

**Tipp24.de**

**TIPP24**

***STABLE THROUGH THE CRISIS***



***NINE-MONTHS REPORT Q.I-III***  
***01.01.-30.09.2009***

**Q.I-III 2009**

**PERFORMANCE Q.I-III**



**CONTENTS**

Foreword ... 3 | Investor Relations ... 5 | Interim Group Management Report ... 7 | Interim Consolidated Financial Statements ... 17

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

## **FOREWORD**

### **LADIES AND GENTLEMEN,**

The intensive political and legal discussions about Germany's gaming market and the respective legal conditions continued unabated in the first nine months of fiscal year 2009. Various decrees and verdicts were passed in summary and principal proceedings which affected both Tipp24 itself and various other market participants. As expected, this has resulted in a very varied picture. Numerous court proceedings have been suspended until a settlement has been reached at a European level.

While announcing their coalition agreements on 16 October, the newly elected governing parties in the federal state of Schleswig-Holstein confirmed that they intend to terminate the State Treaty on Gaming at the next possible opportunity. This represents the first publicly stated rejection of the State Treaty on Gaming by a leading political body.

The situation abroad continues to be highly encouraging: the UK boasts a stable legal framework in line with market requirements, while Spain has also proved to be a stable regulatory environment. As of 14 September 2009, Tipp24 is now represented in Italy by the website [www.giochi24.it](http://www.giochi24.it) which offers the national »6 from 90« lottery (Super-Enalotto), as well as scratch cards and skill-based games. As a consequence, the blocked website belonging to Puntogioco24 S.r.l. has now been abandoned – without any material effect on Tipp24's current net assets, financial position and results of operations.

### **INCREASED REVENUES AND EARNINGS**

Total revenues increased by 62.8% to EUR 53,704 thousand in the period under review and consolidated net profit was raised to EUR 25,147 thousand (prior year: EUR 4,743 thousand).

As a direct result of the virtually complete withdrawal of our business base, revenues of our Germany segment fell by 91.9% to EUR 2,340 thousand in the first nine months of fiscal year 2009 and domestic EBIT fell to EUR -9,309 thousand (prior year: EUR +7,890 thousand). With a share of total revenues of over 98%, however, the Abroad segment was able to compensate in part for this development. Thanks to the strong focus we have placed on developing our international business, revenues generated outside Germany rocketed to EUR 52,873 thousand (prior year: EUR 4,193 thousand) with a very healthy EBIT result of EUR 42,670 thousand (prior year: EUR -1,591 thousand).

Against the backdrop of an exceptionally high jackpot of EUR 31.7 million, MyLotto24 Ltd. experienced an unexpectedly high gaming volume in September 2009. This already made a significant contribution in the third quarter towards balancing out the negative impact of the exceptionally large jackpot payment.

In total, consolidated net profit for the period rose to EUR 25,147 thousand (prior year: EUR 4,743 thousand).

### **TOP PERFORMANCE IN SDAX INDEX**

The capital market viewed Tipp24's strategic realignment positively and rewarded its successful development. On 22 June 2009, Tipp24 AG was the sixth Hamburg-based company to be accepted into the German SDAX index and our share price rose by 54.6% in the third quarter of 2009 to reach an all-time high of EUR 30.25 on 21 October 2009, following a steady upward trend since the beginning of the year. Acceptance into the SDAX represents a further milestone for Tipp24: as a member of the index, we now enjoy far more attention from investors and our share boasts much greater liquidity.

**Q.I-III 2009****FOUNDER RETIRES FROM OPERATING BUSINESS**

Jens Schumann (36), joint founder and Chairman of the Executive Board of Tipp24 AG, left the company for personal reasons on 30 September 2009 after over 10 years of service. Schumann took the decision in coordination with the Supervisory Board and Executive Board, and leaves on amicable terms. However, he will continue to assist Tipp24 in an advisory capacity: »Despite the legal uncertainties of the past few years, Tipp24 is now well equipped for the future – as demonstrated, for example, by the positive development of our business so far in 2009. I thus feel I have achieved my personal targets for Tipp24. However, I will continue to be available for advice and will remain in close contact, not least in my capacity as a major shareholder.« We would like express our gratitude for his outstanding achievements on behalf of the company!

**OUTLOOK**

In Germany, we still plan to clarify the legal and political conditions for our business model by utilising all available appeal possibilities and continuing our political lobbying. In addition, we intend to expand the activities of Tipp24 Entertainment GmbH in the field of skill-based games. According to the executive boards of our minority shareholdings, the growth strategy in Europe is also to be continued.

After informing the capital market of a reduction in our consolidated EBIT forecast of EUR 10 million to EUR 30 million for the fiscal year 2009 due to an exceptional winnings payment to a gaming-participant of MyLotto24 Ltd. on 24 September 2009, we are now able to retract this warning. In addition to the income from hedging transactions already mentioned in the announcement, an unexpectedly high gaming volume of MyLotto24 Ltd. and a tax credit formed in connection with the large winnings, with an impact on earnings, helped compensate for the negative effect from the winnings payment. As a consequence, we have raised our consolidated EBIT forecast again for the current fiscal year 2009 by EUR 13 million to at least EUR 43 million. We forecast revenues of at least EUR 73 million, and after income from hedging transactions the total performance forecast amounts to at least EUR 95 million.

The Executive Board

**Dr. Hans Cornehl**

**Q.I-III 2009****KEY CONSOLIDATED FIGURES OF TIPP24 AG  
ACC. TO IFRS**

		Q.I-III 2009	Q.I-III 2008	Change
Revenue	EUR thousand	53,704	32,986	+62.8%
Total operating performance	EUR thousand	75,861	33,814	+124.3%
EBIT	EUR thousand	33,123	6,299	+425.8%
EBIT margin	%	61.7%	19.1%	42.6 %-points
Net profit	EUR thousand	25,147	4,743	+430.2%
Net operating margin	%	46.8%	14.4%	30.8 %-points
Cash flow from operating activities	EUR thousand	45,919	2,653	> 100%
Equity	EUR thousand	72,009	52,971	+35.9%
Employees (30 September)		113	181	-37.6%

*(Rounding differences due to presentation in EUR thousand)***INVESTOR RELATIONS****TIPP24 AT AN ALL-TIME HIGH****PERFORMANCE OF THE TIPP24 SHARE**

**Q.I-III 2009****KEY FIGURES PER SHARE**

Day of initial listing	<b>12.10.2005</b>
Year-opening price	<b>EUR 5.71</b>
Market capitalization (01.01.2009)	<b>EUR 46 million</b>
Closing price at the end of period	<b>EUR 25.82</b>
Market capitalization (30.09.2009)	<b>EUR 206 million</b>
Highest price (08.09.2009)	<b>EUR 27.76</b>
Lowest price (07.01.2009)	<b>EUR 5.85</b>
Number of shares (30.09.2009)	<b>7,985 thousand</b>
Average daily trading (until 30.09.2009)	<b>37,347 shares</b>
Earnings per share (undiluted and diluted)	<b>EUR 3.24</b>

In the third quarter of the current fiscal year, the Tipp24 share price continued to rise – as in the previous quarters – and gained a further 54.6% to close the third quarter at EUR 25.82. In the course of the fourth quarter, the share reached its all-time-high of EUR 30.25. This development was aided by a number of positive early indicators with regard to the general economic development, which also helped the SDAX index climb by 20.3% in the third quarter to a new year-high of 3,495.48 points.

All in all, the Tipp24 share has grown by over 350% since the beginning of the year, which also clearly reflects the increased interest of the capital market. We continued our intensive investor relations activities in the third quarter: we presented Tipp24 and its business prospects at numerous roadshows in Germany and abroad.

