



DRILLISCH AG
REPORT ON FIRST HALF-YEAR 2010

Key Indicators of the Drillisch Group

Drillisch-Group	I - II/2010	I - II/2009	I - II/2008
Turnover in €m	177.0	162.4	173.8
EBITDA in €m	23.0	21.2	20.0
EBITDA, adjusted in €m	23.0	21.3	20.3
EBIT in €m	20.1	18.0	16.7
EBT in €m	19.7	59.6	16.3
Consolidated profits in €m	13.8	55.8	11.3
Profit/loss per share in €	0.26	1.11	0.22
EBITDA margin in % of turnover	13.0	13.0	11.5
EBITDA margin (adjusted) in % of turnover	13.0	13.1	11.7
EBIT margin in % of turnover	11.4	11.1	9.6
EBT margin in % of turnover	11.2	36.7	9.4
Consolidated profit margin in % of turnover	7.8	34.3	6.5
Equity ratio (equity % of balance sheet total)	49.1	37.4	74.3
Return of equity (ROE) (ratio Group result to equity)	10.6	62.5	4.9
Cash flow from current business operations in €m	14.9	13.9	19.8
Depreciation excluding goodwill in €m	2.9	3.2	3.3
Investments (intangible and intangible fixed asset) adjusted in €m	1.4	1.2	2.0
Staff as annual average (incl. Management Board)	384	376	352
Wireless services customers as per 30/06 (approx. in thousands)	2,290	2,221	2,281
Wireless services customers (Prepay)	1,206	1,312	1,453
Wireless services customers (Postpay)	1,084	909	828

Data and facts	2
To our shareholders	4
Letter from the Management Board	4
Investor Relations Report	6
Market Environment	8
The Wireless Services Market	9
The Software Industry	11
Commercial Development of the Drillisch Group as per 30 June 2010	12
Group Companies	13
Turnover and Earnings Position	14
Assets, Liabilities and Financial Position	15
Opportunities and Risks of the Future Business Development	16
Consolidated Interim Accounts as per 30 June 2010	17
Consolidated statement of comprehensive income	18
Consolidated Balance Sheet	19
Consolidated Statement of Change in Capital	21
Consolidated Capital Flow Statement	22
Consolidated Notes	23
Certificate of Review	25
Affirmation Statement of the Legal Representatives	26
Service Corner	27
Publications	27
Your Contacts	27
Information and Order Service	27
Editorial Information	28

Letter from the Management Board



Management Board

Paschalis Choulidis
Executive-Board Spokesman, Director of Finances,
Financial Communication, Controlling and IT

Vlasios Choulidis
Director of Sales, Marketing and Customer Care

Dear Sir or Madam,

Drillisch AG posted its best ever operating results in the history of the company in the second quarter 2010. The strategic decision to focus on discount and mobile internet customers, which Drillisch AG took back in 2005 and started implementing in good time, has proven to be the right decision and is currently driving our business success to a major extent.

All of the key figures (turnover, EBITDA and subscribers) improved in the first six months of fiscal 2010, some of them even by a significant margin. In the first six months of fiscal 2010, turnover increased by 9.0 percent or Euro 14.6 million to Euro 177.0 million (H1-2009: Euro 162.4 million). The first quarter witnessed an increase of 8.7 percent, and the second quarter of 9.2 percent.

Gross profit improved disproportionately to the increase in turnover over the first six months, rising by 10.7 percent or Euro 4.1 million to Euro 42.2 million (H1-2009: €38.1 million). At 23.8 percent, the gross profit margin even exceeded the already excellent result for the same period last year (H1-2009: 23.4%). EBITDA increased by 8.8 percent after six months to Euro 23.0 million and thus exceeded the record result posted for the same period last year (H1-2009: €21.2 million). The subscriber base grew by 3.1 percent overall to 2.290 million subscribers during the period under review (H1-2009: 2.221 million subscribers). By year-on-year comparison, the post-paid subscriber base has increased by 175,000 to 1.084 million and currently accounts for 47.3 percent of all subscribers (previous year: 40.9 percent). This equates to an increase of 6.4 percent compared with the first half of 2009 and of 3.7 percent compared with the end of 2009. The pre-paid subscriber base was affected by adjustments to remove non-active subscribers in the first half of 2010 and accordingly decreased by year-on-year comparison by 106,000 to 1.206 million subscribers.

The consolidated result amounted to Euro 13.8 million (H1 2009: 55.8 million Euro incl. freenet allocation of 42 million Euro). At Euro 0.26, profit per share was on a par with the previous year (H1 2009: Euro 0.27 excl. freenet). The calculation of this key figure is, however, based on 53,189,015 shares in the first half of 2010 and, as such, 2.86 million shares more than were included in the figure for the same period last year (50,322,440 shares).

In response to the ongoing decline in "old business" at Drillisch Telekom GmbH, the Management Board of Drillisch AG, the management of Drillisch Telekom GmbH and the Supervisory Board decided in the middle of May to close the Idstein office. The closure of the site is currently under negotiation with the Works Council. This decision is not expected to exert any influence on the forecast.

Letter from the Management Board

The strategic reorganisation that Drillisch AG has started to implement is therefore being consistently advanced, and we will continue to focus on the growth areas of discount and mobile internet. We expect these areas to continue contributing towards the growth of our industry over the coming years, and we wish to share in that growth. Recent surveys have revealed that one of every four Germans will own a smartphone by 2012. This compares to currently 11 percent of the population (TNS Infratest, June 2010).

The findings of a survey conducted by consumer portal verivox.de in June 2010 prove that low-cost products can also offer good service. The survey interviewed 13,000 consumers about mobile phone discount providers. maXXim scored the top grade of 1.6, beating all other competitors. This excellent grade encompasses a whole host of categories, including service, transparency and intention to recommend to others, together with image and provider assessments. The success of our maXXim brand clearly demonstrates that the trend towards low-cost phoning with the best quality is unabated. Drillisch AG is continuing to benefit from this development.

