DRILLISCH AG
REPORT ON FIRST HALF-YEAR 2013

Key Indicators of the Drillisch-Group	I-II/2013	I-II/2012	I-II/2011
Turnover in €m	147.0	167.6	160.4
Turnover, adjusted in €m*	150.6	157.9	146.8
Service Revenues in €m	139.0	155.0	145.9
Service Revenues, adjusted in €m*	142.6	145.2	132.3
Other Revenues in €m**	8.0	12.7	14.5
Gross Profit in €m	56.1	51.3	47.1
Gross margin in % of turnover	38.2%	30.6%	29.4%
EBITDA in €m	34.1	33.2	25.7
EBIT in €m	29.2	31.7	23.8
EBT in €m	148.8	10.0	21.2
Consolidated profits in €m	139.3	6.8	17.7
Profit/loss per share in €	2.90 €	0.13 €	0.33 €
EBITDA margin in % of turnover	23.2%	19.8%	16.0%
EBIT margin in % of turnover	19.9%	18.9%	14.8%
EBT margin in % of turnover	101.2%	6.0%	13.2%
Consolidated profit margin in % of turnover	94.8%	4.0%	11.0%
Equity in €m	185	134	150
Balance Sheet total in €m	320	465	393
Equity return (equity % of balance sheet total)	57.8%	28.8%	38.2%
Return of equity (ROE) (ratio Group result to equity in %)	104.1%	4.5%	13.6%
Cash in €m	43.6	28.0	16.5
Cash flow from current business operations in €m	13.1	-6.2	6.6
Depreciation excluding goodwill in €m	4.9	1.5	1.9
Investments (in tangible and intangible fixed assets), adjusted, in €m	9.1	1.6	1.4
Staff as annual average (incl. Management Board)	356	339	342
Wireless services customers as per 30/06 (in thousands)(1)	1,823	1,866	2,501
thereof MVNO customers	**1,593**	**1,314**	**396**
thereof Budget customers(2)	657	313	n/a
thereof Volume customers(3)	936	1,001	n/a
AGPPU(4) Budget customers	9.54 €	9.72 €	n/a
AGPPU(4) Volume customers	3.77 €	3.94 €	n/a
AGPPU(4) customers (total)	**5.98 €**	**5.21 €**	n/a

(1) - thereof in H1 2013 139k prepaid and 91k Postpaid Service Provider customers
(2) - Tariff with inclusive volume (voice, SMS, data)
(3) - Tariff with billing for usage "Pay as you go"
(4) - AGPPU = Average Gross Profit per User

*Turnover and Service Revenues adjusted for already sold prepaid sub and impact from the reduction of the termination rates
**Other revenues, includes sales of devices and other sales

Letter from the Management Board

Management Board **Vlasios Choulidis** Director of Sales, Marketing, Customer Care

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

Dear Shareholders,

For the eleventh year in succession, we have once again posted the best results ever for the first half of the year and have thus completed another chapter in the Drillisch AG success story – and this, despite the challenging market environment.

To ensure our commercial success, it is important that our products stand out positively from those of our competitors. This success is partly down to the long-term and sustained drive to improve products and quality. On 30 June 2013, in comprehensive quality tests carried out externally by independent third parties, Drillisch again received marks of "good" and "very good" in areas including "Quality" and "Process security".

With the recent introduction of the "All-in X" budget product family, we have further secured our position as price leader across all relevant customer areas in the second quarter. This allows our customers to create an individual mobile phone product suited to their needs by choosing the amount of monthly data volume, maximum surfing speed and suitable telephony/text message packages or flat rates with prices ranging from €4.95 to €24.95.

The steadily growing MVNO subscriber base is a clear indication of how successful our products are. The past 12 months has seen an increase of 21.2 per cent or 279,000 subscribers to 1.593 million subscribers (H1 2012: 1.314 million). With the deliberate clean-up of the prepaid and the unprofitable postpaid service provider customers, the share of MVNO subscribers has risen to 87.4 per cent (H1 2012: 70.4 per cent).

With a total of 1.823 million subscribers, we were able to generate a service revenue of €142.6 million (H1 2012: €145.2 million), adjusted for the prepaid accounts sold in May 2012 and the reduction in termination rates. While the overall market in service revenue declined by 4.5 per cent, the drop in adjusted service revenue was only 1.8 per cent which allowed us to hold our ground. During the first half of 2013, the cost of materials decreased disproportionately to the decline in earnings by 21.9 per cent to €90.9 million (H1 2012: €116.3 million).

Letter from the Management Board

Gross profit, one of the most important performance indicators for our business, rose by €4.8 million or 9.4 per cent to €56.1 million (H1 2012: €51.3 million) and the gross profit margin increased by 7.6 percentage points to 38.2 per cent (H1 2012: 30.6 per cent). The positive gross profit performance is underpinned by the average gross profit per user (AGPPU) indicator. This performance indicator factors in both revenue and the cost of materials, thus reflecting more clearly the operating strength of the wireless services business – the long-term value of the customer relationship – than the average revenue per user (ARPU) indicator, which only considers sales but not the cost of sales. The AGPPU for our MVNO customers is €5.98 (H1 2012: €5.21). This corresponds to an increase compared to the prior-year period of 14.8 per cent. This development was driven by more than 656,000 budget rate plan subscribers (H1 2012: 313,205 subscribers), which represents an increase of 109.6 per cent compared to the prior-year period. The AGPPU for these subscribers is €9.54 (H1 2012: €9.72). Our current focus is on the marketing of these rate plans. We are confident that we can further increase these high-value subscribers.

In the first half, the consolidated EBITDA rose by 2.8 per cent to €34.1 million (H1 2012: €33.2 million). The EBITDA margin improved therefore by 3.4 percentage points to 23.2 per cent (H1 2012: 19.8 per cent). In the first six months of 2012, one-off of €6.1 million from the sale of prepaid accounts was included in Other operating income. Excluding this one-off in 2012, the consolidated EBITDA rose by €7 million or 25.4 per cent in the first half of 2013 compared to the previous year, which underscores the positive performance of our core operations.

In April 2012, we issued non-subordinated debenture bonds worth €125 million vested with the right to convert into existing ordinary shares in freenet AG. The continuing positive price performance of the freenet stock in the first half of 2013 resulted in more than 85 per cent of investors making use of their conversion option in the second quarter. Once the number of outstanding bonds had in this way been reduced to less than 15 per cent of the original issue volume by the end of May 2013, in accordance with the terms and conditions of issue, we called the remaining bond units on 29 May 2013. As a result of time limits, the cancelled bonds were not settled until July 2013. As of 30 June 2013, liabilities from bonds still amounted to €15.6 million (31 December 2012: €118.7 million), and Other financial liabilities from corresponding derivatives were €6.6 million (31 December 2012: €13.6 million). EUR 13.6 million. These positions will be completely dispensed with as of 30 September. You can find further information on this matter on pages 19 to 21 of this report. Before 30 June 2013, we sold a substantial proportion of the underlying freenet shares on the stock exchange. These were shares which had served as collateral for the bonds and had become free again subsequent to repayment. As a result, during the course of the second quarter, our stake in freenet AG reduced to under 5 per cent.

Letter from the Management Board

After recording operating cash outflow contingent upon closing date of €5.8 million in the first quarter of 2013, operating cash flow totalled €13.1 million in the first half of 2013 (H1 2012: €-6.2 million). In the second quarter of 2013 alone, there was positive operating cash flow of €18.9 million. Furthermore, our unused lines of credit and the available cash reserves mean that we are in a very good position to leverage any opportunities that arise on the German wireless services market.

With the successful business performance in the first half of 2013 and the positive outlook for the rest of the year, we are holding firm to our forecast of an increase in EBITDA for the years 2013 and 2014 of 10 per cent in each instance. Based on the current status, we expect EBITDA to be at the upper end of our forecast at €67 to €70 million (previous year: €61.9 million) and for the 2014 fiscal year, we anticipate a further increase of approximately 10 to 15 per cent to €77 to €80 million. Our forecasts are based on a continuing steady rise in high-value MVNO customers.