**SHAREHOLDER SERVICE**

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

## INTERIM GROUP MANAGEMENT REPORT

### BUSINESS & ECONOMIC CONDITIONS

#### LOTTERY BUSINESS POOLED IN UK

Tipp24 AG reorganised its business fields as of 1 January 2009. We ended the majority of our activities in connection with the brokerage or offer of lottery products and transferred them to MyLotto24 Ltd. and its subsidiaries, which has been active in the UK since 2007. This concerns both the brokerage of state-run German lottery products, as well as our subsidiaries Ventura24 S.L. in Spain and Giochi24 S.r.l. in Italy. After terminating its lottery brokerage in Germany, Tipp24 AG reorganized its activities in compliance with regulatory conditions – although it continues to fight for the legal right to resume its activities in Germany.

On 30 April 2009, Tipp24 AG transferred control over its UK subsidiaries in accordance with company law. The move reflects the operating independence of these companies in their respective business fields. Specifically, 60% of the voting shares in both MyLotto24 Ltd. and Tipp24Services Ltd. were sold to a Swiss foundation set up by Tipp24 AG 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.. Despite selling the majority of voting shares in the aforementioned companies – and thus ending the possibility to exert control over said companies – Tipp24 AG expects that MyLotto24 Ltd. and its subsidiaries will continue to be fully consolidated in the Group's accounts. Tipp24 AG also expects that the German legislation which forbids its operations – in contravention of EU law – will be adapted to the requirements of higher-ranking European legislation again in the medium term. Until this time, the profits generated by the affiliated companies in the UK will be retained on the level of MyLotto24 Ltd.. After the legal situation has been settled in its favour, Tipp24 AG has the right to repurchase the sold shares from the foundation.

In the course of restructuring, MyLotto24 Ltd. and its subsidiaries recruited new staff and gained numerous highly capable suppliers, which have enabled them to conduct their business independently and reliably at a high quality standard.

Marketing of the German class lotteries NKL and SKL, however, will continue to be conducted by Schumann e. K.. Activities in the field of skill-based games will also be further developed in Germany. In the following, Tipp24 AG and the consolidated group will be referred to simply as »Tipp24«.

#### Focus on non-German business

By pooling our lottery activities with MyLotto24 Ltd. in the UK, we have laid the foundations for a positive development of our foreign business. We have therefore drawn the consequences from the German State Treaty on Gaming (GlüStV), whose second stage came into effect on 1 January 2009 and which completely bans the brokerage of state-run lotteries via the Internet in Germany. The Executive Board of Tipp24 AG will focus in future on expanding the Tipp24Games division and identifying and acquiring new business models in Germany and Europe. After the legal situation has been settled in its favour, Tipp24 AG intends to resume its previous activities as a private gaming broker from its base in Germany as swiftly as possible.

Up to 8 January 2009, tickets were submitted by Tipp24 Services Ltd. directly to the German state lottery companies via the Tipp24.com website. From this day on, the lottery companies were no longer willing to provide their electronic interfaces for the acceptance of tickets. Tickets have since been transferred by Tipp24 Services Ltd. to MyLotto24 Ltd.. This company organizes English secondary lotteries based on various European lotteries. In contrast to Tipp24 Services Ltd., which merely acts as a broker, MyLotto24 Ltd. bears the bookmaking risk. Active repeat tickets from 2008 or earlier were mostly submitted to the German »Lottoblock« in the first quarter of 2009. They were thus still entitled to receive winnings from German state lottery draws. As of 9 January 2009, tickets are only accepted from customers who confirm that they are not in Germany when submitting their tickets.

**Q.I-III 2009*****Changes in the Executive Board***

The joint founder and Chairman of the Executive Board of Tipp24 AG, Jens Schumann, retired from the company's Executive Board on 30 September 2009. The decision was taken in coordination with the Supervisory Board and Executive Board, and he leaves on amicable terms. He will continue to assist the company in an advisory capacity. The company's Chief Financial Officer, Dr. Hans Cornehl, assumed sole responsibility for Tipp24 AG as of 1 October 2009 until further notice.

***ONGOING ECONOMIC CRISIS******Global recession***

The drastic decline in economic output in the industrialized nations did not continue over the past months. On the contrary, there was a marked recovery in economic activity during the course of spring and the climate improved noticeably among industrial companies. Some countries already posted growth in gross domestic product (GDP) in the second quarter of 2009, compared with the previous quarter, while others noted a marked slowdown in the rate of decline. Together with the considerably more relaxed situation on the world's financial markets, the global economy therefore appears to have been recovering again since summer 2009.

***Europe***

GDP in the Euro zone hardly fell at all in the second quarter of 2009 and remained surprisingly firm. The figure for Germany was particularly encouraging with a noticeable rise in economic output. Real GDP in the rest of the Euro zone, however, fell sharply once again – albeit with considerable differences among the various countries. The fall in employment has also slowed noticeably of late and there has only been a slight rise in unemployment over the past few months.

***MARKET SITUATION IN GERMANY STILL UNRESOLVED***

The intensive political and legal discussions concerning Germany's gaming market and the respective legal conditions for our sector continued in the first nine months of the current fiscal year. Various decrees and verdicts have been passed in summary and principal proceedings, which affected both Tipp24 itself and various other market participants. As expected, this has resulted in a very varied picture. Numerous court proceedings have been suspended until a settlement has been reached at a European level.

***LEGAL SITUATION ABROAD FAR MORE ENCOURAGING***

England offers a stable legal environment in line with market requirements and Spain has also proved to be a stable regulatory environment.

In Italy, the blocked website belonging to Puntogioco24 S.r.l. has now been abandoned. However, this will have no material effect on Tipp24's current net assets, financial position and results of operations, as Puntogioco24 S.r.l. has so far made only a small contribution to consolidated revenues and the company has not yet generated any significant profits.

However, the remaining questions concerning the technical connection by the state monopolies commission to use the legal brokerage concession for the Italian market already acquired by Giochi24 S.r.l. in 2008 have now been largely settled. As of 14 September 2009, Tipp24 is now represented in Italy under [www.giochi24.it](http://www.giochi24.it) with the national 6 from 90 lottery (SuperEnalotto), as well as scratch cards and skill-based games.



**RESEARCH & DEVELOPMENT**

In the first three quarters of the current fiscal year, our domestic R&D activities focused on expanding the product range of our Skill Based Games division. In the Abroad segment, the main focus was placed on updating, internationalising and standardising the gaming software used in the various national markets. This project is managed directly by the foreign minority shareholdings in cooperation with external service companies. The project will continue throughout the whole of fiscal 2009. In addition, some of our subsidiaries made various improvements to products, capacities and security systems. We also acquired external R&D know-how for certain projects. These product improvements made a corresponding contribution towards raising revenue. In the first nine months of the current fiscal year, an average of 36 employees were involved with R&D activities on a full-time or part-time basis. R&D expenses amounted to around EUR 1,248 thousand and resulted mainly from personnel costs.

**EARNINGS, FINANCIAL POSITION AND NET ASSETS****EARNINGS**

Four special items are to be considered when comparing figures with those of the previous year:

- The second stage of the GlüStV with its various regulations came into effect on 1 January 2009. As a consequence, Tipp24 was forced to restructure its business fields and the basis for the overwhelming part of its German operations was removed (with the exception of Skill Based Games and the class lotteries). In particular, the online brokerage of lotteries and its respective advertising were completely forbidden.
- Considerable restructuring costs were incurred in the course of this reorganisation of the Group during the first six months of the current fiscal year.
- In January and September 2009 there were two exceptionally large jackpots of over EUR 30 million in the German Lotto.
- MyLotto24 Ltd, a fully consolidated minority holding of Tipp24 AG, recorded a jackpot winning of EUR 31.7 million for one of its players on 23 September 2009 in the course of the secondary lottery it held, as described above.

