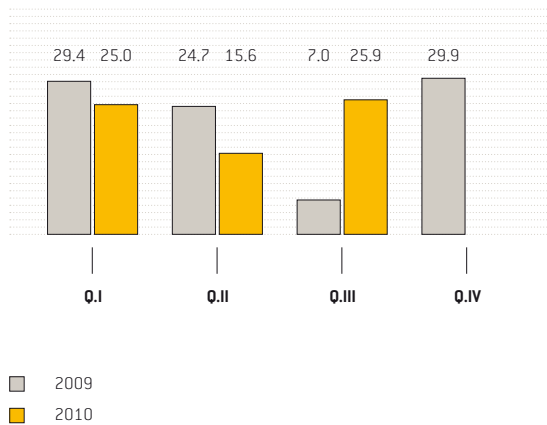

ECJ OVERTURNS GERMAN GAMING LAW

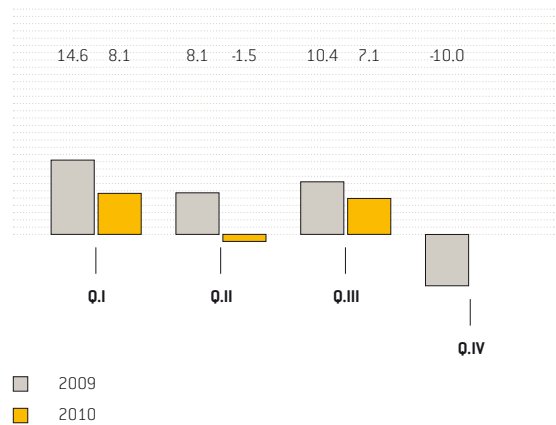
NINE-MONTHS REPORT

1 JAN. – 30 SEP. 2010

REVENUE ¹⁾ in EUR million



EBIT in EUR million



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¹⁾ The prior-year figures have been adjusted for the changed disclosure in licence and operator fees.
 (Rounding differences in the Management Report due to presentation in EUR thousand)

LADIES AND GENTLEMEN,

Against the backdrop of the current legal and actual implementation of the gambling monopolies in Germany, including the lottery monopoly, the European Court of Justice (ECJ) declared on 8 September 2010 that **key regulations of the German State Treaty on Games of Chance (GlüStV) were not applicable** as they represented an unjustifiable restriction of basic European freedoms. This represents a clear confirmation of our fundamental legal opinion with regard to the GlüStV.

The regulations for existing gambling monopolies in Germany are thus not applicable as a whole at present. We believe that this affects – also in the field of lotteries – the obligation of brokers to seek permission from the federal states, the prohibition of online gaming and the restriction and prohibition of advertising. In view of this – long overdue – development, we plan to resume our former brokerage of state-run lotteries in Germany as soon as possible. On 28 September 2010, we sold our entire stock of treasury shares to a number of reputable, long-term investors at a price of EUR 25 per share. Following the ECJ rulings, this set a clear sign for our domestic business, as we plan to use the proceeds to reestablish our online brokerage of state-run lotteries in Germany.

The ECJ verdict was also well received by the capital market, which clearly views it as a positive signal for the future success of our business model in Germany. From the announcement on 8 September to the end of the quarter, the Tipp24 share price grew by a further 14%.

The business development of Tipp24 SE was marked by an exceptional special item in the first nine months of the current year: total winnings paid out for secondary lotteries organized by MyLotto24 Limited (a fully consolidated minority shareholding of Tipp24 SE) exceeded the statistical average by EUR 18.9 million. Although this had a negative impact on revenue of the same amount and burdened EBIT by EUR 18.3 million, consolidated EBIT still reached EUR 13.6 million for the period ending 30 September, while the Group's EBIT margin amounted to 20.5% (-33.7 %-points).

Consolidated revenues of EUR 66.5 million (+8.9%) were once again dominated by the Abroad segment, with a contribution of EUR 2.3 million from the Germany segment.

In view of the ECJ rulings, we now aim to resume our business activities in Germany – brokering state-run lotteries – as swiftly as possible while at the same time expanding our activities in the field of skill-based games. Against the backdrop of the aforementioned winnings payments – well above the statistical average – of our fully consolidated minority shareholding MyLotto24 Limited, we can confirm our forecast for fiscal year 2010 as a whole, which we already adjusted in the half-yearly report. For the current fiscal year, we continue to expect an EBIT result of at least EUR 20 million and revenues of at least EUR 90 million.



Dr. Hans Cornehl
Executive Board

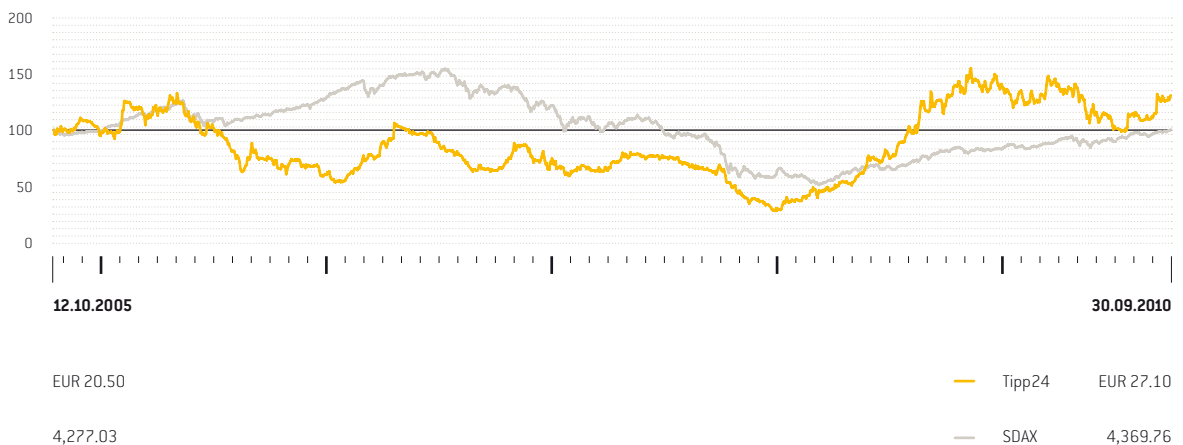
KEY CONSOLIDATED FIGURES OF TIPP24 ACC. TO IFRS

		Q.I–III 2010	Q.I–III 2009	Change
Revenue ¹⁾	EUR thousand	66,526	61,070	+8.9%
EBIT	EUR thousand	13,620	33,123	-58.9%
EBIT margin ¹⁾	%	20.5	54.2	-33.7 %-points
Net profit	EUR thousand	8,382	25,147	-66.7%
Net profit margin ¹⁾	%	12.6	41.2	-28.6 %-points
Cashflow from operating activities	EUR thousand	8,548	45,919	-81.4%
Equity	EUR thousand	81,738	72,009	+13.5%
Employees (30.09.)	Headcounts	122	113	+8.0%