Kind regards,

Vlasios Choulidis and Paschalis Choulidis

Investor Relations Report

The Capital Market in the First Half of 2013

The German stock market ended the first half of 2013 with gains, whereby second-tier stocks performing better overall than the blue chips. At the end of the first half, statements by the Fed on current interest rate and monetary policy show that although profit-taking has been observed, improving economic conditions should be able to help the situation.

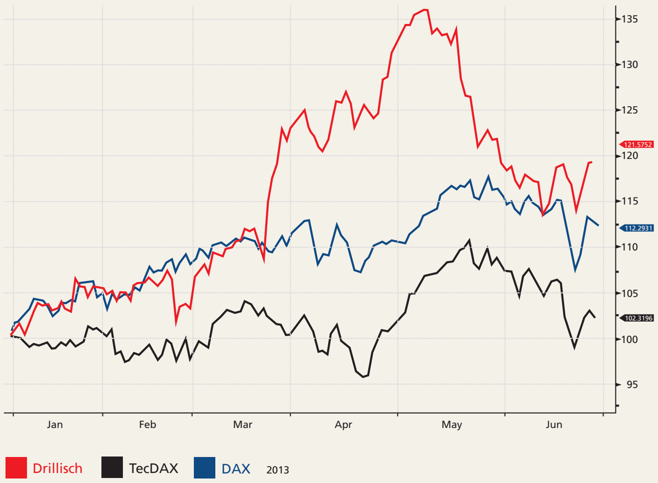
Drillisch Stock in the First Half of 2013 compared to TecDAX

	2012 year end	30 June 2013	% change
Drillisch	€11.145	€12.85	+15.30
TecDAX	828.11	946.35	+14.28

Drillisch stock continued the positive trend of the first quarter of 2013 and performed better in the first half of 2013 than the TecDAX and the DAX.

Attractive and Sustainable Dividend Policy

With approval from the Annual General Meeting on 16 May 2013, the dividend for the fiscal year 2012 was increased from €0.70 per voting share in the previous year to €1.30. Our target for fiscal years 2013 and 2014 will be to distribute a dividend of the same amount as a minimum.



Current Analyst Assessments (per 30 June 2013)

Due to an attractive dividend policy and sustainable increases in the consolidated EBITDA as the most important parameter, Drillisch stock is regarded as a promising investment on the capital market. Thanks to the targeted increase in EBITDA from €61.9 million in 2012 to between €67 and €70 million in the current fiscal year and to between €77 and €80 million in fiscal year 2014, all analysts have defined price targets which are above the current market level.

Current Analyst Assessments (per 30 June 2013)

Analysis	Rating	Price Target	Date
Commerzbank	„Hold“	€ 13.50	25 June 2013
Berenberg	„Hold“	€ 14.00	19 June 2013
Warburg Research	„Hold“	€ 14.60	10 June 2013
Hauck & Aufhäuser	„Buy“	€ 15.50	4 June 2013
LBBW	„Hold“	€ 14.00	10 May 2013
Bankhaus Lampe	„Buy“	€ 17.00	16 April 2013

Investor Relations Report

Investor Relations Events

In the second quarter of 2013, talks were conducted with private and institutional investors. Communications are conducted in conformity with the fair disclosure principle, i.e. all shareholders and interested parties are simultaneously provided with the same type of information about all important developments.

The continuing work can be followed equally by all investor groups on our new homepage **www.drillisch.de** -> Investor Relations. Many investors also take advantage of the opportunity for personal contact via e-mail and / or telephone.

Agenda of the Second Quarter – DGAP Reports

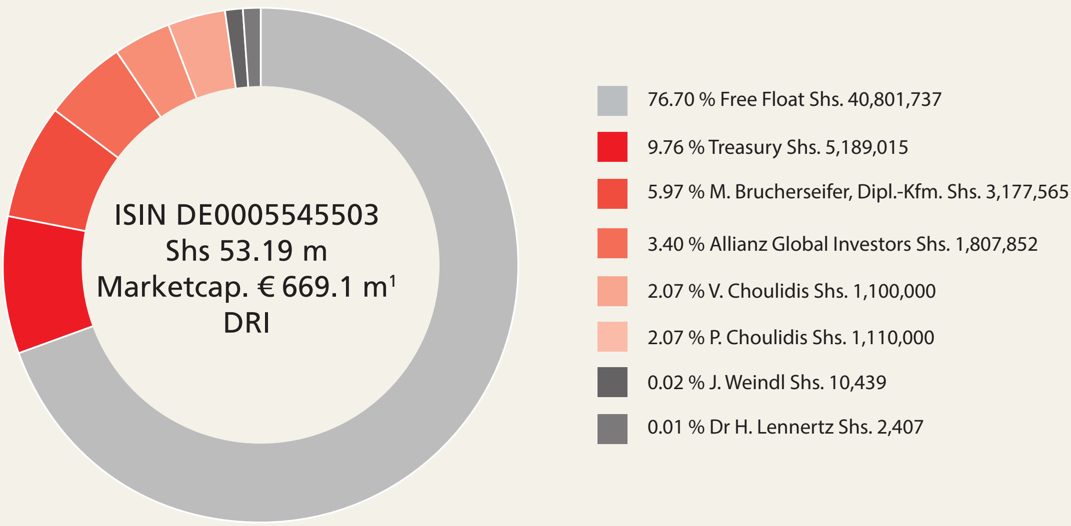
10 May 2013	Successful start to the new accounting year

Directors' Holdings as per 30 June 2013

Name	No-par shares
Vlasios Choulidis	1,100,000 ➔ 2.07%
Pascal Choulidis	1,100,000 ➔ 2.07%

Supervisory Board	No-par shares
Marc Brucherseifer, Dipl.-Kfm. (Chair)	3,177,565 ➔ 5.97%
Dr Susanne Rückert (Deputy Chair)	0
Horst Lennertz, Dr.-Ing.	2,407 ➔ 0.01%
Frank Rothauge, Dipl.-Kfm.	0
Dr Bernd Schmidt	0
Johann Weindl, Dipl.-Kfm.	10,439 ➔ 0.02%

Shareholder structure of Drillisch AG (Last revised 30 June 2013)



Source: Disclosures 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 €12.85 on 30 June 2013. Free Float acc. to the rule of Dt. Boerse AG: 83.25%.

MARKET ENVIRONMENT

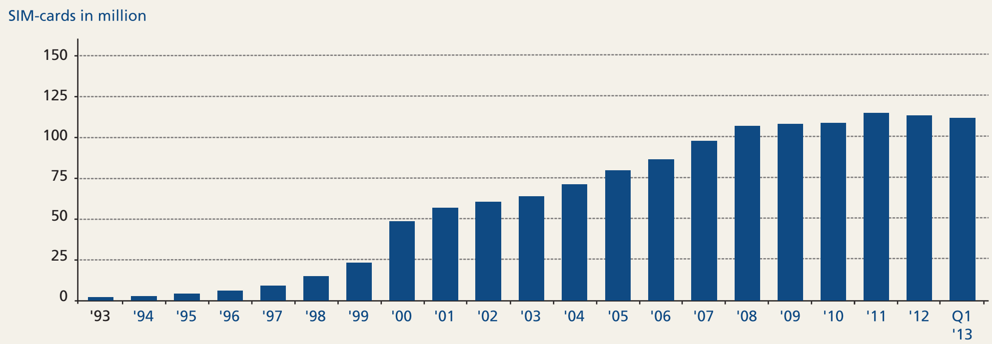
The Wireless Services Market

More than 30 years of wireless services – from "brick" to super smartphone

On 3 April 1973, an historic telephone conversation took place in New York. Motorola manager Martin Copper made a call to Joe Engel, head of technology at the American telephone giant AT&T. What was special about this call? It was transmitted from 6th Avenue using the first mobile cell phone through the landline network. This was the beginning of the mobile communication revolution. Although it would be another ten years before the first mobile phone would be widely available to everyone, the "talking brick" was born. The device, which looked rather like a piece of radio equipment, was three times the length of today's mobile phones, seven times heavier than the current smartphones and with a maximum of 30 minutes' talk time, had a very limited range of uses.