Due to hedging transactions concluded by MyLotto24 Ltd., this exceptional winnings payment only had a partial impact on earnings. Whereas winnings payments reduce revenues, the income from hedging transactions is disclosed under »Other operating income«.

**EBIT**

In the first nine months of the current fiscal year, the German segment posted a negative EBIT of EUR -9,309 thousand (prior year: EUR +7,890 thousand). This was a result of the considerable legal restrictions imposed by the GlüStV and significant restructuring costs, as well as start-up losses in the Skill Based Games division. Thanks to the sustained focus we placed on expanding our international business in recent years, the »Abroad« segment made strong progress with an EBIT result of EUR 42,670 thousand (prior year: EUR -1,591 thousand). In total, consolidated EBIT was raised to EUR 33,123 thousand (prior year: EUR 6,299 thousand). The EBIT margin grew by 42.6 %-points to 61.7%. Adjusted for the special effect of hedging income, the EBIT margin amounts to 43.9%. Consolidated net profit rose to EUR 25,147 thousand (prior year: EUR 4,743 thousand). Tipp24's tax rate fell by 7.9 %-points to 28.4%, compared to the same period last year. Earnings per share (undiluted and diluted) grew from EUR 0.59 to EUR 3.24.

**Q.I-III 2009****Revenues**

As a result of the virtually complete withdrawal of our business base, revenues of our Germany segment fell by 91.9% to EUR 2,340 thousand in the first nine months of the current fiscal year. Revenues generated outside Ger-

many were up from EUR 4,193 thousand in the prior-year period to EUR 52,873 thousand and thus dominated total revenues with a share of > 98%. All in all, total revenues increased by 62.8% to EUR 53,704 thousand in the period under review.

Nine-months comparison Q.I-III	Q.I-III 2009		Q.I-III 2008		Change
	EUR thousand	%	EUR thousand	%	
<b>Revenues</b>	<b>53,704</b>	<b>100.0%</b>	<b>32,986</b>	<b>100.0%</b>	<b>+62.8%</b>
Personnel expenses	-10,053	-18.7%	-9,447	-28.6%	+6.4%
Other operating expenses	-30,656	-57.1%	-17,164	-52.0%	+78.6%
Less other operating income	22,158	41.3%	828	2.5%	> 100%
<b>Operating expenses</b>	<b>-18,551</b>	<b>-34.5%</b>	<b>-25,784</b>	<b>-78.2%</b>	<b>+72.0%</b>
<b>EBITDA</b>	<b>35,153</b>	<b>65.5%</b>	<b>7,203</b>	<b>21.8%</b>	<b>+388.0%</b>
Depreciation	-2,029	-3.8%	-903	-2.7%	+124.6%
<b>EBIT</b>	<b>33,123</b>	<b>61.7%</b>	<b>6,299</b>	<b>19.1%</b>	<b>+425.8%</b>
<b>Financial result</b>	<b>2,001</b>	<b>3.7%</b>	<b>1,152</b>	<b>3.5%</b>	<b>+73.6%</b>
<b>Net result before taxes</b>	<b>35,124</b>	<b>65.4%</b>	<b>7,452</b>	<b>22.6%</b>	<b>+371.4%</b>
Income taxes	-9,977	-18.6%	-2,708	-8.2%	+268.4%
<b>Consolidated net profit</b>	<b>25,147</b>	<b>46.8%</b>	<b>4,743</b>	<b>14.4%</b>	<b>+430.2%</b>
<b>Breakdown of other operating expenses</b>					
Total marketing expenses	-4,582	-8.5%	-8,883	-26.9%	-48.4%
Total direct costs of operations	-12,642	-23.5%	-2,331	-7.1%	+442.3%
Total other costs of operations	-13,433	-25.0%	-5,950	-18.0%	+125.8%
<b>Other operating expenses</b>	<b>-30,656</b>	<b>-57.1%</b>	<b>-17,164</b>	<b>-52.0%</b>	<b>+78.6%</b>

(Rounding differences due to presentation in EUR thousand)

**Development of key income statement items**

Personnel expenses rose by 6.4% over the prior-year period to reach EUR 10,053 thousand for the period under review (prior year: EUR 9,447 thousand). This increase resulted mainly from the necessary restructuring of Tipp24 in the first six months. The personnel expense ratio fell by 9.9 %-points to 18.7%. At the end of the quarter, the number of Tipp24 employees amounted to 113 (prior year: 181).

There was a year-on-year increase in other operating expenses of 78.6% to EUR 30,656 thousand in the first nine months of the fiscal year (prior year: EUR 17,164 thousand). The development in detail was as follows:

- Marketing expenses fell by 48.4% to EUR 4,582 thousand (prior year: EUR 8,883 thousand) (8.5% of revenues; -18.4 %-points). This steep decline resulted from the termination of our marketing activities for online lottery brokerage in Germany as a result of the GlüStV. At the same time, we also discontinued our end-user business with so-called Business Service Partners in Germany. At present, our marketing activities focus on the Abroad segment and the development of our Skill-Based Games business.

**Q.I-III 2009**

- Direct operating expenses rose more than quintupled to EUR 12,642 thousand in the first nine months (prior year: EUR 2,331 thousand). For the first time in 2009, this item also includes costs in connection with hedging transactions of MyLotto24 Ltd.. Costs were also incurred during the processing of gaming operations resulting from the organizer's inability to deduct input tax. These items were not material in 2008. In addition, this cost item includes increased data transmission costs in connection with a change in internet service provider to improve quality. In relation to revenues, this cost ratio rose by 16.4 %-points to 23.5%.
- Other operating expenses increased by 125.8% to EUR 13,433 thousand (prior year: EUR 5,950 thousand). This increase was largely due to legal advice in connection with the current difficult regulatory situation, as well as consultancy costs in connection with labour-intensive development projects, especially with regard to the renewal and internationalisation of the gaming operation platform, and costs incurred by the restructuring of our business.

Other operating income includes income from hedging transactions of EUR 21.7 million. This resulted mainly from the payment of exceptional winnings in September 2009. Otherwise, the development of other operating income was generally in line with the usual operating fluctuations at Tipp24 for this item.

In comparison with the previous year, amortization/depreciation on intangible assets and property, plant and equipment grew in the first nine months by EUR 1,126 thousand (+124.6%) to EUR 2,029 thousand. This development is in line with the volume of investments made.

**FINANCIAL POSITION**

Following the completion of the second share buyback programme on 29 June 2009, Tipp24 AG held a total of 365,180 treasury shares (4.57% of capital stock), which reduced equity capital by EUR 4,000 thousand.

Compared with the balance sheet date, Tipp24's equity capital grew by EUR 17,008 thousand to EUR 72,009 thousand, whereas the equity ratio fell by 10.4 %-points from 59.0% to 48.6% compared with 31 December 2008 due to the temporary increase in certain balance sheet items following the large jackpot in September. The balance sheet total increased by 59.2% to EUR 148,293 thousand.

Other assets grew by 124.4% to EUR 32,196 thousand, mainly as a result of receivables from hedging transactions following the large winnings in September 2009. At the same time, other liabilities rose by 112.9% to EUR 59,221 thousand, mainly due to winnings not yet paid out on the balance sheet date.