¹⁾ The prior-year figures have been adjusted for the changed disclosure in licence and operator fees.
(Rounding differences due to presentation in EUR thousand)

INVESTOR RELATIONS

PERFORMANCE OF THE TIPP24 SHARE SINCE IPO (Index 12.10.2005=100)



SHARE

The capital markets ended the consolidation phase of the second quarter and scaled new heights in the third quarter to reach a 2-year-high. The SDAX index recorded growth of 11.9% in the third quarter to close at 4,369.76 points. Following a weak second quarter, the Tipp24 share put in a strong performance in the third with growth of 28.3% to EUR 27.10.

On 28 September 2010, Tipp24 SE sold all of its 361,180 treasury shares, representing around 4.5% of capital stock, at a price of EUR 25 per share by means of a bookbuilding procedure and on the basis of an Annual General Meeting resolution of 16 June 2009.

We continued our intensive investor relations activities in the third quarter of 2010 and presented Tipp24 and its business prospects to interested investors at domestic and international roadshows.

KEY SHARE FIGURES

Day of initial listing		12.10.2005
Year-opening price	01.01.2010	EUR 28.28
Market capitalization	01.01.2010	EUR 226 million
Closing price at the end of the period	30.09.2010	EUR 27.10
Market capitalization	30.09.2010	EUR 216 million
Highest price	17.03.2010	EUR 30.55
Lowest price	12.07.2010	EUR 20.00
Number of shares	30.09.2010	7,985 thousand
Number of own shares	30.09.2010	0
Average daily trading	01.01.–30.09.2010	30,254
Earnings per share	01.01.–30.09.2010	EUR 1.10

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, Cheuvreux
Reuters	TIMGn.DE
Bloomberg	TIM GR

INTERIM GROUP MANAGEMENT REPORT

BUSINESS & ECONOMIC CONDITIONS

In a number of preliminary ruling proceedings brought by German courts in connection with sports gambling cases (e.g. Carmen Media litigation), the European Court of Justice (ECJ) had examined aspects of regulations introduced by the German State Treaty on Games of Chance (GlüStV) with regard to their compliance with European law. Against the backdrop of the current legal and actual implementation of the gaming monopolies, including the lottery monopoly in Germany, the ECJ declared on 8 September 2010 that key regulations of the GlüStV were not applicable as they represented an unjustifiable restriction of basic European freedoms. The regulations for existing gambling monopolies in Germany are thus not applicable as a whole at present. We believe that this affects – also in the field of lotteries – the obligation of brokers to seek permission from the federal states, the prohibition of online gaming and the restriction and prohibition of advertising. Against this backdrop, Tipp24 SE plans to resume its former brokerage of state-run lotteries in Germany as soon as possible.

Following the implementation of the second stage of the GlüStV, which completely prohibited the brokering of state-run lotteries via the Internet as of 1 January 2009, Tipp24 SE discontinued its lottery brokerage activities in Germany. It therefore complies with the current regulatory environment, although it continues to fight in the courts for the resumption of its business in Germany.

As a consequence, Tipp24 SE transferred assets it no longer required to MyLotto24 Limited 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 the subsidiaries Ventura24 S.L. in Spain and Giochi24 S.r.l. in Italy. Moreover, Tipp24 SE transferred control over its UK subsidiaries in accordance with company law in the second quarter of 2009. The move reflects the operating independence of these companies in their respective business fields. Specifically, 60% of the voting

shares in both MyLotto24 Limited and Tipp24Services Limited were sold to a Swiss foundation set up by Tipp24 SE in the form of preference shares stripped of their main economic rights. These shares have a guaranteed limited right to dividends of up to a total of GBP 30 thousand p.a.. The inclusion of this affiliated company and its respective subsidiaries in the consolidated financial statements is based on an economic view of its situation, whereby Tipp24 SE bears the significant risks and opportunities.

The fundamental legal opinion of Tipp24 SE with regard to the GlüStV has now been clearly confirmed by the ECJ. Tipp24 SE therefore expects that the German legislation which forbids its German 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 Limited. When certain conditions are met (e.g. a settlement of the legal situation in its favour), Tipp24 SE has the right to repurchase the sold shares from the foundation.

Business abroad includes the brokerage of state-run lottery products in Spain and Italy. In the UK, MyLotto24 Limited organises English secondary lotteries based on various European lotteries and thus bears the bookmaking risk. Tipp24 Services Limited brokers tickets to MyLotto24 Limited.

In the German part of the Group, Schumann e. K. continues to market the German class lotteries NKL and SKL in cooperation with Tipp24 SE, and skill-based games are still being developed by Tipp24 Entertainment GmbH. There is also a focus on identifying and acquiring new business models in Germany and Europe.

In the following, Tipp24 SE and its consolidated group will be referred to simply as »Tipp24«.

LEGAL MARKET SITUATION IN GERMANY

In application of the GlüStV, which contravenes EU law, various decrees and verdicts have been passed in summary and principal proceedings affecting both Tipp24 itself and various other market participants and resulting in a very varied picture. Numerous court proceedings have been suspended until a settlement has been reached at a European level.

The ECJ rulings of 8 September 2010 have cast a new light on the ongoing political and legal discussion of Germany's gaming market and its respective legal framework. In litigation concerning Carmen Media and others brought by German administrative courts with regard to the compliance of German gaming legislation with EU law, the ECJ decided that court rulings on gaming legislation constituted an infringement of valid EU law as they represented an unjustifiable restriction of basic European freedoms. Moreover, the ECJ ruled that an infringement of EU law in the field of gaming also meant that regulations contravening EU law were immediately inapplicable – without any transition period. It cited significant incoherencies in German gaming legislation as a whole – including federal law on automated games, horse racing bets and lottery practices. As a result, doubts have grown about the legality and effectiveness of current legislation and even spread to those courts and authorities which previously assumed its validity. The ECJ's instructions regarding interpretation are binding – beyond the proceedings themselves. The political and legal implementation of the ECJ's ruling will probably take several months.