Since then, the modern wireless services market has developed further and more rapidly than could have been imagined and influences our daily lives more than ever before. Making mobile phone calls and connecting to the internet while on the go reflects an attitude to life and is enthusiastically undertaken by nearly the entire population. Wireless services have gone from being a luxury to a consumer product that is integral to our everyday lives. This development is impressively revealed by the number of activated SIM cards. In the first half of 2013, some 113 million SIM cards were activated in Germany, compared to only half a million in 1992.

SIM-cards in Germany in million (1993 – Q1-2013)



Source: Federla Network Agency

90 per cent of German households use at least one mobile device. In 36 per cent of households, two devices are used and in almost 20 per cent of houses, more than five devices are used. According to a forecast by the German Association for Information Technology, Telecommunications and New Media (BITKOM), in 2013, there will be a turnover of €21 billion in the wireless services sector. In addition, there will be sales of approx. €9 billion in mobile devices.

The digital society – online always and everywhere

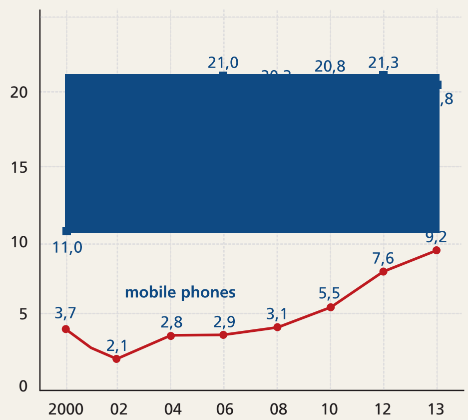
Since the beginning and the first boom in the mid-nineties, not only have the size and shape of mobile communication means developed, but also the opportunities and the range of applications. In the first quarter of 2013, smartphones optimised

The Wireless Services Market

for mobile internet won the favour of users and overtook the traditional mobile phone for the first time. BITKOM expects a 29 per cent rise in the sales of smartphones in 2013, from 21.7 million to 28 million phones. More than 80 per cent of the mobile phones to be sold in 2013 will be smartphones. Alongside the youth market who are enthusiastic consumers of wireless services – according to a 2012 Children, Information, Media (KIM) study by the German Media Education Research Association South-West, every second child between the ages of six and thirteen already has their own mobile phone – it is chiefly the older population who are increasingly moving across to a smartphone. In the 50- to 64-year-old age bracket, the number of smartphone owners has risen by half in the last six months – from 26 to 39 per cent according to a BITKOM announcement made in mid-June 2013. It also stated that 40 per cent of all Germans from the age of 14 upwards have a smartphone, while previously it was only 34 per cent. The move to smartphones means that there is a very dynamic increase in data volume right across all age groups. The Mobile Club study, which was published in May 2013 by TNS Infratest and the German Association for the Digital Economy (BVDW) reveals that every second smartphone owner is continuously online everywhere they go. Whether chatting with friends on social networks, checking e-mails or simply searching for local information, all these applications boost the continued high demand for smartphones and other suitable products.

German Mobile Market

Turnover in € billion



Source: F.A.Z.-Grafik Walter

Diversity of devices and cost-effective price plans act as growth drivers

In recent months, numerous new models have been announced and presented and the following trends can be observed.

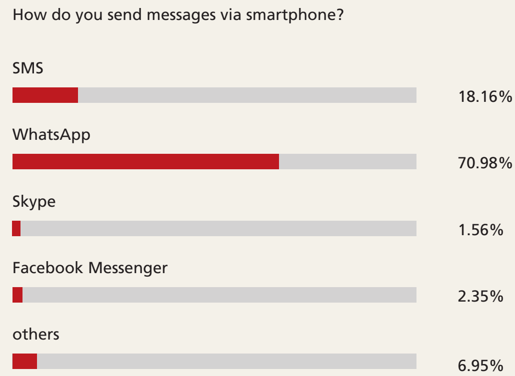
- Smartphones with high-end technology and innovative features are increasingly sought after: Processors with four cores, ultra-sharp screens, LTE connection, voice control and gesture recognition. Those are the current technical highlights.
- Smartphones with a screen larger than five inches are acting as a bridge between the smartphone and the tablet (so-called phablets) and are likewise attracting a lot of attention, as are the cheaper "mini" versions which target enthusiastic first-time users.
- Electronic devices are increasingly merging into one and other. Hybrid smartphones with extremely high-performance cameras, which satisfy even high-level requirements, for example, are no longer a rarity.
- Smartphones are becoming more and more robust and can be used for a wide range of applications. Some devices are now watertight, for example, and selected manufacturers sell rugged outdoor smartphones.

The Wireless Services Market

More popular than ever: Mobile internet causes an explosion in data traffic

With the dynamic development of mobile internet use, texting is becoming less important. This international growth clearly reveals that messenger services with no additional costs taken from the user's existing data package are being used. In June 2013, the mobile messaging app WhatsApp reported that a record 27 billion messages had been sent in one day. As more and more pictures, news and films are being sent over the data highway, Cisco in its latest study predicts an annual growth in worldwide data usage of 23 per cent.

SMS and Co.



Source: Wall Street Journal, WhatsApp

Drillisch starts revolutionary new price plan concept with excellent quality tariffs

In April, Drillisch rolled out a unique new price plan concept across all its brands. All of the packages and all-net flat offers (a flat-rate package across all German networks) are available at market-leading prices without a fixed-term contract. In contrast to our competitors, Drillisch Group brands do not combine their best prices with long contracts, rather they offer customers the greatest possible flexibility. Smartphone users will find that the Drillisch Group brands can provide a complete package from €4.95/month, including flat-rate internet usage, as well as inclusive monthly minutes and free texts. With a range of straightforward packages and quality management that has been independently verified, every user can find a price plan that fits their needs.

No Contract Maturity – Best Net – D-Net / O_2

All-in XS 4,95 Euro monthly
... for first time user

✓ 50 free minutes per month
✓ 50 free-SMS per month
✓ Internet-Flatrate (100 MB) (7.2 MBit/s)
✓ Upgrade to 500 MB possible

All-in XM 7,95 Euro monthly
... the Allround tarif

✓ 100 free minutes per month
✓ 100 free-SMS per month
✓ Internet-Flatrate (300 MB) (7.2 MBit/s)
✓ Upgrade to 500 MB / 1 GB possible

All-in XL 14,95 Euro monthly
... the new Top-Tarif

✓ 250 free minutes per month
✓ 250 freei-SMS per month
✓ Internet-Flat (500 MB) (7.2 MBit/s)
✓ Upgrade to 1 GB possible

Flat XS from 16,95 Euro monthly
... cheapest Allnet-Flat

✓ Flatrate in all mobile networks
✓ Flatrate to landline
✓ Internet-Flatrate (500 MB)
(up to 14.4 MBit/s)

Price and innovative leadership in attractive German market

Flat XM from 24,95 Euro monthly
... Full-Flat at the best price

✓ Voice-Flat
✓ SMS-Flat
✓ Internet-Flat (1GB) (up to 14.4 MBits)

The Wireless Services Market

Strong wireless networks for optimal service provision – double the surfing experience with new additional options

Current studies show that network tests are a deciding factor when consumers come to selecting their mobile price plan. Drillisch offers its customers the choice between two high quality networks, O_2 or Vodafone, with a 14.4 MBit/s download speed.

For frequent surfers, Drillisch has introduced a flat rate for mobile surfing with 2 GB of high-speed data across all its brands, which can be used with the top all-net flat-rate offer *Flat XM smart*. For only €9.95/month, customers can significantly increase their data volume to experience even more mobile internet.