<b>Other liabilities</b> in EUR thousand	<b>30 Sep. 2009</b>	<b>31 Dec. 2008</b>
Liabilities for gaming operations	45,021	26,398
Liabilities for taxes	12,788	736
Liabilities relating to social security	113	111
Others	1,299	576
	<b>59,221</b>	<b>27,821</b>

(Rounding differences due to presentation in EUR thousand)

**Q.I-III 2009****Investment analysis**

In the period under review, investing activities resulted in net cash flow of EUR 20,556 thousand. Proceeds and disbursements from financial investments resulted in a positive net balance of EUR 25,008 thousand. In our operating business, a total of EUR 4,552 thousand was invested mainly in improving gaming software and the ongoing expansion of live systems. In line with information already provided, the operating companies will continue to expand these systems in the course of the year to meet growing capacity requirements and changing security standards. We also plan to continually update our Office systems.

**Liquidity analysis**

At EUR 45,919 thousand, cash flow from operating activities was significantly higher than in the previous year (EUR 2,653 thousand). The difference was mainly due to

the rise in consolidated net profit and fluctuations in balance sheet items concerning gaming operations as of the balance sheet date.

Cash flow from investing activities increased by EUR 71,359 thousand to EUR 20,556 thousand, mainly as a result of the above mentioned net balance from proceeds and disbursements for financial investment amounting to EUR 25,008 thousand.

Cash flow from financing activities amounted to EUR -7,837 thousand – due to the above mentioned share buy-back programmes and the dividend paid on 17 June 2009. In the previous year it amounted to EUR -7,386 thousand. Free cash flow amounted to EUR 66,475 thousand in the period under review (prior year: EUR -48,150 thousand).

<b>Key cash flow positions</b> in EUR thousand	<b>Q.I-III 2009</b>	<b>Q.I-III 2008</b>
Cash flow from operating activities	45,919	2,653
Cash flow from investing activities	20,556	-50,803
Cash flow from financing activities	-7,837	-7,386
<b>= Net inflow/outflow from/of funds</b>	<b>58,638</b>	<b>-55,536</b>
Cash and cash equivalents and securities at the beginning of the period	20,711	65,821
+ Non-disclosed profit/loss from financial assets	-241	-32
+/- Change of cash from exchange rate differences	44	-49
+/- Change in pledged cash	299	-350
<b>= Cash, cash equivalents and securities at the end of the period</b>	<b>79,452</b>	<b>9,853</b>

(Rounding differences due to presentation in EUR thousand)

**ASSET SITUATION**

The assets of Tipp24 mainly comprise current assets amounting to EUR 133,279 thousand (31 December 2008: EUR 80,848 thousand). In turn, these mainly consist of cash and cash equivalents (EUR 79,452 thousand), short-term financial assets (EUR 20,946 thousand) and other assets and prepaid expenses (EUR 32,196 thousand).

Moreover, Tipp24 has intangible assets (mainly software) amounting to EUR 12,841 thousand, property, plant and equipment (mainly hardware and office equipment) amounting to EUR 1,825 thousand and discloses deferred tax assets of EUR 349 thousand.

**Q.I-III 2009**

<b>Other assets</b> in EUR thousand	<b>30 Sep. 2009</b>	<b>31 Dec. 2008</b>
Receivables from gaming operations	27,044	13,141
Prepaid expenses	1,108	934
Others	4,044	274
	<b>32,196</b>	<b>14,349</b>

(Rounding differences due to presentation in EUR thousand)

**ASSESSMENT OF THE ECONOMIC POSITION**

As a result of the GlüStV, which has been ratified by all German states, the current regulatory situation has led to the almost complete prohibition of our business activity in Germany as of 1 January 2009. Nevertheless, we regard Tipp24's situation as generally robust: Tipp24 has sufficient resources to successfully prevail even in the face of significant negative regulatory conditions. Above all, however, in view of the incompatibility of current gaming legislation in Germany with EU and anti-trust law, and particularly with regard to ongoing constitutional reservations, we believe that it is unlikely that such legislation can prevail in the long term. At the same time, the Executive Board sees the opportunity for sustained encouraging growth, both in our Abroad segment as well as in Germany again in the medium term. In comparison with other sectors, the online lottery market in Germany – as well as in Spain, Italy and the UK – is still underdeveloped. Against this backdrop, there is therefore a strong probability that the sector will enjoy significant growth in the coming years. Tipp24 is excellently positioned to benefit strongly from such growth. Furthermore, we see attractive additional potential in new product categories and in the course of ongoing deregulation of European lottery markets. Tipp24 has extensive financial liquidity, mainly from equity capital. This gives us considerable scope to grasp future growth opportunities – for example by means of acquisitions. The global financial crisis has so far had no significant negative impact on Tipp24.

**SUBSEQUENT EVENTS**

In a press statement on 23 October 2009, the parliamentary parties of the CDU and FDP in Schleswig-Holstein announced the final result of their coalition negotiations. The two parties expressly stated their intention to terminate the GlüStV at the next possible date. This represents the first publicly stated rejection of the GlüStV by a leading political body in a federal German state. There were no other events subsequent to the reporting period which had a significant impact on the business development of Tipp24 AG and its affiliated companies.

**RISK REPORT**

In our annual report 2008, 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 recognize such risks at an early stage. The risks can be divided mainly into market risks, legal risks resulting from the regulatory environment for the operations of Tipp24, business risks, risks from the processing of gaming operations personnel risks and general business risks. In addition to this description of our risks, we would like to focus in particular on the following risks:

**LEGAL RISKS***Legal development in Germany*

As a result of the extensive Internet prohibition and other restrictive regulations of the GlüStV in Germany, we were forced to terminate the overwhelming proportion of our German business. Contrary to our assessment of the situation, there is a risk that this restrictive legal framework may be upheld in the medium term, or even permanently.

**Q.I-III 2009**

This would prevent Tipp24 in the medium term, or even permanently, from accessing the huge market potential in Germany which it was able to exploit in the past. In the first three quarters of 2009, various authorities have forbidden Tipp24 AG from brokering domestic and foreign games to German customers. Tipp24 AG observes these regulations, whereby it should be noted that Tipp24 AG has never brokered foreign games. At the same time, some authorities also tried to block the business model of the UK companies by means of injunctions served to Tipp24 AG. Failure to meet these requests would result in coercive payments. However, as Tipp24 AG is not authorised to give directions to its UK subsidiaries (and was also not before the sale of majority voting rights to the Swiss foundation), and no further details were provided as to what Tipp24 AG should do with respect to the UK companies and their activities, we regard these requests as impossible to meet and insufficiently legally determinate. We therefore disputed them in court. This applies all the more since control has been transferred. It cannot be excluded, however, that certain authorities will still impose coercive payments and regulatory fines, which will then have to be reviewed 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 only accept tickets from customers who confirm that they are not in Germany at the time of ticket submission. Against the backdrop of the current heated political situation, such an attempt cannot be excluded – even if the legal basis for such action outside Germany would be difficult to comprehend and its effect questionable. In their capacity as market participants, certain state lottery companies also believe that the UK companies contravene the GlüStV and are thus anticompetitive. Even if we assume that the UK companies are acting legally on the basis of valid concessions explicitly allowing the activity performed, it cannot be ruled out that they will fail to assert their rights in German courts. We cannot therefore

exclude the possibility that the above mentioned risks may lead to a significant restriction in the business activities of our UK companies.

**BUSINESS RISKS*****Bookmaking risk of MyLotto24 Ltd.***

MyLotto24 Ltd. bears the bookmaking risks for secondary lotteries based on various European lotteries. The payout ratios are based on those offered by the organizers of the primary lotteries. Due to statistical fluctuation, these ratios may be greater than the payout ratios determined by the gaming systems of the primary lotteries – for example, 50% in the case of the German Lotto. They may even be temporarily greater than the stakes received by MyLotto24 – as was the case in September 2009 – and thus have a negative effect on the earnings, financial position and net assets of MyLotto24, which through consolidation would also represent a burden for Tipp24 as a whole.