As a result of the restrictions imposed by the GlüStV, the German lottery market had suffered significant losses. We estimate that a cumulative volume of approximately EUR 11 billion will be lost in the period up to the end of 2011 as a direct consequence of the – in our view illegal – regulations introduced by the GlüStV. This corresponds to tax and duty revenue of around EUR 5 billion which is no longer available to support important social projects, sport and culture. As far as we can determine, however, the lottery market does not appear to depend on macroeconomic developments.

LEGAL MARKET SITUATION ABROAD

The market of our Abroad segment offer stable legal environments in line with market requirements. The exception here is our legal dispute with Italy's anti-trust authorities. The question to be settled is whether the current obligation for all market participants to run online brokerage of the state-licensed lottery Super-Enalotto via the applet of organiser Sisal (which has hitherto also proven to be unsuitable for the market) represents a contravention of anti-trust law. The matter is expected to be settled in the course of the current fiscal year.

RESEARCH & DEVELOPMENT

In the period under review, our domestic R&D activities continued to focus on expanding the product range of our Skill-Based Games division. In the Abroad segment, the updating, internationalising and standardising of gaming software used in our various national markets was continued. This project is managed directly abroad in cooperation with external service companies and is expected to be completed in the current fiscal year. In addition, some of our subsidiaries made various improvements to products, capacities and security systems, with the aid of external R&D know-how for certain projects. In the first nine months of the current fiscal year, an average of 4 employees were involved with R&D activities on a full-time or part-time basis in Germany, and 22 in the Abroad segment. R&D expenses amounted to around EUR 95 thousand (prior year: EUR 742 thousand) in the Germany segment and EUR 649 thousand (prior year: EUR 592 thousand) in the Abroad segment.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

EARNINGS, FINANCIAL POSITION AND NET ASSETS

Earnings

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

- In January 2009, there was the **second largest jackpot** in the history of German Lotto (EUR 35 million).
 - In the first quarter of 2009, some tickets – especially those in connection with standing orders – could still be brokered to state-run lottery companies.
 - **Non-recurring costs** in connection with the restructuring of business were incurred in the first half of 2009.
 - On 23 September 2009, MyLotto24 Limited, a fully consolidated minority holding of Tipp24 SE, recorded a **jackpot win** of EUR 31.7 million for one of its players in a secondary lottery it had organized. Revenue was reduced by the same amount. The jackpot payout was insured for an amount of EUR 21.7 million. At the time of publication of its report on the third quarter of 2009, MyLotto24 Limited had no doubts as to the payment of this amount by the insurer. Consequently, the amount was carried in the nine-month results of 2009 as other operating income. After the insurance case developed into litigation in early 2010, the entire amount of the receivable due from the insurance company totalling EUR 21.7 million was classified in the annual financial statements 2009 as a contingent receivable and is thus no longer carried in the balance sheet.
- A comparatively high financial result was posted in the first quarter of 2009 due to exceptionally successful financial investments.
 - A positive tax effect resulted from the offsetting of tax loss carryforwards, for which no deferred tax assets were formed, with profits of the Abroad segment in the first quarter of 2009.
 - MyLotto24 Limited, a fully consolidated minority shareholding of Tipp24 SE, recorded **jackpot winnings** for its players of EUR 11.7 million on 15 May 2010 and EUR 3.5 million on 3 July 2010 from secondary lotteries which it held. Including these jackpots, the amount paid out for secondary lottery winnings was EUR 18.9 million above the statistical average in the first nine months of 2010. This had a negative impact on revenue of the same amount and an EBIT effect of EUR -18.3 million.

Nine-month comparison Q.I–III	Q.I–III 2010		Q.I–III 2009		Change
	EUR thousand	%	EUR thousand	%	
Revenues ¹⁾	66,526	100.0%	61,070	100.0%	8.9%
Personnel expenses	-8,123	-12.2%	-10,053	-16.5%	-19.2%
Other operating expenses ¹⁾	-45,517	-68.4%	-38,022	-62.3%	19.7%
Other operating income	2,995	4.5%	22,158	36.3%	-86.5%
Operating expenses	-50,645	-76.1%	-25,917	-42.4%	95.4%
EBITDA	15,881	23.9%	35,153	57.6%	-54.8%
Depreciation/amortization	-2,261	-3.4%	-2,029	-3.3%	11.4%
EBIT	13,620	20.5%	33,123	54.2%	-58.9%
Financial result	307	0.5%	2,001	3.3%	-84.7%
Net result before taxes	13,927	20.9%	35,124	57.5%	-60.3%
Income taxes	-5,545	-8.3%	-9,977	-16.3%	-44.4%
Consolidated net profit	8,382	12.6%	25,147	41.2%	-66.7%
Breakdown of other operating expenses					
Total marketing expenses	-8,594	-12.9%	-4,582	-7.5%	87.6%
Total direct costs of operations ¹⁾	-21,942	-33.0%	-20,008	-32.8%	9.7%
Total other costs of operations	-14,981	-22.5%	-13,433	-22.0%	11.5%
Other operating expenses	-45,517	-68.4%	-38,022	-62.3%	19.7%

¹⁾ The prior-year figures have been adjusted for the changed disclosure in licence and operator fees (EUR 7,366 thousand).

(Rounding differences due to presentation in EUR thousand)

In the first nine months of fiscal 2010, the **Germany segment** posted a negative EBIT of EUR 6,360 thousand (prior year: EUR -9,309 thousand). This was a result of the considerable legal restrictions imposed by the GlüStV as well as start-up losses in the Skill-Based Games division.

The **Abroad segment** achieved an EBIT result for the first nine months of 2010 of EUR 19,956 thousand (prior year: EUR 42,670 thousand). The prior-year figure benefited strongly from increased stakes due to a very large jackpot. In a second high jackpot lottery, a customer of MyLotto24 Limited won a jackpot of EUR 31.7 million. This was offset by recognition of the expected insurance payment of EUR 21.7 million and correspondingly high stakes. In 2010, MyLotto24 Limited also recorded jackpot winnings of EUR 11.7 million from a secondary lottery it held on 15 May 2010, which placed a burden on **EBIT** in the current fiscal

year. In total, consolidated EBIT amounted to EUR 13,620 thousand (prior year: EUR 33,123 thousand). The **EBIT margin** fell by 33.7 %-points from 54.2% to 20.5%.

