the form of preference shares stripped of their main economic rights. These shares have a guaranteed limited right to dividends of up to a total of GBP 30 thousand p.a. The 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 expires on 30 June 2012 and 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 con-

curred 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 validity, 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, this 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 10 May 2012, Petra von Strombeck – previously responsible for Marketing, Sales and Brand Management – retired from her seat on the Executive Board at the end of 30 June 2012. She was appointed by the Supervisory Board as the CEO of the former wholly-owned subsidiary and now independent listed company Lotto24 AG. With her extensive marketing experience and general management expertise, Ms von Strombeck will help drive the establishment and business activities of Lotto24 AG.

RESEARCH & DEVELOPMENT

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 six months of 2012, an average of 1 employee was 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 246 thousand) in the Germany segment and EUR 482 thousand (prior year: EUR 454 thousand) in the Abroad segment.

EARNINGS, FINANCIAL POSITION AND NET ASSETS

EARNINGS

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

- In the first six months of 2012, the spin-off of Lotto24 AG resulted in a special item for Tipp24 which increased EBIT in total by EUR 18.2 million:
 - The disclosure of hidden reserves in the course of providing Lotto24 AG with the business opportunity for online lottery brokerage in Germany resulted in other operating income of EUR 18.9 million. This income has no effect on cash flow and corresponds to the dividend in kind adopted by the Annual General Meeting of 22 June 2012 in the form of shares in Lotto24 AG for the shareholders of Tipp24 SE amounting to EUR 20.0 million less the carrying value of the contributed assets.

- An amount of EUR 2.2 million was recognized in other operating expenses for consultancy and other services in connection with the spin-off.
- The deconsolidation of Lotto24 resulted in other operating income of EUR 1.5 million.
- In the first six months of 2012, total payouts for secondary lotteries were EUR 5.1 million below the expected payout value (prior year: EUR 6.0 million) with a positive impact on revenues of the same amount. This benefited EBIT by an amount of EUR 1.7 million (prior year: EUR 2.9 million).
- In the previous year, MyLotto24 Limited ended a dispute in the second quarter regarding an insurance payment by mutual agreement. The payment was recognized in the half-yearly result as other operating income. As a result, Tipp24 SE raised its guidance for consolidated EBIT in 2011 by EUR 10 million.

In April 2012, various assets of the discontinued division Tipp24 Entertainment were sold to an investor for a total purchase price of EUR 750 thousand. This effect is not disclosed within EBIT as this figure only includes items from continued operations.

	01/01–30/06/2012		01/01–30/06/2011		Change %
	in EUR thsd.	%	in EUR thsd.	%	
Revenues	68,194	100.0	68,629	100.0	-0.6
Personnel expenses	-5,958	-8.7	-4,586	-6.7	29.9
Other operating expenses	-43,229	-63.4	-40,593	-59.1	6.5
Other operating income	22,956	33.7	13,589	19.8	68.9
Operating expenses	-26,231	-38.5	-31,590	46.0	-17.0
EBITDA	41,963	61.5	37,038	54.0	13.3
Amortization and depreciation	-3,437	-5.0	-2,757	-4.0	24.7
EBIT	38,527	56.5	34,282	50.0	12.4
Financial result	292	0.4	305	0.4	-4.3
Earnings before taxes	38,818	56.9	34,586	50.4	12.2
Income taxes	-9,705	-14.2	-10,498	-15.1	-7.6
Profit from continued operations	29,114	42.7	24,088	35.1	20.9
Profit after tax from discontinued operations	921	1.4	-760	-1.1	-221.2
Profit	30,034	44.0	23,329	34.0	28.7
Breakdown of other operating expenses					
Marketing expenses	-3,015	-4.4	-4,120	-6.0	-26.8
Direct operating expenses	-21,777	-31.9	-22,926	-33.4	-5.0
Other expenses of operations	-18,437	-27.0	-13,547	-19.7	36.1
Other operating expenses	-43,229	-63.4	-40,593	-59.1	6.5

EBIT

In the first half of 2012, **consolidated EBIT** amounted to EUR 38,527 thousand (prior year: EUR 34,282 thousand), whereby the EBIT margin rose by 6.5 %-points from 50.0% to 56.5%. Adjusted for statistic deviation from the expected level of payouts, EBIT amounted to EUR 36,842 thousand (prior year: EUR 31,378 thousand) while the EBIT margin reached 58.4% (prior year: 50.1%).