***Risks from the assertion of claims from hedging transactions***

MyLotto24 Ltd. has partially limited its bookmaking risk by conducting hedging transactions. The major winnings of EUR 31.7 million which MyLotto24 Ltd. experienced in September 2009 was also covered in the amount of EUR 21.7 million by such hedging transactions. The possibility cannot be excluded that those parties providing the cover may not recognize the claims from such transactions, in part or as a whole, and that as a consequence MyLotto24 Ltd. may need to assert such claims in court. Moreover, it cannot be fully excluded that the relevant courts also fail to recognize the claims, in part or as a whole, or that in the case of an out-of-court settlement such claims are only met in part. This may lead to an adjustment of the carrying value of receivables from security providers, which would have a significant adverse effect on the earnings, financial position and net assets of MyLotto24 Ltd., and in turn would negatively impact Tipp24 as a whole through the consolidation process.

*Financing and currency risks*

As Tipp24 conducts the majority of its business in Euro, there is no significant currency risk for its core activities. The UK affiliated companies are exposed to a currency risk regarding the British Pound. The profit margins of these companies may be affected by currency fluctuations.

Foreign affiliated 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 their respective operating risks.

*Risks in the execution of large development projects*

Tipp24's operating companies in its Abroad segment are currently investing in the international standardisation and improvement of their gaming software as part of a very large development project involving several external partners and binding considerable internal resources. As a result of its complexity and sudden significant changes in requirements, there is a risk that this major project will not be completed in the expected scope, the expected quality and within the expected investment budget. This may lead to an adjustment of the carrying value of this intangible asset, which in turn would have a significant adverse effect on the earnings, financial position and net assets of Tipp24.

*Risks from payment transaction restrictions*

There is a risk that restrictions to payment transactions may be introduced in connection with the further regulation of the gaming market. This would have a significant adverse effect on the business activities of Tipp24. However, we believe that this is relatively unlikely to occur.

*Risks from financial investments*

Tipp24 has cash, cash equivalents and short-term financial assets in Germany and abroad totalling EUR 100,398 thousand. The majority of these investments is completely protected by national deposit guarantee funds. Should the global financial crisis deepen further and should – against all expectations – neither the national bank support systems nor the support packages provided by the leading industrialised states fail to avert the collapse of individual banks, this may result in the breakdown of various or possibly all credit institutes as well as all national support systems. Such a scenario may lead to the partial or complete loss of our cash deposits and financial assets. The collapse of individual issuers but not of the national support systems may lead to the partial or complete loss of interest income expected from our financial assets. The financial assets currently held also bear a significant interest risk. Both factors mainly apply to only a part of the potential yield, and only to a minor extent to the invested amounts.

*Risks from the economic development*

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

**FORECAST REPORT****ALIGNMENT OF TIPP24**

In general, Tipp24 AG 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. In addition, we intend to expand the activities of Tipp24 Entertainment GmbH in the field of skill-based games. According to the executive boards of our minority shareholdings, the growth strategy in Europe is also to be continued.

**EXPECTED EARNINGS POSITION**

Due to an exceptional winning in the case of MyLotto24 Ltd. on 23 September 2009, Tipp24 AG informed the capital market of a reduction in its consolidated EBIT forecast of EUR 10 million to at least EUR 30 million for the fiscal year 2009 and an unchanged revenue forecast of at least EUR 85 million.

The above-mentioned negative EBIT effect was compensated for by the following two circumstances. As a result of the exceptionally high jackpot amount of EUR 31.7 million, MyLotto24 Ltd. experienced an unexpectedly high gaming volume in September 2009, which made a correspondingly positive contribution to earnings. Moreover, the significant prize-payment led to the creation of a tax credit with an effect on earnings due to the special tax regulations for gaming duties in the case of secondary lotteries. At the same time, as netting is not permitted by the relevant IFRS accounting regulations, income from hedging transactions is not disclosed in revenues but in »Other operating income«. In order to compare revenue forecasts, therefore, it is advisable to consider revenue after income from hedging transactions, i.e. total performance.

In summary, Tipp24 AG has raised its consolidated EBIT forecast for the current fiscal year 2009 by EUR 13 million to at least EUR 43 million. The revenue forecast amounts to at least EUR 73 million, and after income from hedging transactions the total performance forecast amounts to at least EUR 95 million.

**OPPORTUNITIES**

In the above-mentioned discussions of the legal framework, we believe it is unlikely that Germany's legislators will act against valid law and political common sense by restricting the growing market of online lottery brokerage. Recently announced verdicts of Germany's anti-trust authorities and subsequent court instances for EU anti-trust legislation, various temporary verdicts at German administrative and civil courts and the first principal proceedings of the Administrative Court of Berlin regarding lottery brokerage with reference to EU law – as well as supplementary regulations and official pronouncements on a European level – may result in steps towards deregulation in the medium term with a direct or indirect impact on lotteries. With its international alignment, Tipp24 may benefit more than average from such a development: above all, it would allow Tipp24 AG to resume operations on the German market, it would enable further internationalisation and thus significantly increase access to our product portfolio and enable Tipp24 to enter new markets with its existing products.



Q.I-III 2009

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

	Q.III 2009	Q.III 2008	Q.I-III 2009	Q.I-III 2008
in EUR				
<b>Revenue</b>	<b>7,147,878.38</b>	<b>11,422,300.22</b>	<b>53,703,886.93</b>	<b>32,986,313.74</b>
Other operating income	21,732,022.28	238,451.39	22,157,502.69	827,581.05
<b>Total operating performance</b>	<b>28,879,900.66</b>	<b>11,660,751.61</b>	<b>75,861,389.62</b>	<b>33,813,894.79</b>
<b>Operating expenses</b>				
Personnel expenses	-2,602,495.02	-3,228,267.71	-10,052,658.44	-9,447,398.20
Depreciation on intangible assets and property, plant and equipment	-638,729.92	-296,484.57	-2,029,290.09	-903,424.68
Other operating expenses	-15,263,177.77	-6,235,118.75	-30,656,208.06	-17,163,752.00
Marketing expenses	-1,630,292.24	-3,061,131.32	-4,581,589.91	-8,882,573.28
Direct costs of operations	-9,026,507.73	-1,024,981.93	-12,641,663.66	-2,331,153.29
Other costs of operations	-4,606,377.80	-2,149,005.50	-13,432,954.49	-5,950,025.43
<b>Result from operating activities</b>	<b>10,375,497.95</b>	<b>1,900,880.58</b>	<b>33,123,233.03</b>	<b>6,299,319.91</b>
Financial revenues	244,995.98	475,997.77	2,065,840.16	1,341,733.69
Financial expenses	-37,000.19	481.31	-65,203.84	-189,308.33
<b>Financial result</b>	<b>207,995.79</b>	<b>476,479.08</b>	<b>2,000,636.32</b>	<b>1,152,425.36</b>
<b>Result from ordinary activities</b>	<b>10,583,493.74</b>	<b>2,377,359.66</b>	<b>35,123,869.35</b>	<b>7,451,745.27</b>
Income taxes	-2,751,142.94	-1,116,188.74	-9,977,026.41	-2,708,268.60
<b>Consolidated net profit</b>	<b>7,832,350.80</b>	<b>1,261,170.92</b>	<b>25,146,842.94</b>	<b>4,743,476.67</b>
Earnings per share (undiluted and diluted; in EUR/share)	1.03	0.16	3.24	0.59
Weighted average of ordinary shares outstanding (undiluted and diluted, in units)	7,619,908	7,985,088	7,762,148	8,048,105