Due to much lower interest rates in the period under review, the **financial result** fell to EUR 307 thousand (prior year: EUR 2,001 thousand). In the same period last year, the sale of exceptionally successful financial investments also led to a strong financial result.

Consolidated net profit fell to EUR 8,382 thousand (prior year: EUR 25,147 thousand) in the first nine months. Net operating margin after tax amounted to 12.6% (prior year: 41.2%). Tipp24's **tax rate** rose by 11.4 %-points to 39.8%, compared to the same period last year. Losses of companies which cannot be offset with positive results of other minority investments had a nega-

tive influence on the consolidated tax rate. In the first quarter of 2009, loss carryforwards not capitalized of the Abroad segment were also netted with profits, leading to a reduction in the tax rate for the same period last year.

Compared to the previous year, **return on equity** fell from 34.9% to 10.3% in the period under review.

Earnings per share (undiluted and diluted) fell from EUR 3.24 to EUR 1.10.

Revenues

In the **Germany segment**, revenues amounted to EUR 2,309 thousand in the first nine months (prior year: EUR 2,340 thousand), while in the **Abroad segment** revenues reached EUR 66,029 thousand (prior year: EUR 60,239 thousand). The consolidated figure for the period under review increased by 8.9% from EUR 61,070 thousand to EUR 66,526 thousand.

In contrast to the reported figures in 2009, licence and operator fees payable to the British state are now carried as costs under »Other operating expenses«. Revenues for the first three quarters of 2009 have been adapted to the new disclosure method in this report.

Development of key income statement items

Due in particular to the strong decrease in headcount in the first quarter of 2009, **personnel expenses** were below the prior-year figure of EUR 10,053 thousand and amounted to EUR 8,123 thousand. The personnel expense ratio fell by 4.3 %-points to 12.2%. As of 30 September 2010, the number of employees amounted to 122 (prior year: 113).

There was a year-on-year increase in **other operating expenses** of 19.7% to EUR 45,517 thousand (prior year: EUR 38,022 thousand) in the first nine months of 2010. The development in detail was as follows:

Marketing expenses rose by 87.6% to EUR 8,594 thousand (prior year: EUR 4,582 thousand).

Direct operating expenses increased by 9.7% to EUR 21,942 thousand (prior year: EUR 20,008 thousand). Additional to prior-year reporting, this cost item was adjusted for licence and operator fees payable to the British state. This item also includes costs of EUR 10,052 thousand (prior year: EUR 8,275 thousand) in connection with hedging transactions of MyLotto24 Limited.

Other operating expenses increased by 11.5% to EUR 14,981 thousand (prior year: EUR 13,433 thousand). This increase was largely due to costs for outsourcing necessitated by restructuring, which was only utilised from the second quarter of 2009 onwards, as well as increased consultancy fees, especially for legal advice. The prior-year period was burdened by restructuring costs.

Other operating income amounted to EUR 2,995 thousand (prior year: EUR 22,158 thousand). The prior-year figure includes income of EUR 21.7 million from hedging transactions.

Compared to the previous year, **amortization/depreciation** on intangible assets and property, plant and equipment grew by EUR 231 thousand (+11.4%) to EUR 2,261 thousand. This development is in line with the volume of investments made.

Financial position

On 28 September 2010, Tipp24 SE sold all its 361,180 **treasury shares**, representing around 4.5% of capital stock, at a price of EUR 25 per share by means of a bookbuilding procedure and on the basis of an Annual General Meeting resolution of 16 June 2009.

Compared with the balance sheet date, Tipp24's **equity capital** grew by EUR 17,339 thousand to EUR 81,738 thousand, whereby the sale of treasury shares contributed EUR 8,950 thousand. The **equity ratio** increased by 4.5 %-points to 64.1% over the same period, while the **balance sheet total** rose by 18.0% to EUR 127,595 thousand.

Short-term other liabilities owed to customers from advance payments and winnings payments not yet settled as of the balance sheet date, as well as gaming tax liabilities, rose by 3.2% to EUR 30,784 thousand (31 December 2009: EUR 29,823 thousand).

Other liabilities in EUR thousand	30 Sep. 2010	31 Dec. 2009
Liabilities for gaming operations ¹⁾	29,277	25,804
Liabilities for taxes	775	2,435
Liabilities relating to social security	112	139
Others	620	1,445
	30,784	29,823

¹⁾ Including liabilities from licence and operator fees

(Rounding differences due to presentation in EUR thousand)

Investment analysis

In the period under review, **investing activities** resulted in net cash flow of EUR -39,524 thousand (prior year: EUR 20,314 thousand). Proceeds and disbursements from **financial investments** resulted in a net cash flow of EUR -30,399 thousand (prior year: EUR +24,767 thousand). In our **operating business**, investments amounted to a total of EUR -9,124 thousand (prior year: EUR -4,452 thousand). This was invested mainly in the current project to renew gaming operation software and in the ongoing expansion and renewal of live systems. According to information provided, the operating companies aim to launch the gaming operation software in the current fiscal year. System expansion and renewal measures are necessary to meet growing capacity requirements as well as changing security standards and technological developments.

Liquidity analysis

At EUR 8,628 thousand, **cash flow from operating activities** was down on the previous year (EUR 45,919 thousand) due mainly to the decrease in consolidated net profit and the balance of changes in other assets and other liabilities.

As described above under »Investment analysis«, **cash flow from investing activities** increased by EUR 59,839 thousand to EUR -39,524 thousand, compared to last year.

Due to the above mentioned sale of treasury shares, **cash flow from financing activities** amounted to EUR 8,950 thousand (prior year: EUR -7,837 thousand).