We have continuously expanded our products and services in the second area of growth – data / mobile internet – since 2007. Our hellomobil and simply brands offer innovative and independent products for the smartphone market. In addition, our simply, maXXim and McSIM brands offer day-based flat rates and the cheapest data rates for laptop owners for mobile internet use. Attractive rates are available for both private and business customers to allow simple and fast access to the world wide web without any cost risk. This trend, which is producing dynamic growth for Drillisch Group and which we reported on at the Annual General Meeting in May 2010, continued through the first six months of fiscal 2010.

We are holding firm to our forecast of an increase in EBITDA to Euro 46 million in fiscal 2010 following Euro 43.5 million (adjusted) in fiscal 2009.

Faithfully yours,



Paschalis Choulidis

and



Vlasios Choulidis

Investor Relations Report

The Capital Market – 01 April 2010 to 30 June 2010

The topic that dominated the second quarter 2010 was the exorbitant level of national debt and the loss of faith that this was causing among investors. Although the largely positive company reports were able to convince the equity markets, investors remained reticent for fear of economic developments.

The DAX lost about 188 points or about 3.1% in the second quarter, falling to 5,965.52 (31.03: 6,153.55). The TecDAX dropped 81.48 points or about ten percent in the second quarter, falling to 734.49 (31.03: 815.97). The TecAllShare Index, which covers a wider selection of stocks, closed out the second quarter at 879.10 points (31.03: 957.01), dropping 77.9 points or 8.1 percent.

The Drillisch Stock in the First Half of 2010

	Close-out 2009	30 June 2010	% change
Drillisch	€5.05	€4.54	- 10.09
TecDAX	817.58	734.49	- 10.16
TecAllShare	932.93	879.10	- 5.77

At the end of the second quarter 2010, Drillisch shares ranked 21st in the TecDAX in terms of market capitalisation and 17th in terms of turnover; these are the two most important indicators for inclusion in the index. As such, Drillisch shares have improved consistently since they were first included in the index in September 2009.

Current Analyst Assessments (as per 30 June 2010)

Analysis	Rating	Price Target	Date
West LB	"Buy"	€6.60	15 June
LBBW	"Buy"	€6.50	03 May
SES Research	"Buy"	€6.80	29 April
Commerzbank	"Hold"	€4.80	25 March

Agenda of the Second Quarter — DGAP Ad-Hoc Reports

28 April	Dynamic start to 2010; turnover +8.7% to 84.6 million (prev.yr.: 77.8 million); EBITDA +13.0% to 11.0 million.
----------	--

Investor Relations Events

21 May - German & Austrian Corporate Conference, Deutsche Bank

Various meetings with investors

The continuing work of the Investor Relations Department can be tracked equally for all investor groups on our home page. In addition to a detailed financial calendar, all of the relevant reports can be viewed, in the sense of fair disclosure, as PDF documents.

Investor Relations Report

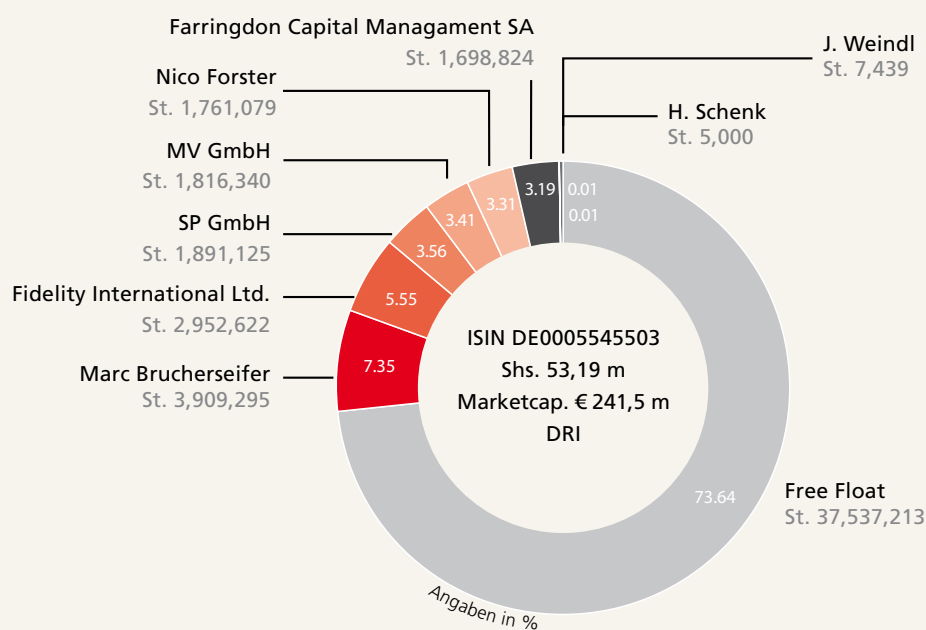
Directors' Dealings 2010

No directors' dealings pursuant to Section 15a Securities Trading Act were reported to Drillisch AG in the second quarter 2010.

Directors' Holdings (as of 30 June 2010)

Unternehmen	
Name	No-par shares
MV GmbH	1,816,340 → 3.41%
SP GmbH	1,891,125 → 3.56%
Supervisory Board	
Name	No-par shares
Dr. Hartmut Schenk	5,000 → 0.01%
Johann Weindl	7,439 → 0.01%
Marc Brucherseifer	3,909,295 → 7.35%
Dr. Horst Lennertz	0
Michael Müller-Berg	0
Dr. Bernd Schmidt	0

Shareholder Structure (as per 14 July 2010)



Source: Disclosures by the corporations pursuant to sections 21 ff German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) and unless the company was not informed of a more recent figure.