In the period under review, the Germany segment posted an EBIT result of EUR 11,325 thousand (prior year: EUR -3,047 thousand), while the Abroad segment achieved an EBIT result of EUR 26,403 thousand (prior year: EUR 38,278 thousand).

The **financial result** amounted to EUR 292 thousand (prior year: EUR 305 thousand).

Consolidated net profit rose by 28.7% to EUR 30,034 thousand (prior year: EUR 23,329 thousand), while the net operating margin after tax reached 44.0% (prior year: 34.0%).

Compared to the previous year, the consolidated tax rate fell by 5.4 %-points to 25.0%. Tipp24 SE had non-taxable income from the deconsolidation of Lotto24 AG. In addition, the average tax ratio of the UK minority shareholdings now amounts to 24.5%.

Compared to the previous year, **return on equity** rose from 20.1% to 21.6%.

Earnings per share from continued operations (undiluted and diluted) increased from EUR 3.02 to EUR 3.65.

Revenues

In the first six months of 2012, revenues of Tipp24 remained virtually unchanged from the same period last year at EUR 68,194 thousand (prior year: EUR 68,629 thousand). The Germany segment accounted for EUR 265 thousand (prior year: EUR 306 thousand) and the Abroad segment for EUR 68,660 thousand (prior year: EUR 69,768 thousand).

Adjusted for chance effects, consolidated revenues would have been slightly up on the previous year at EUR 63,058 thousand (prior year: EUR 62,655 thousand). In the first half of the reporting year, the actual payout ratio varied by -4.1 %-points (prior year: -5.7 %-points) from the expected value.

For the organization of secondary lotteries, reference is made to lottery gaming systems with a fixed ratio of payouts to stakes. This proportion is known as the payout ratio. In the lottery gaming systems organized by the operators of those reference games of relevance to Tipp24, there is a fixed underlying payout ratio of 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 29.9% and amounted to EUR 5.958 thousand (prior year: EUR 4,586 thousand). The personnel expense ratio rose by 2.0 %-points to 8.7%. The increase resulted mainly from changes in the Executive Board (EUR 922 thousand) and the build-up of personnel at Lotto24 AG (EUR 293 thousand). As of 30 June 2012, the number of employees amounted to 111 (prior year: 120).

Other operating expenses fell by 6.5% to EUR 43.229 thousand in the reporting period (prior year: EUR 40,593 thousand). The development in detail was as follows:

- **Marketing expenses** fell by 26.8% to EUR 3,015 thousand (prior year: EUR 4,120 thousand). The decline is predominantly due to reduced marketing activities for operations in Italy.
- **Direct operating expenses** decreased by 5.0% to EUR 21,777 thousand (prior year: EUR 22,926 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 7,298 thousand, hedging costs were below the prior-year figure of EUR 10,245 thousand. In the Abroad segment, licence and operator fees amounted to EUR 9,174 thousand (prior year: EUR 8,775 thousand).
- **Other operating expenses** increased by 36.1% to EUR 18,437 thousand (prior year: EUR 13,547 thousand) – a rise which resulted mainly from a year-on-year increase in expenses for consultancy and outsourcing, especially in connection with the spin-off of German operations and preparations for the establishment of new business.

Other operating income amounted to EUR 22,956 thousand (prior year: EUR 13,589 thousand).

The scheduled amortization of software put into operation in January 2011 led to a rise in **depreciation** of tangible and intangible assets of EUR 680 thousand to EUR 3,437 thousand.