Key cash flow positions in EUR thousand	Q.I–III 2010	Q.I–III 2009
Cash flow from operating activities	8,628	45,919
Cash flow from investing activities ¹⁾	-39,524	20,315
<i>thereof financial investments</i>	-30,399	24,767
<i>thereof operative investments</i>	-9,124	-4,452
Cash flow from financing activities	8,950	-7,837
= Net inflow/outflow from/of funds	-21,946	58,397
Cash and cash equivalents and securities at the beginning of the period	69,111	20,711
+/- Change of cash from exchange rate differences	-	44
+/- Change in pledged cash	-1,016	299
= Cash, cash equivalents and securities at the end of the period	46,148	79,452

¹⁾ Income/expenses from financial assets with a cash effect are considered directly in cash flow from investing activities. The prior-year disclosure has been adjusted accordingly (EUR 241 thousand).
 (Rounding differences due to presentation in EUR thousand)

Asset situation

The assets of Tipp24 mainly comprise current assets amounting to EUR 100,945 thousand (31 December 2009: EUR 89,827 thousand). These mostly consist of cash and cash equivalents (EUR 46,148 thousand), short-term financial assets (EUR 42,208 thousand) and other assets and prepaid expenses (EUR 10,532 thousand). Moreover, Tipp24 has intangible

assets (mainly software) amounting to EUR 21,453 thousand, financial assets of EUR 1,650 thousand, property, plant and equipment (mainly hardware and office equipment) amounting to EUR 1,581 thousand and discloses deferred tax assets of EUR 1,966 thousand.

Other assets in EUR	30 Sep. 2010	31 Dec. 2009
Receivables from gaming operations	6,153	3,580
Prepaid expenses	1,769	1,406
Receivables from tax authorities	622	529
Others	1,989	1,971
	10,532	7,486

(Rounding differences due to presentation in EUR thousand)

MANAGEMENT'S ASSESSMENT OF THE ECONOMIC POSITION

As a result of the GlüStV, which has now been fully implemented in Germany, Tipp24's former business model of brokering state-run lotteries in Germany is completely prohibited and had to be discontinued at the beginning of 2009. At the same time, business activities in the Abroad segment have made such strong progress that they more than compensate for the losses in the Germany segment. Against this backdrop, **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 what we regard as the obvious 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. Its contravention of EU law was recently also confirmed by the ECJ.

The Executive Board sees the opportunity for sustained encouraging growth in the medium term. In Germany, as well as in Spain, Italy and the UK, the online lottery market is still underdeveloped in comparison with other sectors – there is therefore a strong probability of 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 provides considerable scope to grasp future growth opportunities – for example by means of acquisitions. Apart from the extremely low return on financial assets at present, the global financial crisis has so far had no significant negative impact on Tipp24.

SUBSEQUENT EVENTS

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

RISK REPORT

SIGNIFICANT RISKS

In our annual report 2009, 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 conditions 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. In spite of the ECJ ruling of 8 September 2010 confirming our assessment of the situation, there is still a risk that this restrictive legal framework may be upheld 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.

The national courts can therefore come to the conclusion that the German monopoly regulations are incoherent and thus disproportional. A coherent implementation of legislation intended to prevent gambling addiction would not ignore what the ECJ believes 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 current advertising methods of state-run lotteries are not conducive to preventing gambling addiction. Such incoherencies justified the decision that the European freedom of private persons to provide services was restricted in a disproportional manner. The ECJ further clarified that standards which infringe EU law even temporarily could not be tolerated and were inapplicable. The application of these instructions regarding interpretation, however, is initially the duty of the national authorities and courts in Germany. In the medium term, it remains to be seen to what extent enforceable prohibition orders can now be suspended or repealed by the courts and authorities on the basis of the European instructions. The courts must also observe the interpretation of the ECJ which is binding in respect of decisions for the authorities and courts.

In the medium term, Tipp24 is still restricted in its direct access to the huge market potential of Germany, which it was able to exploit in the past. Since the end of 2008, various authorities have forbidden Tipp24 SE from brokering domestic and foreign games to customers in Germany. For the time being, these prohibition orders are still enforceable – even after the ECJ ruling. Tipp24 SE observes these regulations, whereby it should be noted that Tipp24 SE has never brokered foreign games. At the same time, some authorities also tried to force Tipp24 SE by means of injunctions to abandon the business model of the UK companies. These official orders are immediately enforceable and failure to meet them would result in coercive payments. However, as Tipp24 SE is not authorized to give directions to the UK companies (also before the sale of majority voting rights to the Swiss foundation) and no further details were provided as to how Tipp24 SE should achieve this with regard to the UK companies and their activities, we regard these requests as legally indeterminate and impossible to meet. This applies all the more since control has been transferred.

We therefore challenged these orders in court. In two cases of a prohibition order and a coercive payment from January 2009, we failed to achieve a court suspension. In a further case, the authority itself lifted a prohibition order and two coercive payments following a notice from the administrative court and recognition of their illegality. In this case, no decision can be taken until principal proceedings have been completed. As the UK companies manage their business independently and Tipp24 SE cannot control them, we do not expect any further coercive payments. In contrast to this, in summary proceedings of the administrative Court of Hesse in June 2010, it was assumed that Tipp24 SE controlled the offerings of the UK companies despite the legal transfer of control. With reference to these proceedings, the district government of Düsseldorf imposed a fine of EUR 100,000 in July 2010 based on the offerings of the UK companies and threatened further coercive payments. Due to Tipp24 SE's inability to control these companies, we regard this fine as a clear violation of valid law and shall challenge it in court. Tipp24 SE appealed to the administrative Court of Düsseldorf, which has since pronounced that the enforcement of such coercive payments must be temporarily suspended until a decision is taken in the summary proceedings. Against this backdrop, it cannot be excluded that certain authorities will impose further coercive payments and regulatory fines which will 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. 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. 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.

Finally, Germany's supervisory authorities also regard skill-based games as illicit gaming or for not permissible via the Internet and have announced a ban. In their capacity as market participants, certain state lottery companies are striving to forbid skill-based games by attempting to legally enforce an alleged contravention of German gaming law. We believe that the games offered on the website operated by Tipp24 Entertainment GmbH (www.tipp24games.de) are all knowledge-based or skill-based games which do not require permission. It cannot be ruled out, however, that we will fail to assert this claim in German courts.

As of 31 March 2010 the game »Hush Hasis Mau Mau« was removed from the website following an official order and as a precautionary measure taken until the matter has been settled in court. The »mau mau« card game was regarded by a regulatory authority as a game of chance and thus forbidden. Should further games be removed from the website in future for similar considerations, without the ability to create a replacement of equal value, this would represent a significant restriction for the business of Tipp24 Entertainment GmbH, which would lead to a reduction in the value of the intangible assets disclosed in the balance sheet of Tipp24.