1) On the basis of the XETRA closing price € 4,54 on 30 June 2010. Free Float acc. to the rule of Dt. Boerse AG: 92.65%



MARKET ENVIRONMENT

The Wireless Services Market

Discount providers and data tariffs are causing wireless services to boom

Mobile communication is still a growth area in Germany. Ever more people are reaching quite naturally for their mobile phones, even if they don't just want to make a phone call. According to a survey published by the German Federal Statistical Office (destatis) in July 2010, 87 percent of all German households owned at least one mobile phone in 2009 – this equates to an increase of eleven percent over the last five years. Discount rates and flat rates are, moreover, increasing the frequency with which mobile phones are used – every German spent about 37 hours talking on a mobile phone last year according to a press release issued by the industry association BITKOM in mid-July. Based on these current figures from the Federal Network Agency, wireless call volumes have doubled over the past five years.

One reason for the ongoing boom: the first wireless services discount packages were launched five years ago, offering much cheaper minute and text message prices, without a monthly fixed charge or contractual obligation and with various flat rate options. Simply was the first brand to emerge in this new segment, which is still growing to this day. Since then, Drillisch Group has successfully launched further brands and, in doing so, has sensibly expanded both its product portfolio and market position. Transparent and simple SIM-only rates (without a mobile phone) are increasingly replacing the former traditional term contracts with subsidised mobile phones. Drillisch management believes that classical contract customer business will decline further, which will benefit the discount segment. The business division is a dynamic cornerstone of the company's success. Drillisch is price leader in the discount segment.

Discount is a growth segment – ever more mobile phone users plan to switch to discount providers

This assessment is confirmed by a survey conducted by polling firm Innofact in June 2010, which revealed that half of all the people interviewed were unsatisfied with their wireless services contract. 51 percent intend to change provider as soon as their contractual obligations will allow them to. Surveys conducted by other well-known market researchers have come to the same conclusion. For example, 41 percent of the people interviewed for the "Savings and Investments" survey (Forsa, January 2010) want to reduce their telephone costs this year, while a survey on wireless service utilisation that was conducted by TNS-Infratest (January 2010) revealed that 31 percent can imagine switching to a discount provider. This figure equates to a five percent increase compared with the previous year.

Customers of no frills providers are particularly satisfied: 90 percent of all users of discount wireless services would recommend their provider to others according to the findings of a survey conducted by consumer portal verivox.de in June 2010 among some 13,000 customers of mobile phone discount and prepaid providers.

Smartphones are driving the mobile internet segment

Acceptance and utilisation of the mobile internet will surge over the coming years thanks to smartphones, in particular. According to the findings of the "GO SMART 2012" survey on smartphone utilisation, which were presented by TNS Infratest and Trendbüro in June 2010, every fourth German will own a smartphone by 2010. Currently, nine million Germans own one, equivalent to eleven percent of the population. Already, 23 percent of all smartphone users surf the internet daily, and 71 percent of the people interviewed assume that they will make more use of the internet in coming years, thanks to the availability of new mobile devices. Attractive products and declining prices will also help to raise utilisation. Germany's cheapest smartphone rate (as of July 2010) is offered on www.simplytel.de. As such, Drillisch is again taking on the role of first mover and is making smartphones available in the discount segment.

The Wireless Services Market

Drillisch Is actively shaping the future

5 years of discount wireless services - simply celebrates a big anniversary promotion campaign

Since it launched simply – its first discount brand – Drillisch has demonstrated time and again its ability to lead the way in the German discount market – by offering the first discount voice rates in digital network quality, the first UMTS data flat rate without a fixed contract term (simply data) or the first discount rate with cost limit (simply basic pro). Drillisch has consistently and successfully improved its discount strategy with the introduction of further brands, such as McSIM, maXXim and helloMobil.



simply devised a very special campaign to celebrate its fifth anniversary. All new customers were given an additional credit of Euro 20 over three consecutive months as a lucrative birthday bonus. They could use this credit against all standard calls, data utilisation and text or multimedia messages. Together with the normal starting credit and a loyalty premium for anyone who took their phone number with them to simply, some customers received as much as Euro 75 additional credit.

helloMobil – a smartphone discount rate on the path to success



The helloMobil smartphone rate, which was launched in February, has successfully established its position in the marketplace. helloMobil has been able to win over numerous users of mobile phones and smartphones by charging a standard 8 cents per minute and text message. A survey that was conducted by comparison portal CHECK24.de on behalf of n-tv news channel and published at the end of June 2010 confirmed that helloMobil offers the cheapest rates for normal and high-volume phone users. The survey concluded that choosing the right rate can save as much as Euro 354 each year. helloMobil has also been offering Apple iPhones at particularly favourable terms since the beginning of June. In doing so, helloMobil is cementing its position as the first to offer prepaid rates for smartphone users who want to make cheap phone calls and take advantage of all the benefits offered by the mobile internet without worrying about the subsequent invoice. At the same time, Drillisch is proving that attractive hardware offers, such as Apple's iPhone, and cheap combination rates for the smartphone generation can be successfully positioned in the discount segment.



maXXim comes first twice



In the aforementioned survey conducted by consumer portal verivox.de, which interviewed some 13,000 consumers on mobile phone discount providers and prepaid rates, Drillisch brand maXXim scored the best individual marks and took first place with a grade of 1.6. Consumers especially praised maXXim in the categories of "Service", "Transparency", "Intention to recommend to others", "Image" and "Provider assessment overall", thus allowing it score far better than any of its competitors. The "Transparency" category involved, for example, an assessment of how easy the rates and costs are to understand by the people who were interviewed.



The maXXim data flat rate was also singled out. The telltarif.de telecommunications portal again awarded its "Best data flat rate for high-volume surfers" accolade in June 2010. Important criteria include service, hotline costs and data transmission speed, in addition to the price.