Drillisch brands leading the way in price plan comparisons carried out by trade media

The new price plan concept has received positive feedback in numerous specialist magazines, price plan comparison portals and consumer magazines. Immediately after the price plan was launched, the German consumer magazine Stiftung Warentest praised the simply, maXXim, helloMobil, smartmobil.de and Phonex.de price plans without a fixed-term contract in the May 2013 edition of its magazine. In a comparison of all-net flat rates by computer magazine CHIP (7 April 2013 online edition) and in two statements by telecommunications portal teltarif.de (11 April and 16 May 2013), the new Drillisch price plans were likewise received very positively. The package price plans of the new portfolio are appreciated by customers and testers alike. In an overview of the 10 most cost-effective smartphone price plans in the online edition of the magazine Computerbild (12 June 2013), Drillisch ranked in the top seven positions. In another smartphone price plan comparison this time by teltarif.de (20 June 2013), the All-in XS entry level price plan came out clearly on top. The Stiftung Warentest price plan award from 28 June 2013 in the categories heavy user and heavy phone user, "very good" from tariftipp.de (June 2013), as well as awards from inside-handy.de (April 2013), handyflatrate-preisvergleich.de (April 2013) and allnetflat24.de (May 2013) all go to prove that Drillisch is able to provide suitable price plans to meet consumer requirements.

Bei einem Preis von knapp 25 Euro im Monat bieten nur die Tarife der Drillisch-Töchter DeutschlandSim, Hello-Mobil, Maxxim, Phonex und Simply mit einer monatlichen Kündigungsfrist Flexibilität. („Allnet-Flatrates: 1000 Euro sparen", 25.04.2013)

Im Netz von Vodafone erhalten Sie das beste Angebot bei Deutschland-SIM mit der Flat M sowie Maxxim mit der Flat XM. Hier kostet die Flatrate für unbegrenzte Gespräche, SMS sowie einer Internet-Flat mit 1 GByte Highspeed-Datenvolumen günstige 27,95 Euro pro Monat. Sehr gut: Beide Angebote kommen ohne Mindestvertragslaufzeit aus und sind monatlich kündbar. („Die besten Tarife für Ihr Netz", 07.04.2013)

Dauerhaft unter 20 Euro ohne Laufzeit oder Preisfalle: Für 19,95 Euro im Monat bietet Maxxim (sowie die verwandten Marken Hellomobil, Simply, McSIM und Phonex) eine All-net-Flat für alle Telefonate und Internet mit Drosselung ab 500 MB. („Das sind die günstigsten Allnet-Flatrates unter 20 Euro", 22.06.2013)

Auch im Vodafone-Netz landen vier Drillisch-Marken auf dem ersten Platz. […] Mit einer Download-Geschwindigkeit von 14,4 Mbit/s, bietet die Flat XM smart zudem eine schnellere Verbindung als die 7,2 Mbit/s der anderen Anbieter. („Tarif-Awards: Die günstigsten Allnet-Flatrates im April", 29.04.2013)

Vorteilhaft: Das Angebot kommt ohne feste Vertragslaufzeit und kann monatlich wieder gekündigt werden. Der Tarif kann - bei gleichem Monatspreis - in den Netzen von o_2 ("plus") und Vodafone ("smart") bestellt werden. („Günstige Smartphone-Tarife in allen Netzen", 20.06.2013)

Das im Netz von o_2 realisierte Tarifmodell Flat XM plus […] kommt mit inkludierter SMS-Flatrate sowie Daten-Flat mit 1 GB monatlichem High-Speed-Volumen. Die Buchung von Zusatzoptionen ist somit nicht mehr notwendig. („Im Überblick: Allnet-Flats mit hohem High-Speed-Volumen", 16.05.2013)

The Wireless Services Market / The Software Industry

McSIM the first provider to offer student price plans

A second relaunch among the Drillisch brands took place in May sparking widespread interest. McSIM has developed a product specifically targeted at students. Discounts on existing price plans are offered by other providers, but McSIM specifically aligned its portfolio with the needs of this target group to develop a special price plan package, including high-speed internet at a flat rate and without a minimum contract term.

- With the **McSPAR entry level price plan** phone calls and texts cost 8 euro cents per minute or per text. Students do not pay the basic fee and a small amount of flat-rate internet usage (50 MB/month) with high speed of up to 7.2 Mbit/s is included.
- The **McFLEX flexible student price plan** consists of 250 inclusive units and 500 MB of flat-rate high-speed internet usage. What makes this special? The price of €9.95/month despite the fact that the contract can be terminated at any time.
- The **McFLAT complete package** is tailored to the needs of heavy users: It comprises a call and text flat rate across all German networks, as well as 1 GB of high-speed flat-rate internet usage up to 7.2 Mbit/s. For €24.95/month without a minimum contract term, this price is currently unique on the German wireless services market.

To add to the SIM-only price plans, there is the SPARFöG, an offer that changes each month and consists of a top smartphone with a saver price plan at a discount student rate. In addition, with SPARFöG, the price plans can also be combined with smartphones from the new McSIM mobile phone shop.

In the second half of the year, German high-tech sector expects business to be buoyant.

According to a survey by the German industry association BITKOM, approximately three quarters (72 per cent) of information technology, telecommunications and entertainment electronics suppliers expect sales to rise over the next six months. Results presented in mid-July also revealed a positive performance: 57 per cent were able to increase turnover, 29 per cent reported a decrease in sales. Business fared particularly well for suppliers in the IT services industry. Here, 70 per cent reported a growth in sales, while only 19 per cent experienced a drop in revenue. Medium-sized companies viewed prospects even more positively. Only approximately every eighth company (13 per cent) believes that revenue will decrease. With 61 points, the BITKOM medium-sized companies' index remains, therefore, at an extraordinarily high level.

COMMERCIAL DEVELOPMENT OF THE DRILLISCH GROUP AS PER 30 JUNE 2013

Group Companies

Drillisch AG – successful first half of the year

Drillisch AG, Maintal, is a mobile virtual network operator (MVNO) which operates solely in Germany. During the first half of 2013, Drillisch continued the dynamic growth of the first quarter and once again raised the operating profit. One of the most profitable and innovative providers of rate plans for voice and data communication, Drillisch is a regular source of new ideas on the German wireless services market. Operating as an MVNO, Drillisch compiles packages of flexible services based on its own product ideas, drawing on standardised and unbundled advance services from the network operators Telefónica Germany GmbH & Co. OHG (“O_2”) and Vodafone GmbH (“Vodafone”). The internet is its most important sales channel. Moreover, Drillisch successfully works with selected distribution and cooperation partners as well as with some classic wireless services retailers. Drillisch plans to continue its corporate success story throughout the whole of 2013 and 2014.

Drillisch serves current customers in the Telekom Deutschland GmbH (“Telekom”) and E-Plus Mobilfunk GmbH (“E-Plus”) networks on the basis of existing service provider agreements. However, the number of customers in this less profitable segment is declining as planned.

Price leader with innovative and transparent products

With the "All-in X" product family which was introduced across all its brands in the second quarter, Drillisch provides its customers with clear, transparent products with a maximum degree of flexibility. The structure of its rate plans makes Drillisch the price leader on the German market.

Optimal performance and good service at the best price: that is the focus of all of the Drillisch products. The present concept for rate plans offers transparent rate plans aligned with this principle and designed to match ideally the various needs of customers. Every user can find the optimal combination of monthly data volume, maximum surfing speed and telephony/text message packages or flat rates for his/her situation.

Awards for product transparency and customer service

Drillisch has in the past requested the performance of extensive quality tests by independent third parties. The certificates which have been awarded, consistently with ratings of “excellent” and “good”, have been confirmed without exception in current reviews from 30 June 2013.

The honours awarded to the processes and quality of services document the highest level of transparency and security. The quality of the Drillisch product offering reflects national as well as international standards. Sustained transparency and security are important elements of the company's success. The Drillisch Group will therefore continue to undertake these exhaustive tests in future too.

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 re-

Group Companies

sources, risk management, corporate communications and investor relations along with the definition, management and monitoring of the global corporate strategy. The subsidiaries Drillisch Telecom GmbH, Maintal ("Drillisch Telecom"); MS Mobile Services GmbH, Maintal ("MS Mobile"); and eteleon e-solutions AG ("eteleon") via its subsidiary b2c.de GmbH, both in Munich, are responsible for the operational wireless services business. The IT know-how of the Drillisch Group has been concentrated in IQ-optimize Software AG ("IQ-optimize"), Maintal. MSP Holding GmbH ("MSP"), Maintal, is a subsidiary which holds additional stock in freenet AG as well as the investment in eteleon.