FINANCIAL POSITION

Compared with the balance sheet date, Tipp24's **equity capital** grew in total by EUR 10,077 thousand to EUR 139,368 thousand as of 30 June 2012. Over the same period, the equity ratio increased by 3.9 %-points to 78.6%, while the balance sheet total rose by 2.5% to EUR 177,413 thousand.

Other liabilities in EUR thousand	30/06/2012	31/12/2011
Liabilities from gaming operations	15,438	17,605
Tax liabilities	1,098	3,008
Liabilities from open invoices	529	416
Liabilities from social security	234	136
Others	287	679
	17,586	21,844

In the first six months 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 19.5% to EUR 17,586 thousand (31 December 2011: EUR 21,844 thousand).

Investment analysis

In the first half of 2012, investing activities resulted in net cash flow of EUR -13,646 thousand (prior year: EUR -34,410 thousand). Proceeds and disbursements from financial investments resulted in net cash flow of EUR -13,217 thousand (prior year: EUR -30,080 thousand). Net cash flow from investments in our operating business totalled EUR -429 thousand (prior year: EUR -4,331 thousand), whereby this figure also includes disinvestments in connection with the sale of assets belonging to Tipp24 Entertainment GmbH.

Liquidity analysis

Key cash flow positions in EUR thousand	Q.I–II 2012	Q.I–II 2011
Cash flow from operating activities	10,596	25,416
Cash flow from investing activities	-13,646	-34,410
<i>thereof financial investments</i>	-13,217	-30,080
<i>thereof operative investments</i>	-429	-4,331
Cash flow from financing activities	0	0
Change in cash	-3,217	-8,961
Cash at the beginning of the period (without pledged cash)	63,366	42,673
Cash at the end of the period (without pledged cash)	60,149	33,712
Short-term financial assets	78,535	65,433
Available funds	138,684	99,145

At EUR 10,596 thousand, **cash flow from operating activities** in the first half of 2012 was down on the previous year (EUR 25,416 thousand). This was mainly due to a decrease in other liabilities as well as other operating income in the previous year belonging to another period resulting from the settlement of a legal dispute.

As explained in the investment analysis section above, **cash flow from investing activities** amounted to EUR -13,646 thousand in the period under review (prior year: EUR -34,410 thousand).

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

Tipp24 has available funds in the form of cash and short-term financial assets of EUR 138,684 thousand (prior year: EUR 99,145 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	30/06/2012	31/12/2011
Receivables from gaming operations	2,153	2,701
Prepaid expenses	2,680	2,616
Receivables from tax authorities for sales tax	583	597
Others	3,406	760
	8,822	6,674

ASSET SITUATION

Tipp24's asset profile is dominated by current assets of EUR 148,463 thousand (31 December 2011: EUR 136,828 thousand). These consist largely of cash (EUR 60,806 thousand), short-term financial assets (EUR 78,535 thousand) and other assets and prepaid expenses (EUR 8,822 thousand). Moreover, Tipp24 has intangible assets (mainly software) amounting to EUR 20,427 thousand, financial assets of EUR 2,000 thousand, property, plant and equipment (mainly hardware and office equipment) amounting to EUR 2,289 thousand and deferred tax assets amounting to EUR 3,902 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 was the beginning of restricted brokerage operations by Lotto24 AG on 20 February 2012 under www.lotto24.de for the state lottery of Schleswig-Holstein.

In view of the politically determined conditions, we have now conducted a complete legal separation of Lotto24 AG from Tipp24 SE and its investment companies in order 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.

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

There were no events subsequent to the reporting period which had a significant impact on the business development of Tipp24.

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 60,806 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 industrialized states fail to avert the collapse of individual banks, this may result in the breakdown of various or possibly all credit institutes as well as all national support systems. Such scenarios may lead to the partial or complete loss of our cash deposits.

Short-term financial assets of EUR 78,535 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.