The Software Industry

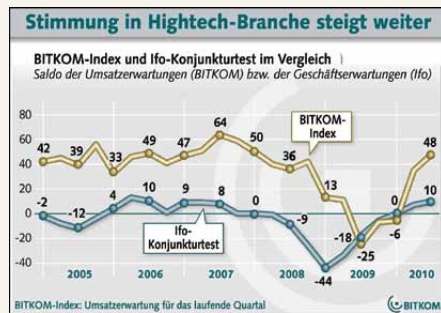
World Cup Specials: Drillisch data rates make mobile TV affordable



The month of June was dominated by the Football World Cup in South Africa. Numerous fans streamed the games on the internet instead of just watching them on television. The data brands operated by Drillisch Group offered a further option. simply data, maXXim data and McSIM data offered a World Cup Special of a combined surf and TV stick at a one-off bargain price of Euro 89. Users can both surf the internet using UMTS mobile and also receive mobile television via DVB-T free of charge with the multi-functional USB stick. The topic earned widespread media coverage and the special offers from Drillisch were mentioned in numerous product comparisons.

Software and IT service providers expect revenues to grow

The mood is brightening in the high-tech sector. Expectations in the BITKOM industry rose again in the second quarter 2010. 71 percent of the providers of information technology and telecommunications (ITC) expect to grow over the course of the ongoing year. Software companies and IT service providers are exuding the most optimism. 69 percent of the companies are already reporting increases for the second quarter. The BITKOM index on the state of the ITC sector jumped another 13 points in the second quarter to 48 points and is now again well above the level witnessed before the crisis broke out. Back at the end of 2009, the index was still down at minus six points. This year, BITKOM expects the ITC sector to generate revenues of Euro 140 billion.



**COMMERCIAL DEVELOPMENT OF THE DRILLISCH GROUP
AS PER 30 JUNE 2010**

Group Companies

In its own estimation, Drillisch is one of the most profitable and innovative wireless services providers in Germany. The Company markets the wireless services offered by all four of the wireless network operators active in Germany, primarily through subsidiaries. The most important sales channels are the Internet, large retail chains and about 400 specialist retailers. The services acquired from the network operators are sold further to end consumers for the Company's own account and at rates that Drillisch defines itself based on its own calculations. The "Wireless Services" business unit forms the core business of Drillisch. The scope of the services includes all of the services offered by the network operators for the transmission of voice, data and other content. The significantly smaller business division "Software Services" has been concentrated in the subsidiary IQ-optimize Software AG. This subsidiary performs IT services for all of the Group companies. Moreover, IQ-optimize markets its own workflow management software program.

Drillisch AG is the Group's holding

Within the Drillisch Group, Drillisch AG, the parent company, concentrates on holding tasks such as management, finances and accounting, controlling, cash management, human resources, risk management, corporate communications and investor relations. Wireless service providers Drillisch Telecom and simply are mainly responsible for operational wireless services business. MS Mobile is a Group company through which the discount products are successfully marketed under the "maXXim" brand. Working together with eteleon, a specialist for innovative sales solutions on the telecommunications market, the Company intends to extend sales activities via e-commerce and additional distance trade channels, to expand the product line and, by doing so, to intensify efforts to acquire new customers. MSP Holding is an affiliated company of Drillisch, which held 5,000,000 shares in freenet AG as of 30 June 2010. All of the IT expertise of Drillisch Group is bundled in IQ-optimize.

Drillisch Telecom - strong brands in the pre-paid and post-paid segments

Drillisch Telecom is a wireless services provider with its strong brands Telco, VICTORVOX, Alphanet, McSIM and helloMobil. The premium brand Telco is distributed via specialist retailers. With its VICTORVOX brand, Drillisch has specialised in select forms of distribution and wide-area marketing. Both of these brands stand primarily for post-paid business. Independent and individually calculated quotes are developed, in addition to classic network operating rates. McSIM expands the discount products of Drillisch with wireless services into the Vodafone network. Drillisch uses the Alphanet brand in the pre-paid segment to offer cash cards and cash codes via its own platform, g-paid, as well as starter cards and bundles, and is the only service provider in Germany to do so.

Low-cost discount products for mobile phone calls and the mobile internet

April 2010 marked the fifth anniversary of simply – one of the discount pioneers in Germany. simply markets wireless services at particularly favourable terms via the internet and in cooperation with major retail chains. In addition to mobile phone calls at discount prices and flat rates, simply also offers a wide range of low-cost rates for mobile data communication. Since the beginning of July, simply has also become the provider of choice for smartphone users and is offering Germany's first ever smartphone discount rate with double flat rate.

discoTEL is the youngest of the simply discount brands, which is offered by the subsidiary eteleon. discoTEL set a new standard on the German wireless services discount market by offering a rate of 7.5 cents per minute. For a long time previously, maXXim had been the price leader with its rate of 8 cents.

Turnover and Earnings Position

Employees

In the first six months of 2010, Drillisch Group had an average headcount of 384 employees (previous year 376), including the two members of the Management Board. The number of vocational trainees, which is not included in the above figure, was 35 (previous year: 31). As such, Drillisch is contributing significantly towards the training of young people in the qualified professions of the future in Germany.

Turnover and Earnings position

The strong growth in turnover in the first half of 2010 marks Drillisch's seamless continuation of the record fiscal year 2009. The Company even managed to slightly improve the turnover dynamics in the second quarter compared with the first quarter. This excellent business development is supported by the ongoing dynamic developments in the fields of wireless services discount and mobile internet products. Drillisch is using innovative marketing and sales concepts to sustain its top position in the German telecommunications industry.