Strong brands in mobile communications

Drillisch offers attractive rate plans customised to meet specific customer needs through its subsidiaries, which operate the online brands McSIM, helloMobil, simply, PHONEX, smartmobil.de, maXXim, DeutschlandSIM, discoTEL and discoSURF and the premium brands VICTORVOX and Telco. Every subscriber can find a combination of mobile communication services which is a perfect fit for his/her demands in the "All-in X" product family. What is more, customers can go to the corresponding online shops to choose the device best suited to their purposes from a large selection of the latest smartphones, tablet PCs and notebooks, and now they can select suitable accessories for their device too.

IQ-optimize guarantees IT expertise

Drillisch has essentially bundled its IT expertise in its subsidiary IQ-optimize. This company performs almost all of the IT services for the Group.

Employees

In the first six months of 2013, Drillisch Group had an average headcount of 356 employees (previous year 339), including the members of the Management Board. The number of vocational trainees not included in the above figure is 55 (previous year: 55). Drillisch makes an above-average contribution to the training of young people in qualified professions necessary to secure our future in Germany.

Revenue and earnings position

Further EBITDA growth in the first half of 2013 is impressive evidence that Drillisch has maintained its operative earning power. The strong development of our business is supported by the ongoing dynamic developments in the fields of wireless services and mobile internet. Drillisch uses innovative products in conjunction with efficient marketing and sales concepts to sustain its top position in the German telecommunications industry.

The service revenues, essentially the income from the provision of the ongoing wireless services (voice and data transmission) and their billing on the basis of the current customer relationships, amounted to €139.0 million in the first half of 2013 (previous year: €155.0 million). This difference in comparison to the previous year can be attributed to the prepaid customer base sold in May 2012 which was still contributing to Group sales in the first half of 2012. Another factor which contributed to the decline in earnings was the reduction in termination rates from 3.36 eurocents or 3.39 euro-

Turnover and Earnings Position

cents per minute in December 2012 to a standard 1.85 eurocents a minute. Taken together, these circumstances caused a negative change of €13.4 million. Adjusted for these two effects, service revenues in the first half of 2013 were €142.6 million compared with €145.2 million in the prior-year period.

"Other revenues", which include low-margin business such as sales of devices and prepaid bundles along with the intermediary business of b2c.de GmbH, declined as expected compared to the first half of 2012 by €4.7 million to €8.0 million (previous year: €12.7 million). In addition, this item also includes sales of €43k (previous year: €49k) from the software services segments.

Total turnover in the first half of 2013 amounted to €147.0 million (previous year: €167.6 million).

The MVNO customer base has increased again since the beginning of the year by 123,000 (8.4%) to 1.593 million subscribers (31 December 2012: 1.470 million MVNO subscribers). The total number of subscribers in the postpaid sector remained virtually unchanged at 1.684 million (31 December 2012: 1.693 subscribers).

The number of subscribers in the prepaid sector was reduced as expected to 139,000 (31 December 2012: 217,000 subscribers). Overall, the ratio of postpaid to prepaid subscribers improved and is now 92.4% postpaid to 7.6% prepaid, an increase of 3.7 percentage points for postpaid compared to the end of 2012 (31 December 2012: 88.7% postpaid to 11.3% prepaid). The total number of subscribers has declined slightly by 87,000 to 1.823 million (31 December 2012: 1.910 million).

During the first half of 2013, the cost of materials decreased disproportionately to the decline in earnings by 21.9% to €90.9 million (previous year: €116.3 million). Gross profit increased as a result from €51.3 million in the first half of 2012 by €4.8 million to €56.1 million in the first half of 2013. The gross profit margin increased by 7.6 percentage points to 38.2% (previous year: 30.6%). Personnel expenses increased by 8.0% to €11.6 million (previous year: €10.7 million). Correspondingly, the personnel expenses ratio in the first half of 2013 rose by 1.5 percentage points to 7.9% (previous year: 6.4%). Other operating expenses declined in total by €2.5 million to €12.4 million (previous year: 14.9 million) The reduction compared with the previous year is essentially due to the decrease in costs for third-party services of €1.4 million (previous year: €2.2 million), which were mainly incurred during the migration of the customer base to the MVNO model in the first half of 2012, lower legal and professional expenses of €1.4 million (previous year: €2.3 million), as well as a drop in the remaining other operating expenses.

The consolidated EBITDA (earnings before interest, taxes, depreciation and amortisation), one of the most important management indicators in the Drillisch Group, rose by 2.8% to €34.1 million (previous year: €33.2 million). The EBITDA margin came to 23.2% (previous year: 19.8%). Depreciation and amortisation increased, primarily a consequence of the investments in intangible assets in Q3 2012, by €3.4 million to €4.9 million (previous year: €1.5 million). Due to higher depreciation and amortisation, the EBIT (earnings before interest and taxes) dropped slightly by €2.5 million to €29.2 million (previous year: €31.7 million). The EBIT margin improved by 1.0 percentage point to 19.9% (previous year: 18.9%).

Turnover and Earnings Position

The shares in freenet AG held by MSP and Drillisch AG were valuated according to the equity method until 20 March 2013 because of the significant influence on the company from the voting rights quota of more than 20%. The profit from this inclusion amounted to €10.3 million in the first half of 2013 (previous year: €16.7 million) and comprised the profit of €10.9 million attributable to Drillisch and expenses from scheduled depreciation as part of the purchase price allocation €0.6 million.

Other financial results per 30 June 2013 amounted to €151.0 million (previous year: €-34.1 million). Effective per 20 March 2013, MSP Holding sold 13.2 million shares of freenet stock and immediately repaid loan obligations. As a consequence of the reduction in voting rights quota for Drillisch, the holding in freenet AG has since been disclosed as AFS (available for sale). This classification led initially to a realisation of €115.9 million of hidden reserves. As a result of the sale of freenet stock in the second quarter at prices below the level of the initial valuation, this effect was reduced by €4.0 million. The acquisition of this freenet stock in 2011 was tied to the conclusion of hedging transactions which resulted in a liability of about €50 million when measured on the closing-date valuation per 31 December 2012. The repayment of the loan obligations resulted in the termination of these hedging transactions, previously measured as operating expenses, as operating profit. The result was non-cash revenues of €45.1 million (previous year: €0). The closing-date valuation of another hedging transaction concluded in the context of the financing of the freenet stock acquired in Q2 2012 resulted in non-cash expenses of €19.0 million (previous year: €14.6 million). The value of the hedging transaction is recalculated as of every closing date and is primarily a result of the price of the freenet stock on the closing date and of the remaining term. As a consequence of the change in the disclosure in the balance sheet of the freenet holding to the AFS method per 20 March 2013, expenses and earnings from the closing-date valuation of this hedging transaction are offset against expenses and earnings from the closing-date valuation of the corresponding freenet stock within the framework of the hedge accounting. Only the amount of any difference will be posted either as an expense or earning from the valuation of hedging transactions or to changes in value of the freenet holding to be disclosed directly in equity in the item Other equity. The results of this closing-date valuation per 30 June 2013 are shown as liabilities of €16.4 million (31 December 2012: €54.2 million). A further consequence of the AFS valuation is that the freenet AG dividends paid in May 2013 of €11.7 million are recognised as income in this item. Last year, as part of the equity valuation, offsetting against the recognised asset took place. In connection with the received dividends, agreed payment obligations of €5.6 million (previous year: €17.4 million) were incurred within the context of a financing transaction. The closing-date valuation of financial derivatives related to the issue of a debenture bond led to non-cash revenue of €7.1 million (previous year: non-cash expenses of €2.1 million). Further information on this item can be found in the following paragraph.