Q.I-III 2009

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

	30 Sep. 2009	31 Dec. 2008
<b>ASSETS</b> in EUR		
<b>Current assets</b>		
Cash, cash equivalents and securities	79,452,327.27	20,711,388.10
Pledged cash	250,567.50	550,000.00
Short-term financial assets	20,946,053.42	45,211,423.06
Trade receivables	416,964.10	5,314.97
Income tax refund claims	17,119.86	20,909.35
Other assets and prepaid expenses	32,195,640.32	14,348,744.23
<b>Total current assets</b>	<b>133,278,672.47</b>	<b>80,847,779.71</b>
<b>Non-current assets</b>		
Intangible assets	12,840,503.47	9,620,439.39
Other equipment, furniture & fixtures and leased assets (property, plant and equipment)	1,824,712.83	2,571,246.28
Deferred tax assets	349,305.21	111,824.65
<b>Total non-current assets</b>	<b>15,014,521.51</b>	<b>12,303,510.32</b>
	<b>148,293,193.98</b>	<b>93,151,290.03</b>
<b>EQUITY AND LIABILITIES</b> in EUR		
<b>Current liabilities</b>		
Trade payables	4,397,626.83	4,822,352.74
Other liabilities	59,220,908.13	27,821,166.83
Deferred income	3,341,331.35	355,632.32
Income tax liabilities	7,478,435.31	931,481.90
Provisions	1,772,901.22	1,692,280.31
<b>Total current liabilities</b>	<b>76,211,202.84</b>	<b>35,622,914.10</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	72,502.77	2,606,522.15
<b>Total non-current liabilities</b>	<b>72,502.77</b>	<b>2,606,522.15</b>
<b>Equity</b>		
Subscribed capital	7,985,088.00	8,872,319.00
Capital reserves	39,874,722.35	41,143,321.36
Other reserves	-86,586.04	135,719.37
Retained earnings	28,236,243.50	19,499,242.01
Own shares	-3,999,979.44	-14,728,747.96
<b>Total equity</b>	<b>72,009,488.37</b>	<b>54,921,853.78</b>
	<b>148,293,193.98</b>	<b>93,151,290.03</b>

Q.I-III 2009

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

	Q.I-III 2009	Q.I-III 2008
in EUR		
Result from operating activities	33,123,233.03	6,299,319.91
<i>Adjustments for:</i>		
Depreciation on non-current assets	2,029,290.10	903,424.68
Result from the disposal of current assets	-50,859.41	0.00
<i>Changes in:</i>		
Trade receivables	-411,649.13	-3,391.36
Other assets	-17,846,896.09	7,992,155.23
Trade payables	-424,725.91	-2,543,141.20
Other liabilities	31,329,483.38	-9,112,648.14
Provisions	80,620.91	301,695.38
Deferred income	2,985,699.03	-134,259.11
Other interest and similiar income	1,323,627.73	1,341,733.69
Interest expenses and similar expenses	-65,203.84	-189,308.33
Earned surplus	-25,871.50	15,410.21
Taxes paid	-6,197,783.45	-2,217,681.66
<b>Cash flow from operating activities</b>	<b>45,919,222.77</b>	<b>2,653,309.30</b>
Proceeds/disbursements from short-term financial investments	25,007,582.07	-44,000,000.00
Disbursements in intangible assets	-4,266,153.43	-5,851,311.84
Disbursements in property, plant and equipment	-185,807.89	-951,763.61
<b>Cash flow from investing activities</b>	<b>20,555,620.75</b>	<b>-50,803,075.45</b>
Purchase of own shares	-3,999,979.44	-3,393,938.31
Dividends paid to shareholders of the parent company	-3,836,923.50	-3,992,544.00
<b>Cash flow from financing activities</b>	<b>-7,836,902.94</b>	<b>-7,386,482.31</b>
Change in cash, cash equivalents and securities	58,637,940.58	-55,536,248.46
Cash, cash equivalents and securities at the beginning of the period	20,711,388.10	65,820,775.65
Non-disclosed profit/loss	-240,925.14	-32,348.97
Change of cash from exchange rate differences	44,491.23	-48,980.48
Change in pledged cash and cash equivalents	299,432.50	-350,000.00
<b>Cash, cash equivalents and securities at the end of the period</b>	<b>79,452,327.27</b>	<b>9,853,197.74</b>
<b>Composition of cash, cash equivalents and securities at the end of the period</b>		
Cash on hand, bank balances and checks	79,703,569.38	9,352,310.99
Current investments	-674.61	1,150,886.75
Pledged cash, cash equivalents and securities	-250,567.50	-650,000.00
	<b>79,452,327.27</b>	<b>9,853,197.74</b>

Q.I-III 2009

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

in EUR	Subscribed Capital	Capital Reserves	Other Reserves	Retained Earnings	Own Shares	Total Equity
<b>As at 1 Jan. 2008</b>	<b>8,872,319.00</b>	<b>41,143,321.36</b>	<b>62,943.49</b>	<b>16,886,209.08</b>	<b>-11,334,809.65</b>	<b>55,629,983.28</b>
Own shares	0.00	0.00	0.00	0.00	-3,393,938.31	-3,393,938.31
Share-based payments	0.00	0.00	15,410.21	0.00	0.00	15,410.21
Dividend payment	0.00	0.00	0.00	-3,992,544.00	0.00	-3,992,544.00
<i>Unrealised gains/losses</i>	<i>0.00</i>	<i>0.00</i>	<i>17,679.92</i>	<i>0.00</i>	<i>0.00</i>	<i>17,679.92</i>
<i>Foreign currency translation</i>	<i>0.00</i>	<i>0.00</i>	<i>-48,980.48</i>	<i>0.00</i>	<i>0.00</i>	<i>-48,980.48</i>
Total result recognized directly in equity	0.00	0.00	-31,300.56	0.00	0.00	-31,300.56
Net profit for the period	0.00	0.00	0.00	4,743,476.67	0.00	4,743,476.67
Total net profit for the period	0.00	0.00	-31,300.56	4,743,476.67	0.00	4,712,176.11
<b>As at 30 Sep. 2008</b>	<b>8,872,319.00</b>	<b>41,143,321.36</b>	<b>47,053.14</b>	<b>17,637,141.75</b>	<b>-14,728,747.96</b>	<b>52,971,087.29</b>
Share-based payments	0.00	0.00	7,904.79	0.00	0.00	7,904.79
<i>Unrealised gains/losses</i>	<i>0.00</i>	<i>0.00</i>	<i>115,697.34</i>	<i>0.00</i>	<i>0.00</i>	<i>115,697.34</i>
<i>Foreign currency translation</i>	<i>0.00</i>	<i>0.00</i>	<i>-34,935.90</i>	<i>0.00</i>	<i>0.00</i>	<i>-34,935.90</i>
Total result recognized directly in equity	0.00	0.00	80,761.44	0.00	0.00	80,761.44
Net profit for the period	0.00	0.00	0.00	1,862,100.26	0.00	1,862,100.26
Total net profit for the period	0.00	0.00	80,761.44	1,862,100.26	0.00	1,942,861.70
<b>As at 31 Dec. 2008</b>	<b>8,872,319.00</b>	<b>41,143,321.36</b>	<b>135,719.37</b>	<b>19,499,242.01</b>	<b>-14,728,747.96</b>	<b>54,921,853.78</b>
<b>As at 1 Jan. 2009</b>	<b>8,872,319.00</b>	<b>41,143,321.36</b>	<b>135,719.37</b>	<b>19,499,242.01</b>	<b>-14,728,747.96</b>	<b>54,921,853.78</b>
Capital reduction	-887,231.00	0.00	0.00	0.00	0.00	-887,231.00
Reduction of retained earnings due to collection of own shares	0.00	0.00	0.00	-12,572,917.95	0.00	-12,572,917.95
Own shares	0.00	0.00	0.00	0.00	10,728,768.52	10,728,768.52
Capital reserves	0.00	-1,268,599.01	0.00	0.00	0.00	-1,268,599.01
Share-based payments	0.00	0.00	-25,871.50	0.00	0.00	-25,871.50
Dividend payment	0.00	0.00	0.00	-3,836,923.50	0.00	-3,836,923.50
<i>Unrealised gains/losses</i>	<i>0.00</i>	<i>0.00</i>	<i>-240,925.14</i>	<i>0.00</i>	<i>0.00</i>	<i>-240,925.14</i>
<i>Foreign currency translation</i>	<i>0.00</i>	<i>0.00</i>	<i>44,491.23</i>	<i>0.00</i>	<i>0.00</i>	<i>44,491.23</i>
Total result recognized directly in equity	0.00	0.00	-196,433.91	0.00	0.00	-196,433.91
Net profit for the period	0.00	0.00	0.00	25,146,842.94	0.00	25,146,842.94
Total net profit for the period	0.00	0.00	-196,433.91	25,146,842.94	0.00	24,950,409.03
<b>As at 30 Sep. 2009</b>	<b>7,985,088.00</b>	<b>39,874,722.35</b>	<b>-86,586.04</b>	<b>28,236,243.50</b>	<b>-3,999,979.44</b>	<b>72,009,488.37</b>