During the first half of 2010, Group turnover rose by 9.0% to €177.0 million in comparison with the same period last year (previous year: €162.4 million). The Sales figure includes €0.1 million (previous year: €0.1 million) from the Software Services segment, €176.9 million (previous year: €162.3 million) from pre-paid and post-paid wireless services sales, earnings from network operator commissions and bonuses, and sales from merchandise business (sale of wireless devices, pre-paid bundles and starter cards). This growth was achieved with 2.290 million subscribers (previous year: 2.221 million). Year-on-year, the total number of post-paid customers increased by 19.3 percent to 1.084 million subscribers (previous year: 0.909 million). The pre-paid subscriber base was again adjusted to discount inactive customers. Accordingly, the number of pre-paid connections declined by 8.1 percent to 1.206 million (previous year: 1.312 million). As a result of the expansion of post-paid business, which generates higher margins, the share of post-paid connections has now risen to 47%, which represents an increase of six percent over the figure reported at the end of the first half of 2009 (30 June 2009: 41 percent post-paid compared with 59 percent pre-paid).

In the first half of 2010, the cost of materials increased underproportionately to turnover, by 8.5% to €134.8 million (previous year: €124.3 million). As a result, gross profit improved by 10.7% to €42.2 million (previous year: €38.1 million) compared with the same period the previous year. The gross profit margin increased by 0.4 percentage points to 23.8 percent (previous year: 23.4%). The larger headcount pushed personnel expenses up by 3.6 percent to €10.8 million (previous year: €10.4 million). This increase is significantly lower in relation to the percentage growth in turnover. As a result, the personnel expenses ratio declined by 0.3 percent to 6.1 percent (previous year: 6.4 percent). Other operating expenses increased by €1.9 million to €10.6 million (previous year: €8.7 million) mainly as a result of increased expenditure on advertising and valuation allowances for receivables.

Adjusted Group EBITDA (earnings before interest, taxes, depreciation and amortisation), which is one of the most important management indicators in the Drillisch Group, improved by 7.9% to €23.0 million (previous year: €21.3 million). The EBITDA margin came to 13.0% (previous year: 13.1%). Depreciation declined by 9.0% to €2.9 million (previous year: €3.2 million). As a consequence, EBIT (earnings before interest and taxes) rose by 12.0% to €20.1 million (previous year: €18.0 million). The EBIT ratio improved by 0.3 percent to 11.4 percent (previous year: 11.1 percent).

In the first six months of the previous year, the equity method was used to measure the participation in MSP and the shares that Drillisch holds directly in freenet. The results from this inclusion amounted to €42.0 million as per 30 June 2009. This figure mainly included write-ups on the shares in freenet AG and – to a much lesser extent – the portion of updated proportional equity that is effective for income. In continuation of the practice adopted for the annual financial statements as per 31 December 2009, the shares in freenet AG that are held by MSP and Drillisch AG were also classified as "available for sale" in accordance with IAS 39 as per 30 June 2010, and changes in value were measured as non-operating results in shareholders' equity through the market valuation provision.

Assets, Liabilities and Financial Position

The interest result improved by €45,000 to €-365,000 (previous year: €-410,000) following the repayment of bank loans. Taxes on income rose by €2.1 million to €5.9 million (previous year: €3.8 million). The marked increase in the tax ratio was primarily due to the fact that earnings from financial assets that were measured using the equity method in the same period the previous year were not relevant for tax purposes. The consolidated results after third-party shares decreased to €13.8 million (previous year: €55.8 million) as a result of the differing taxation of the results for 2009 and 2010 and of the different method applied to measuring the investment in MSP and the freenet shares that are held directly by Drillisch AG. Profit per share came to €0.26 (previous year: €1.11).

Cash flow

Cash flow from current business activities grew by €1.0 million to €14.9 million (previous year: €13.9 million). This development was primarily influenced by the marked decline in receivables and other assets, in addition to the very good result for the quarter. Compared with year-end 2009, cash declined by €12.4 million to €14.5 million (previous year: increase of €2.4 million to €6.7 million) mainly as a result of the dividend payment of €16.0 million (previous year: €0) and the scheduled repayment of the financial loans in an amount of €10.0 million (previous year: €10.0 million).

Assets, Liabilities and Financial Position

The balance sheet total for the Drillisch Group declined by €39.5 million to €265.8 million as per 30 June 2010 (31 December 2009: €305.3 million). The equity ratio improved by 0.4% to 49.1% compared with year-end 2009 (31 December 2009: 48.7%).

Cash declined by €12.4 million to €14.5 million (31 December 2009: €26.9 million). Trade receivables declined by €8.1 million to €25.3 million (31 December 2009: €33.4 million) as a consequence of the balance sheet date. In total, current assets declined by €22.0 million to €52.9 million (31 December 2009: €74.9 million).

Fixed assets declined by €17.4 million to €213.0 million (31 December 2009: €230.4 million). Other intangible assets declined by €1.3 million to €12.7 million (31 December 2009: €14.0 million) as a result of scheduled depreciation. Other financial assets decreased by €16.0 million to €130.0 million (31 December 2008: €146.0 million) because freenet shares were quoted at a lower price on 30 June 2010 than was the case on 31 December 2009.

In spite of the good business results, the accumulated deficit increased on balance by €2.2 million to €74.6 million (31 December 2009: €72.5 million) as a result of the dividend payment. The accumulated deficit in 2008 resulted primarily from the change in the stock market evaluation of the freenet AG shares. The market valuation provision decreased as per 30 June 2010 by €15.8 million to €-11.3 million (31 December 2010: €4.4 million). It reflects the change in value of the other financial assets as a non-operating result. The shares that Drillisch AG and MSP hold in freenet constitute a major component of the Other financial assets. In comparison with 31 December 2009, equity decreased by €18.0 million to €130.5 million (31 December 2009: €148.5 million).

Long-term liabilities declined by €59.8 million to €4.2 million (31 December 2009: €64.0 million) as a result of the scheduled repayment of €10.0 million in the middle of the year and the remaining term of the bank loan, as it is now reported as a short-term liability to banks.