Regulatory risks

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 six months 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 unlikely, however, to allow Tipp24 SE nationwide access to Germany's huge market potential in the short term.

Even though the original GlüStV has expired, Germany's federal states have re-adopted the majority of its regulations in the form of the »First State Treaty to Revise the State Treaty on Games of Chance« (GlüÄndStV). The new legislation continues many of the illegal restrictions of its predecessor which were criticized by both the ECJ and the EU Commission. It is not expected that the GlüÄndStV will clarify the unchanged legal uncertainties in the short term. There are still permit restrictions which continue the flaws of the GlüStV. The Internet ban has also been upheld in principle. Although the states can allow exceptions by granting permits – also to private lottery brokers – there is no legal claim to such permits and we believe that these too are not based on objective and predictable criteria, as demanded by the ECJ. In view of the many years of legal wrangling between Tipp24 SE and the authorities, we assume that permit application processes involving Tipp24 SE will be burdened and that permits will either not be available at short notice or not on acceptable terms, and that initially we will be forced to engage in {further} legal disputes.

Although the GlüÄndStV is not yet in force in North-Rhine Westphalia, it is also intended to implement it here. At the moment, the old GlüStV still applies in North-Rhine Westphalia in the form of state law.

More liberal gaming legislation in effect in Schleswig-Holstein – especially with regard to lottery brokerage – would enable the company to operate in this federal state. However, the state election in May 2012 resulted in a change in the government's majority. The new majority has agreed a coalition treaty which includes accession to the GlüÄndStV.

It is still unclear whether nationwide brokerage would be possible at the moment 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 therefore unclear to what extent Tipp24 can quickly relaunch nationwide operations on the basis of such an inapplicability of state gaming legislation under EU law. These questions will no longer apply, however, as soon as Schleswig-Holstein has acceded to the GlüÄndStV – in line with its stated intention – and put it into effect.

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 a 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. All in all, we cannot therefore exclude the possibility that the above mentioned risks may lead to a significant restriction in the business activities of the UK companies.

In view of the doubts expressed by the supreme court regarding the legal status quo prior to the commencement of the GlüÄndStV, there is a not insignificant probability that also in future 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.

Tax risks

As the result of a tax inspection, there is currently a dispute with the relevant tax authority regarding the validity of tax assessments for various items in the inspection period (fiscal years 2005 to 2007 inclusive). The relevant tax authority has issued a tax assessment and respective payment demand amounting to EUR 3.6 million (including interest). Tipp24 SE has appealed against the assessment and only accepted and paid additional demands totalling EUR 0.2 million. Although we have grounds to believe that all the items queried by the tax authority were correctly assessed in accordance with the relevant regulations, the possibility cannot be excluded that the relevant authority may not accept our appeal against the assessment, or at least not in full, and as a consequence we may not be able to successfully uphold our view in court, or not in full. As a result, there is a remaining tax risk of up to EUR 3.4 million, plus the corresponding time-related interest on arrears (6% p.a.) which might have a correspondingly negative effect 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 Limited 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«) 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 final clarification in our favour has been achieved yet – which will benefit the new independent company Lotto24 AG. In order to enable the resumption of business in Germany without such legal disputes of Tipp24 SE, the Annual General Meeting of Tipp24 SE on 22 June 2012 adopted a resolution to spin off Lotto24 AG and create an independent listed company.

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

Following the successful completion of its spin-off, Tipp24 SE has adjusted its EBIT forecast to take account of special items in connection with the transaction. For its fiscal year 2012, Tipp24 SE now expects consolidated EBIT of at least EUR 48 million and unchanged revenue of at least EUR 130 million. This forecast includes consideration of uncertainties regarding negative statistical fluctuations amounting to EUR 10 million as well as EUR 5 million for the establishment of new businesses.

Should the current legal and economic conditions remain stable beyond 2012 and into 2013, the original forecast for 2012 (EBIT of at least EUR 35 million) 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.