In April 2012, Drillisch issued bonds exchangeable for freenet stock comprising 1,250 debenture bonds with a nominal value of €100,000 each. The terms and conditions of issue granted each creditor inter alia a conversion option which could be exercised at any time in accordance with a fixed conversion ratio. The continuing

Turnover and Earnings Position

positive price performance of the freenet stock in the first half of 2013 resulted in more than 85% of investors in the second quarter of 2013 making use of their conversion option and converting their shares in the bond, which they subscribed for in the previous year. In accordance with section 8(1) of the terms and conditions of issue relating to the allotment of the converted bonds, Drillisch made use of its right not to provide the underlying shares, but to make a cash settlement. Repayment was made at the market value of the underlying freenet shares. The difference between the nominal value of the bond units and the market value of the shares resulted in additional interest expense of €34.2 million. In terms of accounting for the bonds in the balance sheet, the closing-date valuation of financial derivatives on 31 December 2012 resulted in a liability of €13.6 million. This liability which was recognised as an expense was likewise released to income in the second quarter, proportional to the number of converted units. This resulted in non-cash revenues of €7.1 million (previous year: non-cash expenses of €2.1 million). After the number of outstanding bonds at the end of May 2013 had been reduced to less than 15% of the original issue volume, on 29 May 2013 in accordance with section 5(3) of the terms and conditions of issue, Drillisch called the remaining bond units. As a result of time limits, the cancelled bonds were not settled until July 2013.

Net interest income declined by a total of €37.5 million to €-41.7 million (previous year: €-4.2 million), primarily due to the interest expense of €34.2 million described previously in relation to the cash settlement of the converted bonds. Taxes on income rose by €6.2 million to €9.5 million (previous year: €3.3 million). Consolidated profit amounted to €139.3 million (previous year: €6.8 million). Ignoring the effects from disclosure of equity in the balance sheet, conversion of the measurement to the AFS method, market valuation of hedging transactions and derivatives and interest and tax expenses attributable to the freenet holding, the consolidated profit for the first half of 2013 was €20.8 million (previous year: €22.9 million). The closing-date valuation of the holding in freenet AG led to a change in the attributable fair value of financial assets available for sale balanced by deferred taxes by €-4.2 million (previous year: €0) which is reflected directly in equity in the item Other equity. The consolidated comprehensive result per 30 June 2013 amounted to €135.2 million (previous year: €6.8 million). Profit per share came to €2.90 (previous year: €0.13) or, excluding the freenet holding, €0.43 (previous year: €0.44).

Assets, Liabilities and Financial Position

Net assets and financial position

Non-current assets declined in total by €179.3 million to €212.4 million (31 December 2012: €391.7 million). Intangible assets declined by €3.1 million to €37.6 million (31 December 2012: €40.7 million). Due to the reduction in the stake in freenet AG as a result of the sale of freenet stock in the first quarter of 2013, the remaining shares have since been disclosed under Other financial assets. Their value per 30 June 2013 was €95.4 million. Per 31 December 2012, they were disclosed under the financial assets shown in the balance sheet in accordance with the equity method. This item declined to zero as of the closing date (31 December 2012: €259.8 million). The shares were valued at cost of acquisition until 20 March 2013, which was rolled over with the share of the continued development of the freenet equity attributable to Drillisch ("equity method"). Since part of the stock has now been sold, the holding is disclosed in the balance sheet in accordance with the AFS method. The price of freenet stock per 30 June 2013 was €16.78 a share.

In the past, deferred taxes assets were primarily recognised as income in the context of the closing-date valuation of hedging transactions and financial derivatives. The reduction in deferred taxes assets by €11.7 million to €10.9 million at 30 June 2013 (31 December 2012: €22.6 million euro) was chiefly as a result of the reversal of liabilities from hedging transactions and financial derivatives in terms of the payment of loan obligations, as well as the decline in liabilities from bonds that took place in the first half of 2013. The deferred taxes which in the past were recognised as income were now recognised as operating expenses.

Liquid assets declined by €33.7 million to €43.6 million (31 December 2012: €77.3 million). Trade receivables rose slightly by €2.6 million to €44.6 million (31 December 2012: €42.0 million). In total, current assets decreased by €23.6 million to €107.2 million (31 December 2012: €130.8 million).

The balance sheet total for the Drillisch Group declined by a total of €203.0 million to €319.6 million per 30 June 2013 (31 December 2012: €522.6 million).

In comparison with 31 December 2012, equity increased by €64.4 million to €184.6 million (31 December 2012: €120.2 million). The accumulated deficit resulting from the change in stock market value of the freenet AG shares in 2008 declined by €55.8 million to €0 (31 December 2012: €55.8 million). Thanks to the good results of the first half of 2013, net retained earnings of €21.1 million remain after offsetting the dividends of €62.4 million paid out in May 2013. The item Other equity of €-4.4 million (previous year: €-0.2 million) reflects on the one hand the change in value recognised directly in equity of the holding in freenet AG and on the other hand, the actuarial profit and loss from the valuation of pension provisions recognised directly in equity in accordance with IAS 19. The equity ratio improved at 30 June 2013 to 57.8% (31 December 2012: 23.0%).

Long-term liabilities declined by a total of €266.6 million to €69.9 million (31 December 2012: €336.5 million). This is primarily due to the redemption of liabilities from bonds of €118.7 million (31 December 2012: €118.7 million), as well as repayment of loan obligations of €95.0 million. Hedging transactions are shown under Financial liabilities to the extent that they must be carried at current fair value as liabilities. This valuation per 30 June 2013 is shown as a liability of €16.4 million (31 December 2012:

Assets, Liabilities and Financial Position

€67.9 million). Liabilities due to banks declined per 30 June 2013 by €95.0 million to €47.6 million (31 December 2012: €142.6 million) as a result of the above-mentioned repayment and comprise exclusively long-term loan liabilities of MSP for the acquisition of additional shares in freenet AG in 2012; these shares, together with the hedging transactions, serve as the sole collateral for the loans. There is no risk of Drillisch AG becoming liable for the loan liabilities assumed by MSP because they are "non-recourse financing" transactions. The total amount of long-term bank liabilities and liabilities from derivatives of €64.0 million (previous year: €210.4 million) is contrasted with non-current assets shown in the balance sheet from the holding in freenet of €95.4 million (31 December 2012: €259.8 million).

Outstanding liabilities from bonds at 30 June 2013 of €15.6 million, as well as corresponding liabilities from financial derivatives of €6.6 million were shown for the first time under short-term liabilities, because during the second quarter of 2013, so many investors had already made use of their conversion option that, at the end of May in accordance with section 5(3), Drillisch called the remaining bonds. The cancelled bonds were settled in July 2013.

Short-term liabilities declined by €0.8 million to €65.1 million in comparison with the end of fiscal year 2012 (31 December 2012: €65.9 million). The increase in liabilities from bonds of €15.6 million (previous year: €0) was the result of the reclassification of these liabilities from long-term to short-term liabilities. Trade payables by contrast declined by €3.4 million to €12.7 million (31 December 2012: €16.1 million). Tax liabilities fell by €6.3 million to €3.1 million (31 December 2012: €9.4 million). Payments received on account fell by a total of €0.9 million to €8.3 million (31 December 2012: €9.2 million). Other liabilities, chiefly from investment liabilities incurred in Q3 2012 by investments in intangible assets, decreased by €9.0 million to €17.6 million (31 December 2012: €26.6 million).

Cash flow

Cash flow from current business activities in the first half of 2013 amounted to €13.1 million (previous year: €-6.2 million). There was substantial improvement to €18.9 million in the second quarter of 2013, not only in comparison to the first quarter of 2013, but also in comparison with the same period last year (previous year: €16.3 million). It has therefore already been possible to offset the negative value of Q1 2013 against good operating activities. The main causes in the first quarter of 2013 were closing-date effects such as the decline in trade payables and other liabilities and provisions, as well as tax payments.

The positive cash flow from investment activities totalling €278.7 million (previous year: €-38.1 million) is a consequence primarily of incoming payments from the sale of freenet stock of €275.5 million as well as dividends of €11.7 million (previous year: €38.4 million) and outgoing payments for investments in tangible and intangible assets of €9.1 million (previous year:€1.6 million).

During the first half of 2013, there was a total outflow of funds of €325.4 million (previous year: cash inflow of €51.6 million) from financing activities. This outflow of funds was mainly a result of outgoing payments as part of the repayment of bonds of

Opportunities and Risks of the Future Business Development

€108.7 million (previous year: incoming payment of €123.0 million) and from the taking out and repayment of financing loans with a bottom-line figure of €-107.0 million (previous year: €-30.7 million), dividend payments of €62.4 million (previous year: €36.2 million), interest payments of €38.6 million (previous year: €2.5 million) and payments for the acquisition of treasury stock of €8.4 million (previous year: €1.8 million).