Compared with year-end 2009, short-term liabilities rose by €38.4 million to €131.1 million (31 December 2009: €92.7 million). As a consequence of the balance sheet date, trade receivables declined by €5.2 million to €22.3 million (31 December 2009: €27.5 million) and tax liabilities by €4.3 million to €5.3 million (31 December 2009: €9.6 million). Short-term liabilities to banks rose by €49.7 million to €69.7 million (31 December 2009: €20.0 million) for the reason outlined above.

Opportunities and Risks of the Future Business Development

Risk Report

The risk management system is an integral component of corporate policy aimed at early exploitation of opportunities and detection and limitation of risks. Drillisch operates a risk management system throughout the Group which includes continuous observation to ensure early recognition and the standardised recording, assessment, control and monitoring of risks. The objective is to obtain information about negative developments and the related financial effects as early as possible so that the appropriate measures can be initiated to counteract them. The management of the company results and company value makes use of the instrument of risk management. It can thus become a strategic success factor for the Company's management for both the subsidiaries and Drillisch itself.

The risk situation – in comparison with the risks described in the annual report for the year 2009 – did not change appreciably during the first six months of fiscal year 2010. In the opinion of the Management Board, adequate precautions have been taken to counter all of the identified risks.

Important Events Occurring after 30 June 2010

No important events occurred after 30 June 2010.

Outlook

Drillisch is aiming to increase Group EBITDA to €46 million in fiscal 2010 (fiscal 2009, adjusted: €43.5 million).

**CONSOLIDATED INTERIM ACCOUNTS
AS PER 30 JUNE 2010**

Consolidated statement of comprehensive income

	I-II/2010	I-II/2009*	II/2010	II/2009*	I/2010	I/2009*
	€k	€k	€k	€k	€k	€k
Sales	176,974	162,362	92,381	84,515	84,593	77,847
Other own work capitalised	1,092	1,033	604	550	488	483
Other operating income	1,161	1,172	393	466	768	706
Raw material, consumables and services used	-134,814	-124,294	-71,259	-64,107	-63,555	-60,187
Personnel expenses	-10,754	-10,384	-5,445	-5,427	-5,309	-4,957
Other operating expenses	-10,631	-8,727	-4,623	-4,547	-6,008	-4,180
Amortisation and depreciation	-2,923	-3,212	-1,440	-1,497	-1,483	-1,715
Operating result	20,105	17,950	10,611	9,953	9,494	7,997
Result from financial assets shown in the balance sheet according to the equity method	0	42,013	0	40,054	0	1,959
Interest income	510	1,304	159	1,169	351	135
Interest and similar expenses	-875	-1,714	-467	-696	-408	-1,018
Financial result	-365	41,603	-308	40,527	-57	1,076
Profit before taxes on income	19,740	59,553	10,303	50,480	9,437	9,073
Taxes on income	-5,928	-3,797	-3,090	-3,569	-2,838	-228
Consolidated results	13,812	55,756	7,213	46,911	6,599	8,845
Results attributable to minority interests	1	-39	-21	-38	22	-1
Share of Drillisch AG shareholders in consolidated results	13,811	55,795	7,234	46,949	6,577	8,846
Change in attributable market value of financial assets available for sale	-16,007	0	-12,277	0	-3,730	0
Taxes on income	-242	0	-186	0	-56	0
Other earnings after taxes	-15,765	0	-12,091	0	-3,674	0
Consolidated comprehensive results	-1,953	55,756	-4,878	46,911	2,925	8,845
thereof total results attributable to minority interests	1	-39	-21	-38	22	-1
thereof share of Drillisch AG shareholders in total results	-1,954	55,795	-4,857	46,949	2,903	8,846
Profit per share (in €)						
Undiluted	0.26	1.11	0.14	0.93	0.12	0.18
Diluted	0.26	1.11	0.14	0.93	0.12	0.18

* The figures for Q1-2009 include 1 month for the subsidiary eteleon e-solutions AG which was acquired in March 2009

Consolidated Balance Sheet

ASSETS	30.06.2010	31.12.2009
	€k	€k
Fixed assets		
Other intangible assets	12,736	14,044
Goodwill	67,206	67,206
Tangible assets	1,229	1,274
Other financial assets	129,953	145,960
Deferred taxes	1,834	1,877
Fixed assets, total	212,958	230,361
Current assets		
Inventories	7,581	6,267
Trade accounts receivable	25,286	33,434
Accounts due from affiliated companies	0	3
Tax reimbursement claims	0	877
Cash	14,537	26,915
Other current assets	5,452	7,410
Current assets, total	52,856	74,906
ASSETS, TOTAL	265,814	305,267

Consolidated Balance Sheet

SHAREHOLDERS' EQUITY AND LIABILITIES	30.06.2010	31.12.2009
	€k	€k
Shareholders' equity		
Subscribed capital	58,508	58,508
Capital surplus	126,469	126,469
Earnings reserves	31,123	31,123
Market evaluation provision	-11,326	4,439
Accumulated deficit	-74,629	-72,468
Equity to which Drillisch AG shareholders are entitled	130,145	148,071
Minority interests	336	445
Equity, total	130,481	148,516
Long-term liabilities		
Pension provisions	978	956
Deferred tax liabilities	2,912	3,500
Bank loans and overdrafts	0	59,531
Leasing liabilities	297	62
Long-term liabilities, total	4,187	64,049
Short-term liabilities		
Short-term Provisions	2,624	2,096
Tax liabilities	5,315	9,567
Bank loans and overdrafts	69,707	20,003
Trade accounts payable	22,316	27,541
Payments received on account	26,803	26,169
Leasing liabilities	422	404
Other liabilities	3,959	6,922
Short-term liabilities, total	131,146	92,702
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	265,814	305,267