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 also enable further internationalization – 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 30 JUNE ACC. TO IFRS

	Q.I –II 2012	Q.I –II 2011	Q.II 2012	Q.II 2011
in EUR thousand				
Revenues	68,194	68,629	32,758	35,101
Other operating income	22,956	13,589	22,477	12,285
Total operating performance	91,151	82,218	55,235	47,387
Personnel expenses	-5,958	-4,586	-3,082	-2,285
Amortization/depreciation on intangible assets and property, plant and equipment	-3,437	-2,757	-1,759	-1,549
Other operating expenses	-43,229	-40,593	-23,916	-20,910
Marketing expenses	-3,015	-4,120	-1,629	-1,934
Direct costs of operations	-21,777	-22,926	-11,929	-11,617
Other costs of operations	-18,437	-13,547	-10,358	-7,360
Result from operating activities (EBIT)	38,527	34,282	26,479	22,641
Revenues from financial activities	496	419	195	261
Expenses from financial activities	-205	-115	-128	-57
Financial result	292	305	68	204
Result from ordinary activities	38,818	34,586	26,546	22,845
Income taxes	-9,705	-10,498	-6,026	-6,668
Profit from continued operations	29,114	24,088	20,521	16,178
Profit after tax from discontinued operations	921	-760	784	-404
Consolidated net profit	30,034	23,329	21,305	15,774
Earnings per share (undiluted and diluted, in EUR/share)	3.76	2.92	2.67	1.98
Earnings per share from continued operations (undiluted and diluted, in EUR/share)	3.65	3.02	2.57	2.02
Weighted average of ordinary shares outstanding (undiluted and diluted, in shares)	7,985,088	7,985,088	7,985,088	7,985,088

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM 1 JANUARY TO 30 JUNE ACC. TO IFRS

	Q.I –II 2012	Q.I –II 2011
in EUR thousand		
Net profit for the period	30,034	23,329
Other result		
Unrealized gains/losses from revaluation of financial assets held for sale	6	11
Other result after tax	6	11
Total net profit after tax	30,040	23,340

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE ACC. TO IFRS

	30/06/2012	31/12/2011
ASSETS in EUR thousand		
Current assets		
Cash and pledged cash	60,806	64,123
Short-term financial assets	78,535	65,433
Trade receivables	116	12
Income tax refund claims	184	586
Other assets and prepaid expenses	8,822	6,674
Total current assets	148,463	136,828
Non-current assets		
Intangible assets	20,427	22,755
Other equipment, furniture & fixtures and leased assets	2,289	2,692
Financial assets	2,000	4,351
Other assets and prepaid expenses	332	629
Deferred tax assets	3,902	5,788
Total non-current assets	28,949	36,215
	177,413	173,043

	30/06/2012	31/12/2011
EQUITY AND LIABILITIES in EUR thousand		
Current liabilities		
Trade payables	6,322	5,860
Other liabilities	17,586	21,844
Financial liabilities	90	102
Deferred income	2,171	2,350
Income tax liabilities	8,384	7,888
Short-term provisions	2,348	4,804
Total current liabilities	36,901	42,848
Non-current liabilities		
Deferred tax liabilities	1,143	904
Total non-current liabilities	1,143	904
Equity		
Subscribed capital	7,985	7,985
Capital reserves	7,805	7,805
Other reserves	-16	-21
Retained earnings	123,594	113,523
Total equity	139,368	129,291
	177,413	173,043