Business risks

Bookmaking risk of MyLotto24 Limited

MyLotto24 Limited bears the bookmaking risks for secondary lotteries based on various European lotteries. 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, 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 – and thus have a 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.

Risks from the assertion of claims from hedging transactions

MyLotto24 Limited has partially limited its bookmaking risk by conducting hedging transactions. The major winnings of EUR 31.7 million which MyLotto24 Limited experienced in September 2009 were also insured in the amount of EUR 21.7 million by such hedging transactions. The insurer has since completely rejected the claims from these transactions, so that MyLotto24 Limited must now enforce them in court. It cannot be fully excluded that the relevant courts 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 the partial or whole cancellation of the contingent receivable stated in the Notes to the annual report 2009. As this contingent receivable is not carried in the balance sheet, there would be no resulting effect on the earnings, financial position and net assets of MyLotto24 Limited and thus none on Tipp24 through the consolidation process.

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. The UK companies are exposed to a currency risk regarding the British Pound. 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 in the execution of large development projects

The operating companies in the Abroad segment of Tipp24 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 capitalized development costs, which in turn would have a significant adverse effect on the earnings, financial position and net assets of Tipp24.

Risks from payment transactions

National or international payment transaction restrictions may be introduced in connection with the further regulation of gaming markets. Moreover, the number of available payment service providers for the gaming market is restricted. As a consequence, there is a risk that such providers may leave this market segment and no suitable replacement may be available for Tipp24, even at a higher cost. Whereas cost increases for payment transactions would have a negative effect on the profitability of individual or even all Tipp24 companies, payment transaction restrictions or a lack of available payment service providers might have a significant adverse effect on the business activities of Tipp24.

Risks from financial investments

Tipp24 has cash and cash equivalents in Germany and abroad totalling EUR 46,148 thousand held in accounts with various major European banks. There is no evidence of any significant default risk. 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. Short-term financial assets of EUR 42,208 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 further reduction in interest rates may mean that no income can be generated from cash deposits and financial assets.

Risks from economic development

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

FORECAST REPORT

ALIGNMENT OF TIPP24

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. We aim to resume our business activities in Germany – brokering state-run lotteries – as swiftly as possible. 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

MyLotto24 Limited, a fully consolidated minority shareholding of Tipp24 SE, recorded jackpot winnings of EUR 11.7 million from a secondary lottery which it held on 15 May 2010.

Including this jackpot, the amount paid out for secondary lottery winnings was EUR 18.9 million above the statistical average as of 30 September 2010. This led to a negative revenue effect of the same amount and a negative EBIT effect of EUR 18.3 million.

Should business progress as normal in the remaining months of fiscal year 2010 – i.e. no very large jackpots and winnings payments around the statistical average – Tipp24 SE can confirm its forecast of 5 August 2010:

Consolidated EBIT is expected to reach at least EUR 20 million and revenue at least EUR 90 million in the current fiscal year 2010.

SIGNIFICANT 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. The ECJ ruling of 8 September 2010 and various verdicts of Germany's anti-trust authorities, as well as subsequent court instances for EU anti-trust legislation and various temporary verdicts at German administrative and civil courts – including 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 SE to resume operations on the German market, enable further internationalisation, thus significantly increasing access to our product portfolio, and allow Tipp24 to enter new markets with its existing products.

CONSOLIDATED INCOME STATEMENT FROM 1 JANUARY TO 30 SEPTEMBER ACC. TO IFRS

	Q.III 2010	Q.III 2009	Q.I–III 2010	Q.I–III 2009
in EUR				
Revenue ¹⁾	25,889,826.24	7,048,513.67	66,526,142.76	61,069,739.39
Other operating income	643,292.27	21,732,022.28	2,995,239.69	22,157,502.69
Total operating performance	26,533,118.51	28,780,535.95	69,521,382.45	83,227,242.08
Operating expenses				
Personnel expenses	-3,010,626.80	-2,602,495.02	-8,123,371.98	-10,052,658.44
Amortization/depreciation on intangible assets and property, plant and equipment	-784,600.50	-638,729.92	-2,260,744.46	-2,029,290.09
Other operating expenses ¹⁾	-15,657,621.63	-15,163,813.06	-45,516,917.04	-38,022,060.52
Total of marketing expenses	-3,337,090.16	-1,630,292.24	-8,594,110.36	-4,581,589.91
Total of direct costs of operations ¹⁾	-7,976,161.89	-8,927,143.02	-21,941,992.39	-20,007,516.12
Total of other costs of operations	-4,344,369.58	-4,606,377.80	-14,980,814.29	-13,432,954.49
Result from operating activities	7,080,269.58	10,375,497.95	13,620,348.97	33,123,233.03
Revenue from financial activities	120,155.42	244,995.98	410,291.45	2,065,840.16
Expenses from financial activities	-50,618.10	-37,000.19	-103,555.70	-65,203.84
Financial result	69,537.32	207,995.79	306,735.75	2,000,636.32
Result from ordinary activities	7,149,806.90	10,583,493.74	13,927,084.72	35,123,869.35
Income taxes	-2,467,240.71	-2,751,142.94	-5,545,464.95	-9,977,026.41
Consolidated net profit	4,682,566.19	7,832,350.80	8,381,619.77	25,146,842.94
Earnings per share (diluted and undiluted, in Euro/share)	0.61	0.99	1.10	3.24
Weighted \emptyset of ordinary shares outstanding (diluted and undiluted, in shares)	7,625,789	7,895,270	7,625,789	7,762,148

¹⁾ The prior-year figures have been adjusted for the changed disclosure in licence and operator fees (EUR 7,366 thousand).