Consolidated Statement of Change in Capital

	Number of shares	Subscribed capital	Capital surplus	Earnings reserves	Market evaluation provision	Accumulate deficit	Equity to which Drillisch AG shareholders are entitled	Minority interests	Equity, total
		€k	€k	€k	€k	€k	€k	€k	€k
As per 01/01/2009	49,732,347	54,706	119,480	31,123	0	-173,568	31,741	0	31,741
Change in own shares	945,263	1,039	-93	0	0	0	946	0	946
Change in consolidated companies		0	0	0	0	73	73	672	745
Consolidated comprehensive results		0	0	0	0	55,795	55,795	-39	55,756
As per 30/06/2009	50,677,610	55,745	119,387	31,123	0	-117,700	88,555	633	89,188
As per 01/01/2010	53,189,015	58,508	126,469	31,123	4,439	-72,468	148,071	445	148,516
Dividend payments		0	0	0	0	-15,957	-15,957	0	-15,957
Change in consolidated companies		0	0	0	0	-15	-15	-110	-125
Consolidated comprehensive results		0	0	0	-15,765	13,811	-1,954	1	-1,953
As per 30/06/2010	53,189,015	58,508	126,469	31,123	-11,326	-74,629	130,145	336	130,481

Consolidated Capital Flow Statement

	I-II/2010	I-II/2009
	€k	€k
Consolidated results	13,812	55,756
Interest paid	-676	-1,714
Interest received	510	1,304
Results from interest	365	410
Result not affecting payments from financial assets shown in the balance sheet and other financial result	0	-40,893
Income tax paid	-10,229	-6,948
Income tax received	1,457	0
Taxes on income	5,928	3,797
Amortisation and depreciation	2,923	3,212
Income from the disposal of tangible assets and intangible assets	-70	29
Change in inventories	-1,314	65
Change in receivables and other assets	10,151	-7,394
Change in trade payables and other liabilities and provisions	-8,610	1,897
Change in payments received on account	634	4,360
Cash Flow from Current Business Activities	14,881	13,881
Investments in tangible and intangible assets	-1,429	-1,154
Payments for acquisitions less acquired cash	-126	-841
Payments for investments in financial assets that are reported according to the equity method and for investments in other financial assets	0	-3,021
Cash flow from investment activities	-1,555	-5,016
Change in own shares	0	-100
Dividend payments	-15,957	0
Outgoing payments for amortisation of loans	-10,000	-10,000
Incoming payments from the taking out of loans	0	4,060
Change in investment liabilities	253	-462
Cash flow from financing activities	-25,704	-6,502
Change in cash	-12,378	2,363
Cash at beginning of period	26,915	4,325
Cash at end of period	14,537	6,688

Consolidated Notes

1. General information

Drillisch AG is a listed stock corporation which offers telecommunication services. Drillisch was founded in 1997. The business field of wireless services is the core business of the Drillisch Group and is situated primarily in the wholly-owned subsidiaries Drillisch Telecom GmbH and SIMply Communication GmbH. The Group holds service provider licences for the Telekom, Vodafone, E-Plus and O2 networks and markets wireless services products from the credit, debit and discount sectors. The address of Drillisch AG as the parent company of the group is Wilhelm-Röntgen-Strasse 1-5, 63477 Maintal. The registered office of Drillisch AG is Maintal, Germany. The Company is registered at the Hanau Local Court under HRB 7384.

2. Applied accounting principles

The consolidated interim accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied in the EU. All of the IFRS that are compulsorily applicable from 1 January 2010 onwards and that have been adopted by the EU were applied. The same accounting and valuation methods were applied as to the consolidated annual accounts as per 31 December 2009. Consequently, these interim accounts as per 30 June 2010 have been prepared in accordance with IAS 34, "Interim Financial Reporting". The accounting standards which are to be applied for the first time in fiscal year 2010 do not have any noteworthy effects on the presentation of the assets and liabilities, financial position and profit and loss of the Drillisch Group. The Group's income is taxed at a rate of 30.25%.

3. Profit per Share

The consolidated profit is divided by the weighted average of the shares in circulation to determine the profit per share.

	1st Half 2010	1st Half 2009
Consolidated profit allocated to Drillisch shareholders in €k	13,811	55,795
Weighted average, less own shares held	53,189,015	50,322,440
Consolidated Profit per Share in € (diluted/ undiluted)	0.26	1.11

4. Explanatory Comments on Capital Flow Statement

The liquidity (cash) shown in the cash flow statement includes cash on hand and cash in banks which are shown under cash in the consolidated balance sheet.

5. Segment Presentation

The segment report is based on the internal organisation and reporting structure, which differentiates between the products and services offered by the various segments within Drillisch Group. The segment of Software Services is represented alongside the Telecommunications segment.

The Group's activities in the Telecommunications segment are compiled in the Wireless Services division. The operational companies within Drillisch Group market wireless services offered by all four of the wireless service providers operating in Germany. The services acquired from the network operators Telekom Deutschland GmbH, Vodafone D2 GmbH, E-Plus Mobilfunk GmbH and Telefonica O2 Germany GmbH & Co. OHG are sold on to the end consumers for the Company's own account and at rates established by Drillisch on the basis of its own calculations.

Consolidated Notes

The segment of Software Services comprises all activities relating to the development and marketing of a Workflow Management software program.

	1st Half 2010	1st Half 2009
	€k	€k
Sales		
Telecommunications (sales with third parties)	176,914	162,307
Software services (sales with third parties)	60	55
Software services (in-house sales)	4,139	3,489
Consolidation	-4,139	-3,489
Group	176,974	162,362
Segment Results (EBITDA)		
Telecommunications	23,011	21,217
Software services	17	-55
Group	23,028	21,162

All relations within and/or between the segments are eliminated in the course of consolidation. These relations mainly relate to offsetting intra-Group expenses and earnings. Identical accounting methods are used for all segments.