## Q.I-III 2009

## SEGMENT REPORTING

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

Tipp24 distinguishes between the two geographical segments »Germany« and »Abroad«. The »Abroad« segment comprises the Group's activities in Spain, Italy and the UK.

In the context of segment reporting for the geographical segments, segment revenue relates to the geographical location of the operating units which generate that revenue. This more or less equates to the geographical location of the respective customers at the time of submission.

The reorganization of the Tipp24 Group at the beginning of the year, caused by the GlüStV, also resulted in the separation of the former group-wide financial management system (including financial expenses and income) and income taxes into the geographical segments »Germany« and »Abroad«. The prior-year figures were adjusted accordingly.

Q.III in EUR thousand	Germany		Abroad		Consolidation		Consolidated	
	1 Jul.-30 Sep.		1 Jul.-30 Sep.		1 Jul.-30 Sep.		1 Jul.-30 Sep.	
	2009	2008	2009	2008	2009	2008	2009	2008
<b>Revenue</b>	<b>900</b>	<b>10,108</b>	<b>6,913</b>	<b>1,314</b>	<b>-665</b>	<b>0</b>	<b>7,148</b>	<b>11,422</b>
Depreciation	244	231	395	65	0	0	639	296
<b>EBIT</b>	<b>-2,556</b>	<b>2,540</b>	<b>12,916</b>	<b>-639</b>	<b>15</b>	<b>0</b>	<b>10,375</b>	<b>1,901</b>
Financial result	150	513	58	-44	0	8	208	476
Income taxes	548	-1,093	-3,299	-21	0	-2	-2,751	-1,116
<b>Consolidated net profit</b>	<b>-1,857</b>	<b>1,960</b>	<b>9,675</b>	<b>-705</b>	<b>15</b>	<b>6</b>	<b>7,832</b>	<b>1,261</b>
<b>Assets</b>	<b>43,972</b>	<b>26,896</b>	<b>115,784</b>	<b>6,081</b>	<b>-32,775</b>	<b>-7,531</b>	<b>126,981</b>	<b>25,445</b>
<b>Balance sheet reconciliation</b>								
Deferred tax assets							349	105
Tax refund claims							17	5
Short-term financial assets							20,946	52,346
<b>Total assets</b>							<b>148,293</b>	<b>77,901</b>
<b>Debts</b>	<b>3,352</b>	<b>18,343</b>	<b>66,151</b>	<b>5,684</b>	<b>-771</b>	<b>-1,435</b>	<b>68,733</b>	<b>22,592</b>
<b>Balance sheet reconciliation</b>								
Deferred tax liabilities							73	1,689
Tax liabilities							7,478	649
<b>Total debts</b>							<b>76,284</b>	<b>24,929</b>
<b>Investments</b>	<b>190</b>	<b>2,213</b>	<b>1,598</b>	<b>157</b>	<b>0</b>	<b>0</b>	<b>1,788</b>	<b>2,370</b>

(Rounding differences due to presentation in EUR thousand)

**Q.I-III 2009**

Q.I-III in EUR thousand	Germany		Abroad		Consolidation		Consolidated	
	1 Jan.-30 Sep.		1 Jan.-30 Sep.		1 Jan.-30 Sep.		1 Jan.-30 Sep.	
	2009	2008	2009	2008	2009	2008	2009	2008
<b>Revenue</b>	<b>2,340</b>	<b>28,794</b>	<b>52,873</b>	<b>4,193</b>	<b>-1,509</b>	<b>-687</b>	<b>53,704</b>	<b>32,986</b>
Depreciation	920	708	1,342	195	-232	0	2,029	903
<b>EBIT</b>	<b>-9,309</b>	<b>7,890</b>	<b>42,670</b>	<b>-1,591</b>	<b>-237</b>	<b>909</b>	<b>33,123</b>	<b>6,299</b>
Financial result	1,731	1,230	270	-77	0	-1	2,001	1,152
Income taxes	1,771	-2,500	-11,748	-208	0	0	-9,977	-2,708
<b>Consolidated net profit</b>	<b>-5,808</b>	<b>6,620</b>	<b>31,192</b>	<b>-1,877</b>	<b>-237</b>	<b>0</b>	<b>25,147</b>	<b>4,743</b>
<b>Assets</b>	<b>43,972</b>	<b>26,896</b>	<b>115,784</b>	<b>6,081</b>	<b>-32,775</b>	<b>-7,531</b>	<b>126,981</b>	<b>25,445</b>
<b>Balance sheet reconciliation</b>								
Deferred tax assets							349	105
Tax refund claims							17	5
Short-term financial assets							20,946	52,346
<b>Total assets</b>							<b>148,293</b>	<b>77,901</b>
<b>Debts</b>	<b>3,352</b>	<b>18,343</b>	<b>66,151</b>	<b>5,684</b>	<b>-771</b>	<b>-1,435</b>	<b>68,733</b>	<b>22,592</b>
<b>Balance sheet reconciliation</b>								
Deferred tax liabilities							73	1,689
Tax liabilities							7,478	649
<b>Total debts</b>							<b>76,284</b>	<b>24,929</b>
<b>Investments</b>	<b>2,931</b>	<b>6,398</b>	<b>12,648</b>	<b>405</b>	<b>-10,635</b>	<b>0</b>	<b>4,943</b>	<b>6,803</b>

(Rounding differences due to presentation in EUR thousand)

## SELECTED EXPLANATORY NOTES

### GENERAL

The condensed consolidated interim report as of 30 September 2009 was approved for publication by a resolution of the Executive Board on 30 October 2009.

The condensed consolidated interim report for the first nine months of 2009 was prepared in accordance with IAS 34 (Interim Financial Reporting).

The condensed consolidated interim report does not include all information and disclosures required by the consolidated annual financial statements and is therefore to be read in conjunction with the consolidated annual financial statements as of 31 December 2008.

The reporting period is from 1 January to 30 September 2009.