CONSOLIDATED CASH FLOW STATEMENT FROM 1 JANUARY TO 30 JUNE

	Q.I –II 2012	Q.I –II 2011
in EUR thousand		
Profit from continued operations before tax	38,818	34,586
Profit from discontinued operations after tax	921	-760
Result before tax	39,739	33,826
Adjustments for		
Amortization/depreciation on non-current assets	3,437	3,099
Result from disposal of non-current assets	-750	0
Result from foreign exchange transactions	127	0
Revenues from financial activities	-496	-419
Expenses from financial activities	205	115
Changes in		
Trade receivables	-103	0
Other assets and prepaid expenses	-2,513	307
Financial assets	2,351	0
Non-current other assets or prepaid expenses	297	0
Trade payables	600	-894
Other liabilities	-4,253	-72
Financial liabilities	-12	-11
Short-term provisions	-2,450	-2,403
Deferred income	-178	-816
Other non-cash changes	-18,531	0
Non-current provisions	0	0
Interests received	518	417
Interests paid	-205	-115
Taxes paid	-7,185	-7,618
Cash flow from operating activities	10,596	25,416
Changes (net) on financial investments (short-term)		
Changes (net) on financial investments (short-term)	-13,217	-30,080
Payments for investments in intangible assets	-749	-4,121
Proceeds from the sale of intangible assets	500	0
Payments for investments in property, plant and equipment	-155	-210
Proceeds from the sale of property, plant and equipment	-25	0
Cash flow from investing activities	-13,646	-34,410

	Q.I –II 2012	Q.I –II 2011
in EUR thousand		
Cash flow from financing activities	0	0
Changes in cash and pledged cash	-3,050	-8,995
Cash at the beginning of the period (except pledged cash)	63,366	42,673
Changes due to consolidation	-267	0
Changes in pledged cash	100	33
Cash at the end of the period (except pledged cash)	60,149	33,712
Composition of cash at the end of the period		
Cash and pledged cash	60,806	34,962
Pledged cash	-657	-1,250
	60,149	33,712

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
Contribution to other provisions	0	0	62	-62	0
Other results	0	0	11	0	11
Net profit 2011	0	0	0	23,329	23,329
Total net profit 2011	0	0	11	23,329	23,340
As at 30 Jun. 2011	7,985	43,815	-53	64,514	116,261
Contribution to other provisions	0	0	11	-11	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	3	0	3
Net profit 2011	0	0	0	13,010	13,010
Total net profit 2011	0	0	3	13,010	13,013
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
Dividend	0	0	0	-19,963	-19,963
Other results	0	0	6	0	6
Net profit 2012	0	0	0	30,034	30,034
Total net profit 2012	-0	-0	6	30,034	30,040
As at 30 Jun. 2012	7,985	7,805	-16	123,594	139,368

SEGMENT REPORTING

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

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

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

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

Q.II in EUR thousand	Germany		Abroad		Consolidation		Consolidated	
	01/04/–30/06/		01/04/–30/06/		01/04/–30/06/		01/04/–30/06/	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenue	122	134	32,795	35,664	-160	-697	32,758	35,101
Depreciation/amortization	47	42	1,116	934	596	573	1,759	1,549
EBIT	14,397	-1,468	11,087	24,674	995	-564	26,479	22,641
Financial result	-72	-25	139	229	0	0	68	204
Income taxes	-4,821	-61	-3,042	-6,756	1,840	149	-6,026	-6,668
Profit from continued operations	9,504	-1,554	8,184	18,147	2,835	-415	20,521	16,178
Assets	36,142	43,056	94,932	66,132	-36,282	-38,389	94,791	70,799

Q.I–II in EUR thousand	Germany		Abroad		Consolidation		Consolidated	
	01/01/–30/06/		01/01/–30/06/		01/01/–30/06/		01/01/–30/06/	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenue	265	306	68,660	69,768	-730	-1,444	68,194	68,629
Depreciation/amortization	93	87	2,153	1,704	1,191	966	3,437	2,757
EBIT	11,325	-3,047	26,403	38,278	798	-949	38,527	34,282
Financial result	-91	-51	383	356	0	0	292	305
Income taxes	-3,953	-78	-6,565	-10,670	814	251	-9,705	-10,498
Profit from continued operations	7,281	-3,176	20,220	27,964	1,612	-699	29,114	24,088
Assets	36,142	43,056	94,932	66,132	-36,282	-38,389	94,791	70,799

SELECTED EXPLANATORY NOTES

GENERAL

The following interim report for the first six months of 2012 was prepared in condensed form and without an audit review. It was approved for publication by a resolution of the Executive Board on 6 August 2012.