The financial assets shown in the balance sheet according to the available for sale method and their results are allocated to the segment Telecommunications. The transfer prices correspond on principle to the prices determined by arm's length comparison. Since the Drillisch Group is active only in Germany, there are no geographic segments. The major segment expenditures without effect on payments are related to the allocations to the provisions.

Rollover

The rollover of the total of the segment profits (EBITDA) to the profit before taxes on income is determined as shown below:

	1st Half 2010	1st Half 2009
	€k	€k
Total segment profits (EBITDA)	23,028	21,162
Amortisation and depreciation	2,923	3,212
Operating result	20,105	17,950
Financial result	-365	41,603
Profit before taxes on income	19,740	59,553

Certificate of Review

To Drillisch Aktiengesellschaft

We have reviewed the condensed consolidated interim financial statements - comprising statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and selected explanatory notes - together with the interim group management report of Drillisch AG, Maintal, for the period from 1 January 2010 to 30 June 2010, which are components of the semi-annual financial report pursuant to Sec. 37w German Securities Trading Act ("WpHG"). The preparation of the condensed consolidated interim financial statements in accordance with the interim financial reporting IFRS which are applicable in the EU, and of the interim group management report in accordance with the applicable WpHG provisions is the responsibility of the Company's legal representatives. Our responsibility is, based on our review, to issue a review report on the condensed consolidated interim financial statements and the interim group management report.

We have conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements (issued by IDW, the Institute of Sworn Public Auditors & Accountants in Germany). Those standards require that we plan and perform the review so that we can exclude through critical evaluation, with a moderate level of assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been formulated, in every material respect, in conformity with the WpHG provisions applicable to interim group management reports. A review is limited primarily to interviewing the Company's staff and to analytical procedures and thus provides less assurance than an audit. Since we have not been engaged to perform a statutory audit, we cannot issue an auditor's opinion.

Based on our review, nothing has come to our attention that would cause us to assume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been formulated, in every material respect, in conformity with the WpHG provisions applicable to interim group management reports.

Düsseldorf, 12. August 2010

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

signed Dr. Gorny signed ppa. Meier Meier

Wirtschaftsprüfer Wirtschaftsprüfer
(German Public Auditor) (German Public Auditor)

Affirmation Statement of the Legal Representatives

Declaration according § 37y WpHG in connection with § 37w Sec. 2 Nr. 3 WpHG

We warrant, to the best of our knowledge, that the consolidated interim accounts, in accordance with the applicable accounting principles for interim reporting, present a true and fair view of the assets and liabilities, financial position and profit and losses of the Group, and that the course of business described in the consolidated interim management report, including the results of business activities and the Group's position, is presented in such a manner as to give a true and fair view thereof as well as of the major opportunities and risks of the foreseeable development of the Group during the remainder of the business year.

Maintal, 12 August 2010



Paschalis Choulidis

and



Vlasios Choulidis

Finance and Event Calendar · Publications · Your Contacts · Information/Order Service

Finance and Event Calendar*

Semi-Annual Report	Thursday, 12 August 2010
Technology, Media & Telecoms, Commerzbank	Tuesday, 24 August 2010
9-Month Report	Thursday, 11 November 2010
German Equity Forum	November 2010

* Subject to change

Publications

The present half-year report 2010 is also available in German.

You can view and download our business and quarterly reports, ad-hoc announcements, press releases and other publications about Drillisch AG at www.drillisch.de.

Your Contacts

We will be glad to help with any questions about our publications or about Drillisch AG:

Oliver Keil, Head of Investor Relations

Wilhelm-Röntgen-Straße 1-5
D – 63477 Maintal
Tel.: + 49 (0) 61 81 / 412 200
Fax: + 49 (0) 61 81 / 412 183
E-Mail: ir@drillisch.de

Peter Eggers, Press Spokesperson (Professional Journals)

Wilhelm-Röntgen-Straße 1-5
D – 63477 Maintal
Tel.: + 49 (0) 6181 / 412 124
Fax: + 49 (0) 6181 / 412 183
E-Mail: presse@drillisch.de

www.drillisch.de

Information and Order Service

Please use our online order service under the heading Investor Relations on our website. Naturally, we would also be happy to send you the desired information by post or by fax. We will be glad to help you with any personal queries by telephone.

Editorial Information

Company Headquarters:

Wilhelm-Röntgen-Straße 1-5 · D – 63477 Maintal

Telephone: + 49 (0) 61 81 / 412 3

Fax: + 49 (0) 61 81 / 412 183

Responsible:

Drillisch AG

Management Board:

Paschalis Choulidis (Spokesperson)

Vlasios Choulidis

Supervisory Board:

Dr Hartmut Schenk (Chairperson)

Johann Weindl (Deputy Chairperson)

Marc Brucherseifer

Dr Horst Lennertz

Michael Müller-Berg

Dr Bernd H. Schmidt

Investor Relations Contact:

Telephone: + 49 (0) 61 81 / 412 200

Fax: + 49 (0) 61 81 / 412 183

E-mail: ir@drillisch.de

Commercial Register Entry: HRB 7384 Hanau

VAT ID No.: DE 812458592

Tax No.: 03522506037 Offenbach City Tax Office

Disclaimer:

The information provided in this publication is checked carefully. However, we cannot guarantee that all specifications are complete, correct and up to date at all times.

Future-oriented Statements:

This report contains certain statements oriented to the future which are based on the current assumptions and projections of the management of the Drillisch Group. Various risks, uncertainties and other factors, both known and unknown, can cause the actual results, financial position, development or performance of the Company to deviate substantially from the assessments shown here. The factors described in our reports to the Frankfurt Stock Exchange and to the American Securities and Exchange Commission (incl. Form 20-F) are among such factors. The Company does not undertake any obligation to update such future-oriented statements and to adapt them to future events or developments.