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 instruments of risk management. It can thus become a strategic success factor for the Company's management for both the subsidiaries and Drillisch itself.

In comparison with the risks described in the annual report for the year 2012, the risk situation did not change appreciably during the first half of fiscal year 2013. 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 2013

At the end of July 2013, liabilities from bonds still outstanding at 30 June 2013 will be fully repaid.

Looking ahead

Based on actual planning, the Management Board expects an EBITDA towards the upper end of the guidance of between €67 million and €70 million for 2013 and a further increase to between €77 million and €80 million for 2014 in the telecommunications segment. Management intends to continue the expansion in the size of the MVNO clientele.

ABRIDGED CONSOLIDATED INTERIM ACCOUNTS AS PER 30 JUNE 2013

Consolidated Comprehensive Income Statement

	I-II/2013	I-II/2012*	II/2013	II/2012*	I/2013	I/2012*
	€k	€k	€k	€k	€k	€k
Sales	146,997	167,639	72,269	83,443	74,728	84,196
Other own work capitalised	1,228	1,058	639	554	589	504
Other operating income	723	6,377	320	6,083	403	294
Raw material, consumables and services used	-90,890	-116,330	-42,714	-59,840	-48,176	-56,490
Personnel expenses	-11,561	-10,707	-5,732	-5,312	-5,829	-5,395
Other operating expenses	-12,383	-14,852	-6,856	-6,532	-5,527	-8,320
Depreciation and amortisation	-4,880	-1,533	-2,439	-759	-2,441	-774
Operating result	**29,234**	**31,652**	**15,487**	**17,637**	**13,747**	**14,015**
Result from financial investments shown in the balance sheet according to the equity method	10,281	16,701	0	9,324	10,281	7,377
Other financial results	151,036	-34,096	45,651	-19,965	105,385	-14,131
Interest income	556	434	285	191	271	243
Interest and similar expenses	-42,292	-4,643	-39,469	-3,213	-2,823	-1,430
Financial results	**119,581**	**-21,604**	**6,467**	**-13,663**	**113,114**	**-7,941**
Profit before taxes	**148,815**	**10,048**	**21,954**	**3,974**	**126,861**	**6,074**
Taxes on income	-9,497	-3,291	-4,393	-42	-5,104	-3,249
Consolidated results	**139,318**	**6,757**	**17,561**	**3,932**	**121,757**	**2,825**
Change in attributable market value of financial assets available for sale	-4,216	0	-6,646	0	2,430	0
Taxes on income	64	0	101	0	-37	0
Items which in future can be reclassified in the income statement	-4,152	0	-6,545	0	2,393	0
Consolidated comprehensive results	**135,166**	**6,757**	**11,016**	**3,932**	**124,150**	**2,825**
Profit per share (in €)						
Undiluted	2.90	0.13	0.37	0.08	2.53	0.05
Diluted	2.90	0.13	0.37	0.08	2.53	0.05

*The figures from the previous year have been adjusted in accordance with the change in the disclosure of pension provisions in the balance sheet which must be applied retroactively. See the remarks on page 30.

Consolidated Balance Sheet

ASSETS

	30/06/2013	31/12/2012
	€k	€k
Non-current assets		
Other intangible assets	37,601	40,726
Goodwill	67,206	67,206
Tangible fixed assets	1,358	1,465
Financial assets shown in balance sheet according to equity method	0	259,753
Other financial assets	95,382	33
Deferred taxes	10,901	22,557
Non-current assets, total	**212,448**	**391,740**
Current assets		
Inventories	7,039	7,929
Trade accounts receivable	44,649	42,034
Tax reimbursement claims	6,119	110
Cash	43,622	77,303
Other current assets	5,737	3,459
Current assets, total	**107,166**	**130,835**
ASSETS, TOTAL	**319,614**	**522,575**

Consolidated Balance Sheet

SHAREHOLDERS' EQUITY AND LIABILITIES	30/06/2013	31/12/2012*
	€k	€k
Shareholders' equity		
Subscribed capital	52,800	53,577
Capital surplus	83,980	91,571
Revenue reserves	31,123	31,123
Other equity	-4,395	-243
Unappropriated retained earnings/Accumulated deficit	21,099	-55,819
Equity, total	**184,607**	**120,209**
Long-term liabilities		
Pension provisions	951	939
Deferred tax liabilities	4,587	5,855
Bank loans and overdrafts	47,573	142,587
Debenture bonds	0	118,719
Other financial liabilities	16,434	67,856
Leasing liabilities	353	552
Long-term liabilities, total	**69,898**	**336,508**
Short-term liabilities		
Short-term provisions	795	945
Tax liabilities	3,093	9,379
Trade accounts payable	12,721	16,122
Payments received on account	8,333	9,147
Debenture bonds	15,633	0
Other financial liabilities	6,569	3,117
Leasing liabilities	393	556
Other liabilities	17,572	26,592
Short-term liabilities, total	**65,109**	**65,858**
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	**319,614**	**522,575**

*The figures from the previous year have been adjusted in accordance with the change in the disclosure of pension provisions in the balance sheet which must be applied retroactively. See the remarks on page 30.

Consolidated Statement of Change in Capital

	Number of shares	Sub-scribed capital	Capital surplus	Revenue reserves	Other equity	Unappro-priated retained earnings/ ACC umulated deficit	Equity, total
		€k	€k	€k	€k	€k	€k
As per 31/12/2011 (as previously reported)	**51,902,424**	**57,093**	**119,917**	**31,123**	**0**	**-43,108**	**165,025**
Effect from change in disclosure of pension provisions in the balance sheet		0	0	0	5	0	5
Adjusted as per 01/01/2012	**51,902,424**	**57,093**	**119,917**	**31,123**	**5**	**-43,108**	**165,030**
Dividend payments		0	0	0	0	-36.164	-36.164
Change in own shares	-240,192	-265	-1,496	0	0	0	-1,761
Consolidated comprehensive results		0	0	0	0	6,757	6,757
Adjusted as per 30/06/2012	**51,662,232**	**56,828**	**118,421**	**31,123**	**5**	**-72,515**	**133,862**
As per 31/12/2012 (as previously reported)	**48,706,514**	**53,577**	**91,571**	**31,123**	**0**	**-55,819**	**120,452**
Effect from change in disclosure of pension provisions in the balance sheet		0	0	0	-243	0	-243
Adjusted as per 01/01/2013	**48,706,514**	**53,577**	**91,571**	**31,123**	**-243**	**-55,819**	**120,209**
Dividend payments		0	0	0	0	-62,400	-62,400
Change in own shares	-706,514	-777	-7,591	0	0	0	-8,368
Consolidated comprehensive results		0	0	0	-4,152	139,318	135,166
Adjusted as per 30/06/2013	**48,000,000**	**52,800**	**83,980**	**31,123**	**-4,395**	**21,099**	**184,607**

The figures from the previous year have been adjusted in accordance with the change in the disclosure of pension provisions in the balance sheet which must be applied retroactively. See the remarks on page 30.