The condensed interim report for the first six months of 2012 was prepared in accordance with IAS 34 (Interim Financial Reporting), taking into account the valid IFRS standards and IFRIC interpretations of the International Accounting Standards Board (IASB) as applicable in the EU.

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 30 June 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.

In the period under review, Lotto24 AG (formerly Tipp24 Deutschland GmbH) was deconsolidated. Apart from this, there are no other changes to the consolidated group of companies compared to 31 December 2011.

DECONSOLIDATION OF LOTTO24 AG

In the course of the Annual General Meeting of June 22, 2012, the shareholders of Tipp24 SE adopted a resolution to spin off the German online lottery brokerage business launched under Lotto24 AG from the Tipp24 Group. A large majority of shareholders voted in favour of distributing the shares of Lotto24 AG as a dividend in kind to the shareholders of Tipp24 SE in a 1:1 ratio.

The deconsolidation laid the foundation for the successful further expansion of the online lottery brokerage business of Lotto24 AG in Germany and the Tipp24 Group's focus on its international business.

Lotto24 AG is no longer included in the interim financial statements as at 30 June 2012. The deconsolidation resulted in the following effects on other operating income:

- other operating income of EUR 18,850 thousand from the disclosure of hidden reserves in connection with the contribution in kind of assets to Lotto24 AG required for its business operations

- a reclassification amount of EUR 1,509 thousand from the deconsolidation of the company from the consolidated financial statements.

The dividend in kind led to a reduction in retained earnings of EUR 19,963 thousand in the consolidated balance sheet. The dividend in kind was measured at fair value. Both transactions have no effect on cash and were disclosed accordingly in the consolidated cash flow statement.

Comparability with the previous year is not restricted as Lotto24 AG did not have any significant operating business.

As already announced on 10 May 2012, Petra von Strombeck – previously responsible for Marketing, Sales and Brand Management – retired from her office at the end of 30 June 2012. She was appointed CEO of the now independent Lotto24 AG.

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 first six months of 2011, revenues as at 30 June 2012 were down by EUR 434 thousand to EUR 68,194 thousand. In the first half of 2012, the actual payout ratio differed by -4.1 %-points (prior year: -5.7 %-points) from the expected value.

For the organization of secondary lotteries, reference is made to the organization of lottery gaming systems which have a fixed ratio of payouts to stakes. The ratio of payouts to stakes is known as the payout ratio. In the lottery gaming systems organized by the operators of those reference games of relevance to Tipp24, there is a fixed underlying payout ratio of 50% in the gaming system for ongoing lottery draws. This underlying payout ratio corresponds to the expected payout ratio for the organization of secondary lotteries. There may be deviations from this expected value during the actual draws of secondary lotteries. Such deviations are chance effects and represent statistical fluctuations of the ratio of payouts to stakes. A payout ratio above the

expected value results in revenues below the expected revenue figure, while a lower payout ratio increases actual revenues in comparison to the expected figure.

In order to aid comprehension of the consolidated 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.I–II 2012		Q.I–II 2011		Deviation absolute
	in EUR thousand	%	in EUR thousand	%	
Revenues adjusted for chance effects	63,058	92.5%	62,655	91.3%	-404
+/- deviation between actual winnings payouts and expected value	-5,136	-7.5%	-5,974	-8.7%	-838
Revenues	68,194	100.0%	68,629	100.0%	-434

PERSONNEL EXPENSES

The year-on-year increase in personnel expenses of EUR 1,372 thousand was mainly due to changes in the Executive Board (EUR 922

thousand) and the build-up of personnel for Lotto24 AG (EUR 293 thousand).