The same accounting policies and calculation methods were used for this quarterly report as for the consolidated financial statements as at 31 December 2008. Since the beginning of January 2009, MyLotto24 Ltd. has contributed a significant proportion of consolidated earnings from its activities as an organizer of English secondary lotteries based on European lotteries. As a consequence, the following additional significant accounting and valuation methods of this business are presented below:

- Revenues are realized at the moment the draw results of the respective lotteries are announced. Stakes received as of the balance sheet date, but which are intended for games whose draw results are not available until after the balance sheet date, are accrued.
- Revenues result from the stakes received less vouchers granted, winnings to be distributed and fees incurred for the concession and game organisation. The relevant IFRS regulations are not fully clear on the presentation of revenues from the organization of secondary lotteries, as this is the first case of its kind. We have thus commissioned experts to make a detailed examination of the factual situation. In particular, it is currently being examined whether the licence and operator fees – comparable to a sales tax – should be deducted from revenues, as previously disclosed, or whether they should be carried as costs under »other operating expenses«. Against this backdrop, it is possible that a future disclosure may differ from the above description.

The basis of consolidation consists of the companies listed below, in which the company holds/held the following voting rights:

in %	30 Sep. 2009	31 Dec. 2008	Initial consolidation
Tipp24 Entertainment GmbH, Hamburg	100	100	2008
Egela Beteiligungsverwaltungs AG, Vienna, Austria	100	-	2009
MyLotto24 Ltd., London, Great Britain	40	100	2007
Tipp24 Operating Services Ltd., London, Great Britain	40	100	2007
Ventura24 S.L., Madrid, Spain	40	100	2001
Puntogioco24 S.r.l., Monza, Italy	40	100	2004
Giochi24 S.r.l., Monza, Italy	40	100	2008
GSG Lottery Systems GmbH, Hamburg	40	100	2001
Tipp24 Services Ltd., London, Great Britain	16	100	2007

On 30 April 2009, Tipp24 AG transferred control over its UK subsidiaries in accordance with company law. The move reflects the operating independence of these companies in their respective business fields. Specifically, 60% of the voting shares in both MyLotto24 Ltd. and Tipp24 Services Ltd. were sold to a Swiss foundation set up by Tipp24 AG in the form of preference shares stripped of their main economic rights.

As a consequence, Tipp24 AG owns no more than half the voting rights in MyLotto24 Ltd., while MyLotto24 Ltd. owns no more than half the voting rights in Tipp24 Services Ltd.. The inclusion of these affiliated companies and their respective subsidiaries in the consolidated financial statements is based on an economic view of their situation:

**Q.I-III 2009**

- The owner of the majority of voting rights receives a preliminary annual dividend of up to GBP 15,000 for each company. In the case of liquidation, the owner of the majority of voting rights is entitled to receive previously agreed liquidation proceeds of GBP 30,000 for each company. Tipp24 AG alone is entitled to the entire remaining profits and any remaining liquidation proceeds.
- Should certain conditions be met, Tipp24 AG has the right to repurchase the majority of voting rights for an amount of GBP 30,000 for each company after 30 September 2010.
- Tipp24 AG can sell its shares in MyLotto24 Ltd. as well as its right to repurchase the majority of voting rights in MyLotto24 Ltd. and Tipp24 Services Ltd..
- Tipp24 AG has the right to block changes in the articles of MyLotto24 Ltd. and Tipp24 Services Ltd..

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

In the first half of 2009, Egela Beteiligungsverwaltungs GmbH was acquired by Tipp24 AG and added to the consolidated group. Tipp24 AG owns 100% of shares in this company. Egela GmbH is an Austrian shelf company without operating activities which was acquired for the purpose of a transnational merger with Tipp24 AG and subsequent conversion of Tipp24 AG into a Societa Europeae (SE). In the first half of 2009 its legal status was changed to that of a public limited company («Aktiengesellschaft») with the company name Egela Beteiligungsverwaltungs AG.

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

**EQUITY**

In the period under review, the Executive Board made use of its authorization to buy back Company shares. A total of 365,180 shares or 4.57% of capital stock was bought back during the period under review. The number of shares outstanding fell from

7,985,088 to 7,619,908 during the period under review. The share buyback programme was thus completed. Dividends totalling EUR 3,837 thousand were also distributed.

**SHARE-BASED REMUNERATION**

The stock option plan of Tipp24 AG is a share-based remuneration system with compensation via equity instruments, so that the fair value is calculated at the time of granting. As of fiscal year 2007,

the Company values the stock option plan 2005 of Tipp24 AG using financial valuation methods according to the Black-Scholes-Merton formula.

**OBJECTIVES AND METHODS OF FINANCIAL MANAGEMENT**

As of 2009, 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 AG. MyLotto24 Ltd. is responsible for capital management of the Abroad segment, with the exception of Tipp24 Services Ltd. which undertakes its own capital management. The principles and objectives of financial management, as well as the risks which Tipp24 is exposed to, are presented in our current risk report.

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

**Interest rate risk**

Financial assets currently held bear no currency risk. Due to the high proportion of liquid funds (EUR 79 million), however, there is a significant interest rate risk. If short-term interest rates change by 50 base points, this would result in a change in interest income of EUR 395 thousand p.a.. Irrespective of this fact, the current financial crisis has led to an increased default risk with respect to both interest agreed for financial assets as well as the invested sums themselves and bank deposits.



## RELATED PARTIES

The members of Tipp24 AG's Executive Board and Supervisory Board, as well as their immediate relatives, are regarded as related parties in accordance with IAS 24. The transactions and legal relationships with Schumann e. K. are described in detail in our Annual

Report 2008 and also continued in the period under review. There were no other significant transactions with related parties during the period under review.

## OTHER DISCLOSURES

In the period under review, the Executive Board consisted of Jens Schumann (Chairman) until 30 September 2009, Dr. Hans Cornehl (Deputy Chairman) and, until 31 March 2009, Petra von Strombeck and Marcus Geiss. In coordination with the Supervisory Board and Executive Board and on amicable terms, the joint founder and Chairman of the Executive Board of Tipp24 AG, Jens Schumann, will retire from the Company's Executive Board as of 30 September 2009 after over 10 years of service. He will continue to assist the company in an advisory capacity. As of the beginning of the fourth quarter, the current Deputy Chairman, Dr. Hans Cornehl, will be the sole member of the Executive Board of Tipp24 AG until further notice.

As a consequence of the restructuring of business fields and the resulting drastic reduction in the operations of Tipp24 AG, Petra von Strombeck and Marcus Geiss already retired from the Executive Board as of 31 March 2009. Mr Geiss continues to serve as General Manager of our affiliated companies in Italy.

The members of the Supervisory Board were Klaus F. Jaenecke (Chairman), Oliver Jaster (Deputy Chairman) and Hendrik Pressmar.

The members of the Executive Board and Supervisory Board acquired and sold shares in Tipp24 AG during the first nine months of 2009 (Directors' Dealings) and held the following amounts of shares in Tipp24 AG (Directors' Holdings) as of 30 September 2009:

### Directors' Dealings & Holdings

Shares	31 Dec. 2008	Change	30 Sep. 2009
<b>Executive Board</b>			
Dr. Hans Cornehl	135,389	-40,000	95,389
Jens Schumann	908,171	0	908,171
<b>Natural person in close relationship to executive board</b>			
Dr. Stephanie Cornehl	53,576	-20,000	33,576

Hamburg, 30 October 2009

The Executive Board

**Dr. Hans Cornehl**

*FINANCIAL CALENDAR 2009*

9 November 2009

Eigenkapitalforum Frankfurt

**EDITOR**

Tipp24 AG

Falkenried-Piazza  
Strassenbahnring 13  
20251 Hamburg, Germany

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

[www.tipp24-ag.de](http://www.tipp24-ag.de)

Concept, Text & Design  
Impacct GmbH

[www.impactt.de](http://www.impactt.de)