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

	Q.I–III 2010	Q.I–III 2009
in EUR		
Net profit for the period	8,381,619.77	25,146,842.94
Other result		
Unrealised gains/losses from revaluation of financial assets available for sale	7,843.79	-240,925.14
Foreign currency translation	0.00	44,491.23
Other result after tax	7,843.79	-196,433.91
Total net profit after tax	8,389,463.56	24,950,409.03

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER ACC. TO IFRS

	30 Sep. 2010	31 Dec. 2009
ASSETS in EUR		
Current assets		
Cash, cash equivalents and securities	46,147,914.34	69,110,738.74
Pledged cash	1,266,990.77	250,567.50
Short-term financial assets	42,207,890.92	11,795,863.96
Trade receivables	28,774.02	9,918.52
Income tax refund claims	761,249.21	1,173,834.33
Other assets and prepaid expenses	10,532,404.83	7,486,472.61
Total current assets	100,945,224.09	89,827,395.66
Non-current assets		
Intangible assets	21,452,693.79	14,227,920.03
Property, plant and equipment	1,581,270.85	1,942,198.82
Financial assets	1,650,000.00	1,650,000.00
Deferred tax assets	1,966,068.82	475,338.36
Total non-current assets	26,650,033.46	18,295,457.21
	127,595,257.55	108,122,852.87

	30 Sep. 2010	31 Dec. 2009
LIABILITIES in EUR		
Current liabilities		
Trade payables	6,004,428.95	5,256,097.62
Other liabilities	30,783,900.53	29,823,219.70
Financial liabilities	82,410.15	104,037.90
Deferred income	4,107,050.97	3,968,513.54
Income tax liabilities	1,488,771.82	1,732,919.61
Provisions	2,728,893.54	2,086,595.02
Total current liabilities	45,195,455.96	42,971,383.39
Non-current liabilities		
Provisions (long-term)	92,500.00	147,500.00
Deferred tax liabilities	569,233.67	604,865.12
Total non-current liabilities	661,733.67	752,365.12
Equity		
Subscribed capital	7,985,088.00	7,985,088.00
Capital reserves	44,405,827.97	39,342,251.01
Other reserves	-138,441.98	-146,285.77
Retained earnings	29,485,593.93	21,103,974.16
Own shares	0.00	-3,885,923.04
Total equity	81,738,067.92	64,399,104.36
	127,595,257.55	108,122,852.87

CONSOLIDATED CASH FLOW STATEMENT FROM 1 JANUARY TO 30 SEPTEMBER

	Q.I–III 2010	Q.I–III 2009
in EUR		
Profit before tax	13,927,084.72	35,123,869.35
Adjustments for:		
Amortization/depreciation on non-current assets	2,260,744.46	2,029,290.10
Result from the disposal of current assets	-337.65	-50,859.41
Revenues from financial activities	-410,291.45	-2,065,840.16
Expenses from financial activities	103,555.70	65,203.84
Changes in:		
Trade receivables	-18,855.50	-411,649.13
Other assets and prepaid expenses	-3,045,932.22	-17,846,896.09
Trade payables	748,331.33	-424,725.91
Other liabilities	960,680.83	31,329,483.38
Financial liabilities	-21,627.75	0.00
Provisions (short-term)	642,298.52	80,620.91
Deferred income	138,537.43	2,985,699.03
Other non-cash changes	0.00	-25,871.50
Provisions (long-term)	-55,000.00	0.00
Interest income	405,893.88	1,323,627.73
Interest expenses	-103,555.70	-65,203.84
Taxes paid	-6,903,389.53	-6,127,525.53
Cash flow from operating activities	8,628,137.07	45,919,222.77
Financial investments (short term)	-71,266,128.77	0.00
Proceeds from Financial investments (short term) ¹⁾	40,866,774.04	24,766,656.93
Investments in intangible assets	-8,678,484.29	-4,266,153.43
Proceeds from intangible assets	96,000.00	0.00
Investments in property, plant and equipment	-553,393.38	-185,807.89
Proceeds from property, plant and equipment	11,194.20	0.00
Cash flow from investing activities	-39,524,038.20	20,314,695.61
Purchase of own shares	0.00	-3,999,979.44
Sale of own shares	8,949,500.00	0.00
Dividend payments	0.00	-3,836,923.50
Cash flow from financing activities	8,949,500.00	-7,836,902.94

¹⁾ Income/expenses from financial assets with a cash effect are considered directly in cash flow from investing activities. The prior-year disclosure has been adjusted accordingly (EUR 241 thousand).

	Q.I—III 2010	Q.I—III 2009
in EUR		
Change in cash, cash equivalents and securities	-21,946,401.13	58,397,015.44
Cash, cash equivalents and securities at the beginning of the period	69,110,738.74	20,711,388.10
Change of cash from exchange rate differences	0.00	44,491.23
Change in pledged cash and cash equivalents	-1,016,423.27	299,432.50
Cash, cash equivalents and securities at the end of the period	46,147,914.34	79,452,327.27
Composition of cash, cash equivalents and securities at the end of the period		
Cash on hand, bank balances and checks	47,414,905.11	79,703,569.38
Cash equivalents	0.00	-674.61
Pledge cash and current investments	-1,266,990.77	-250,567.50
	46,147,914.34	79,452,327.27

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR	Share Capital	Capital Reserves	Other Reserves	Retained Earnings	Own Shares	Total Equity
As at 1 January 2009	8,872,319.00	41,143,321.36	135,719.37	19,499,242.01	-14,728,747.96	54,921,853.78
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
Withdrawal from capital reserves	0.00	-1,268,599.01	0.00	0.00	0.00	-1,268,599.01
Own shares	0.00	0.00	0.00	0.00	10,728,768.52	10,728,768.52
Share-based payments	0.00	0.00	-25,871.50	0.00	0.00	-25,871.50
Dividend payments	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>
Other results	0.00	0.00	-196,433.91	0.00	0.00	-196,433.91
Net profit 2009	0.00	0.00	0.00	25,146,842.94	0.00	25,146,842.94
Total net profit	0.00	0.00	-196,433.91	25,146,842.94	0.00	24,950,409.03
As at 30 September 2009	7,985,088.00	39,874,722.35	-86,586.04	28,236,243.50	-3,999,979.44	72,009,488.37
Capital reduction	0.00	887,231.00	0.00	0.00	0.00	887,231.00
Reduction of retained earnings due to collection of own shares	0.00	-1,268,599.01	0.00	-887,231.00	14,728,747.96	12,572,917.95
Withdrawal from capital reserves	42,120,000.00	-40,851,400.99	0.00	0.00	0.00	1,268,599.01
Contribution to capital reserves	-42,120,000.00	42,120,000.00	0.00	0.00	0.00	0.00
Own shares	0.00	0.00	0.00	0.00	-14,614,691.56	-14,614,691.56
Adjustment of balance sheet loss	0.00	-1,419,702.34	0.00	1,419,702.34	0.00	0.00
Share-based payments	0.00	0.00	-10,167.50	0.00	0.00	-10,167.50
<i>Unrealised gains/losses</i>	<i>0.00</i>	<i>0.00</i>	<i>-5,041.00</i>	<i>0.00</i>	<i>0.00</i>	<i>-5,041.00</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>
Other results	0.00	0.00	-49,532.23	0.00	0.00	-49,532.23
Net profit 2009	0.00	0.00	0.00	-7,664,740.68	0.00	-7,664,740.68
Total net profit	0.00	0.00	-49,532.23	-7,664,740.68	0.00	-7,714,272.91
As at 31 December 2009	7,985,088.00	39,342,251.01	-146,285.77	21,103,974.16	-3,885,923.04	64,399,104.36