OTHER OPERATING EXPENSES

The increase in other operating expenses resulted mainly from increased outsourcing costs (year-on-year increase of EUR 3,770 thousand). The difference resulted mainly from the fact that outsourcing costs for internally generated intangible assets were capitalized in the previous year.

In the period under review, consultancy fees of EUR 2,126 thousand were incurred in connection with the spin-off of German lottery brokerage activities.

TAXES

On conclusion of the tax inspection, the relevant tax authority has issued tax assessments and respective payment demands amounting to EUR 3.6 million (including interest). There is still a dispute with the relevant tax authority regarding the validity of tax assessments for various items. Tipp24 SE has appealed against the assessment and has only paid additional demands totalling EUR 0.2 million. With regard to the remaining payment demands, an application was made to the tax authorities for execution to be suspended, which has since been granted. Although we have grounds to believe that all items queried by the tax authority were correctly assessed in accordance with the relevant regulations, the possibility cannot be excluded that the relevant tax authority may pursue its opposing assessment in court and may

eventually prevail. The legal view held by the company is supported in all aspects by tax consultants and, if necessary, we shall also pursue the matter via the fiscal courts. As a result, there is a remaining tax risk of up to EUR 3.4 million, plus the corresponding time-related interest on arrears (6% p.a.) which might have a correspondingly negative effect on the earnings, financial position and net assets of Tipp24. This risk is not carried as a contingent liability in the interim financial statements.

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.I–II 2012	Q.I–II 2011
Revenues	1,383	1,445
Expenses	-462	-2,205
Financing expenses	0	0
Impairment charge from restatement at fair value	0	0
Profit before tax from discontinued operations	921	-760
Income taxes	0	0
Profit after tax from discontinued operations	921	-760

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

OBJECTIVES AND METHODS OF CAPITAL MANAGEMENT

Tipp24 operates a decentralized capital management system. All key decisions concerning the financial structure of the Germany 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 666 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 111 thousand. The overall effect, therefore, would be an increase in interest income of EUR 555 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 30 June 2012. On the basis of this assumption, a revaluation of the British Pound against the Euro of 10% to 0.8875 GBP/EUR would result in an effect of EUR -572 thousand on earnings. A devaluation of the British Pound against the Euro of 10% to 0.7261 GBP/EUR would result in an effect of EUR 699 thousand on earnings.

SUBSEQUENT EVENTS

There were no events subsequent to the reporting period which had a significant impact on the business development of Tipp24.

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 93 thousand in the period under review.

Jens Schumann a member of the Supervisory Board of Tipp24 SE and at the same time sole shareholder of Schumann e. K. This structure has existed in comparable form since 2002 and was chosen because class lotteries only issue sales licenses at present to natural persons or companies in which neither the liability of the company or its direct and indirect partners is limited. A cooperation agreement is in place between Tipp24 SE and Schumann e. K., which governs the processing of game participation of class lottery customers by Schumann e. K. Under the terms of the agreement, Schumann e. K. must pay all commissions and other brokerage fees collected in this context to Tipp24. Tipp24 SE provides Schumann e. K. with services in the field of controlling, bookkeeping, marketing and technical services and bears the costs incurred by Schumann e. K. in running its operations. As Jens Schumann operates Schumann e. K. in the interest of Tipp24 SE, Tipp24 SE has undertaken to indemnify 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 69 thousand in the period under review.

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

Hamburg, 6 August 2012

The Executive Board

Dr. Hans Cornehl

RESPONSIBILITY STATEMENT

To the best of my knowledge, and in accordance with the applicable interim reporting principles, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the busi-

ness and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining fiscal year.

Hamburg, 6 August 2012

The Executive Board

Dr. Hans Cornehl

FINANCIAL CALENDAR

6 AUGUST 2012 HALF-YEAR REPORT

6 NOVEMBER 2012 NINE-MONTH REPORT

IN NOVEMBER 2012 ANALYST CONFERENCE (FRANKFURT)

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