in EUR	Share Capital	Capital Reserves	Other Reserves	Retained Earnings	Own Shares	Total Equity
As at 1 January 2010	7,985,088.00	39,342,251.01	-146,285.77	21,103,974.16	-3,885,923.04	64,399,104.36
Capital reduction	0.00	0.00	0.00	0.00	0.00	0.00
Reduction of retained earnings due to collection of own shares	0.00	0.00	0.00	0.00	0.00	0.00
Withdrawal from capital reserves	0.00	0.00	0.00	0.00	0.00	0.00
Contribution to capital reserves	0.00	0.00	0.00	0.00	0.00	0.00
Own shares	0.00	5,063,576.96	0.00	0.00	3,885,923.04	8,949,500.00
Adjustment of balance sheet loss	0.00	0.00	0.00	0.00	0.00	0.00
Share-based payments	0.00	0.00	0.00	0.00	0.00	0.00
Dividend payments	0.00	0.00	0.00	0.00	0.00	0.00
<i>Unrealised gains/losses</i>	<i>0.00</i>	<i>0.00</i>	<i>7,843.79</i>	<i>0.00</i>	<i>0.00</i>	<i>7,843.79</i>
<i>Foreign currency translation</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Other results	0.00	0.00	7,843.79	0.00	0.00	7,843.79
Net profit 2010	0.00	0.00	0.00	8,381,619.77	0.00	8,381,619.77
Total net profit	0.00	0.00	7,843.79	8,381,619.77	0.00	8,389,463.56
As at 30 September 2010	7,985,088.00	44,405,827.97	-138,441.98	29,485,593.93	0.00	81,738,067.92

SEGMENT REPORTING

In the following, Tipp24 SE 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.

Q.III in EUR thsd.	Germany		Abroad		Consolidation		Consolidated	
	1 Jul.–30 Sep.		1 Jul.–30 Sep.		1 Jul.–30 Sep.		1 Jul.–30 Sep.	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenue ¹⁾	753	900	25,730	6,814	-594	-665	25,890	7,049
Depreciation/amortization	258	244	527	395	0	0	785	639
EBIT	-2,330	-2,556	9,916	12,916	-505	15	7,080	10,375
Financial result	-27	150	97	58	0	0	70	208
Income taxes	472	548	-3,102	-3,299	163	0	-2,467	-2,751
Consolidated net profit	-1,886	-1,857	6,910	9,675	-342	15	4,683	7,832
Assets	46,910	43,972	71,606	115,784	-35,856	-32,775	82,660	126,981

Q.I–III in EUR thsd.	Germany		Abroad		Consolidation		Consolidated	
	1 Jan.–30 Sep.		1 Jan.–30 Sep.		1 Jan.–30 Sep.		1 Jan.–30 Sep.	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenue ¹⁾	2,309	2,340	66,029	60,239	-1,812	-1,509	66,526	61,070
Depreciation/amortization	776	920	1,485	1,342	0	-232	2,261	2,029
EBIT	-6,360	-9,309	19,956	42,670	25	-237	13,620	33,123
Financial result	32	1,731	275	270	0	0	307	2,001
Income taxes	1,162	1,771	-6,699	-11,748	-8	0	-5,545	-9,977
Consolidated net profit	-5,166	-5,808	13,531	31,192	17	-237	8,382	25,147
Assets	46,910	43,972	71,606	115,784	-35,856	-32,775	82,660	126,981

¹⁾ The prior-year figures have been adjusted for the changed disclosure in licence and operator fees.

(Rounding differences due to presentation in EUR thousand)

SELECTED EXPLANATORY NOTES

GENERAL

The condensed consolidated interim report as of 30 September 2010 was approved for publication by a resolution of the Executive Board on 5 November 2010.

The condensed consolidated interim report for the first nine months of fiscal year 2010 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 2009.

The reporting period is from 1 January to 30 September 2010.

The same accounting policies and calculation methods were used for this quarterly report as for the consolidated financial statements as at 31 December 2009.

On 28 September 2010, Tipp24 SE sold all of its 361,180 treasury shares, corresponding to around 4.5% of capital stock. The shares were sold at a price of EUR 25 per share by means of a bookbuilding process and on the basis of a resolution adopted by the Annual General Meeting of 16 June 2009.

OBJECTIVES AND METHODS OF FINANCIAL 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 SE. 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 our current risk report.

Interest rate risk

There is an interest rate risk in respect of liquid funds and short-term financial assets (together EUR 88.4 million). If short-term interest rates change by 50 base points, this would result in a change in interest income of EUR 442 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.

Currency risk

Tipp24 is exposed to a currency risk as a result of 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.

In order to determine the currency risk, a fluctuation of the Euro to British Pound exchange rate of 10% was assumed as of 30 September 2010. On the basis of this assumption, a revaluation of the Euro against the British Pound of 10% to 0.9459 EUR/GBP would result in an effect of EUR 197 thousand on earnings. A devaluation of the Euro against the British Pound of 10% to 0.7740 EUR/GBP would result in an effect of EUR -197 thousand on earnings.

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

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, 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 2009 and also continued in the period under review. With a shareholding of 28.28%, Günther Holding owns a significant stake in Tipp24 SE and is therefore regarded as a related party. The operating business of

Schumann e. K. was outsourced to Günther Direkt Services GmbH, an affiliated company of Günther Holding. In return, Günther Direkt Services GmbH received compensation of EUR 137 thousand in the period under review.

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

Hamburg, 5 November 2010

Dr. Hans Cornehl
Executive Board

FINANCIAL CALENDAR

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