Consolidated Capital Flow Statement

	I-II/2013	I-II/2012
	€k	€k
Consolidated earnings before interest and taxes	29,234	31,652
Income tax paid	-10,179	-7,035
Income tax received	557	1,445
Depreciation and amortisation	4,880	1,533
Change in inventories	890	1,776
Change in receivables and other assets	-5,416	-6,005
Change in trade payables and other liabilities and provisions	-6,077	-19,560
Change in payments received on account	-814	-10,018
Cash flow from current business activities	**13,075**	**-6,212**
Investments in tangible and intangible assets	-9,148	-1,637
Payments for investments in financial assets that are reported according to the equity method and for investments in other financial assets	0	-75,286
Interest received	556	434
Dividends received	11,714	38,400
Incoming payments from the sale of financial assets that are reported according to the equity method and of other financial assets	275,536	0
Cash flow from investment activities	**278,658**	**-38,089**
Change in own shares	-8,368	-1,761
Dividend payments	-62,400	-36,164
Outgoing payments for amortisation of loans	-141,343	-98,460
Incoming payments from the taking out of loans	34,370	67,780
Interest paid	-38,612	-2,544
Incoming payment from issue of debenture bonds	0	123,000
Outgoing payment from issue of debenture bonds	-108,700	0
Change in investment liabilities	-361	-262
Cash flow from financing activities	**-325,414**	**51,589**
Change in cash	**-33,681**	**7,288**
Cash at beginning of period	77,303	20,688
Cash at end of period	43,622	27.976

Consolidated Notes

1. General information

Drillisch AG is a listed stock corporation which offers telecommunication services. Drillisch was founded in 1997. The business field telecommunications represents the core business of the Drillisch Group and is essentially located in the wholly-owned subsidiaries Drillisch Telecom GmbH, MS Mobile Services GmbH (both in Maintal) and b2c.de GmbH (Munich). The Group holds service provider licences for the networks O_2, Vodafone, Telekom, as well as E-Plus MVNO agreements with network operators O_2 and Vodafone and markets wireless services products from the prepaid and post-paid sectors primarily on the O_2 and Vodafone networks. The address and registered office of Drillisch AG as the parent company of the Group is Wilhelm-Röntgen-Strasse 1–5, 63477 Maintal, Germany. The Company is registered at the Hanau Local Court under HRB 7384.

2. Applied accounting principles

The abridged 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 applicable IFRS which have been adopted by the EU and became mandatory as of 1 January 2013 have been taken into consideration.

During fiscal year 2013, the method for the disclosure of pension provisions for merit-based pension schemes (so-called defined benefit plans) in the balance sheet has been changed. In the past, the corridor rule was applied with the consequence that actuarial profits and losses were not reported as operational results unless they exceeded 10% of the scope of the insurance (defined benefit obligation). Now the actuarial profit and loss will be recorded immediately in the year in which they occur. The disclosure of the actuarial profit and loss is measured directly in equity as a component of Other equity items. A disclosure in the income statement will be made neither in the year of their occurrence nor in later periods in conformity with IAS 19.93D.

This switch has been carried out as a change in the accounting methods in conformity with IAS 8.14 et seqq. because IAS 19 no longer permits application of the corridor rule from 1 January 2013.

The change in the accounting method has been applied retroactively in accordance with IAS 8. In terms of the pertinent closing dates or closing periods, the changeover in the accounting methods has the following effects:

The retroactive measurement of actuarial profit and loss as part of the disclosure of pension obligations in the balance sheet has led to an increase in the value of the pension provisions shown per 31 December 2012 by €348k in comparison with the 2012 annual report. At the same time, other equity decreased by €243k and the deferred tax liabilities by €105k. Retrospective adjustments within the comparative figures of the comprehensive income statement of the Group for the comparative periods of the previous year were not made due to materiality considerations.

Aside from this one change, the same accounting and valuation methods were applied as in the consolidated annual accounts as per 31 December 2012. This abridged interim report per 30 June 2013 has been prepared in compliance with IAS 34 "Inte-

Consolidated Notes

rim Financial Reporting" and the German accounting standard DRS 16 "Interim Financial Reporting". The rate for the consolidated tax on income remains unchanged at 30.25%. The preparation of the interim report requires management to make a number of assumptions and estimates, a situation which can lead to deviations between the values disclosed in the interim report and the actual values.

The remaining stock in freenet AG (5.7 million shares or 4.4%) is disclosed in the balance sheet from 20 March 2013 according to the available for sale method as a consequence of the sales (13.3 million shares) during Q1 2013. The shares were previously disclosed in the balance sheet according to the equity method.

Hedging transactions have been concluded as part of the financing of the freenet stock acquired in 2011 and 2012. A part of the hedging transactions was terminated at the time of the partial sale of freenet stock in March 2013. The value of the remaining hedging transaction is recalculated as of every closing date and essentially is a result of the price of the freenet stock on the closing date and of the remaining term. A rising stock price tends to lead to a declining value of the hedging transaction, which can also be negative. In this case, it is disclosed under the long-term financial liabilities. The result from the valuation and the termination of the hedging transactions per 30 June 2013 is €26.154k and is disclosed in Other financial results.

On 5 April 2012, Drillisch AG issued non-subordinated debenture bonds vested with the right to convert to current registered shares of equity stock in freenet AG. The emission volume amounted to €125 million (corresponding to approximately 8.5 million shares of freenet AG stock). The debenture bonds are non-subordinate liabilities of Drillisch AG secured by a lien on the underlying shares of the freenet AG stock and of equal ranking with all other current and future non-subordinate liabilities of Drillisch AG. The underlying shares of freenet AG stock have been pledged for the benefit of Deutsche Trustee Company Limited ("security trustees"). The bonds have a term of five years. The debenture bonds may be called by Drillisch AG on or after 27 April 2015 if the share price of the freenet AG stock (over a certain period) exceeds 130% of the then applicable conversion price. The investors may declare the bonds due and payable at the nominal value plus any accrued interest as of the third anniversary of the issue. The bonds have been issued at 100% of the nominal value and will also be redeemed at 100%. They include an annual coupon of 3.375%. The conversion price was set at €14.7719 at the time of the issue. The debenture bonds (with a nominal value of €100,000.00 per bond) were issued directly by Drillisch AG.

The conversion price and the number of shares securing the lien were adjusted by freenet AG capital measures (protection from dilution). The conversion ratio applicable to the debenture bond was adjusted pursuant to Section 10(5) of the terms and conditions of issue of the debenture bond in May 2013 owing to the distribution of a cash dividend (as defined in the terms and conditions of the issue of the debenture bond) for fiscal year 2012. As of the closing date, the conversion price amounts to €13.7877 and the number of shares securing the lien amounts to 1.2 million.

Owing to the contracted opportunities to call the bonds for Drillisch AG and investors dependent on the development of the price of the freenet AG stock, a term of three years has been assumed for disclosing and valuating the components of the

Consolidated Notes

debenture bonds in the balance sheet. The bonds have been partitioned into a base instrument (debenture bond) and an option right (long-term financial liability) as of the issue date. The base instrument is valuated at the cost of acquisition carried forward in accordance with the effective interest method. The option right is measured at its market value effective on earnings as of each closing date.

In the second quarter of 2013, over 85% of investors made use of their conversion option. In accordance with section 8(3) of the terms and conditions of issue, creditors exercised conversion rights on 1,087 bond units. This resulted in a significant reduction of the liabilities from bonds and long-term financial liabilities. At the end of May 2013, Drillisch AG made use of its right pursuant to section 5(3) of the terms and conditions of issue and called the remaining 163 bond units, so that by 30 September 2013, the liabilities from bonds will be fully repaid. Therefore, as of 30 June 2013, liabilities from bonds and the corresponding liabilities from financial derivatives were reclassified from long-term to short-term liabilities.

3. Treasury stock

The Annual General Meeting on 28 May 2010 adopted a resolution authorising the Drillisch AG Management Board to acquire treasury stock totalling up to 10% of the share capital at the time of the Annual General Meeting 2010 (5,318,901 shares) on or before 27 May 2015. This repurchase right has been exercised during the current fiscal year and 706,514 shares of treasury stock have been acquired on the stock exchange. Within the scope of the stock repurchase programme, a total of 3,662,232 shares for a total price of €38,465,480.61 (excluding ancillary costs) were acquired. The stock repurchase programme was concluded on 21 January 2013.

Per 30 June 2013, Drillisch AG held 5,189,015 of its own shares.

4. Profit per share

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

	II/2013	II/2012
Consolidated profit in €k	139,318	6,757
Weighted average, less own shares held	48,037,393	51,689,436
Consolidated profit per share in €	**2.90**	**0.13**

Consolidated profit per share excluding the freenet holding is shown below:

	II/2013	II/2012
Consolidated profit excluding freenet holding in €k	20,751	22,854
Weighted average, less own shares held	48,037,393	51,689,436
Consolidated profit per share excluding freenet holding in €	**0.43**	**0.44**

Consolidated Notes

5. Explanatory comments on cash flow statement

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

The cash flow statement has been prepared in compliance with IAS 7 and breaks down the changes in cash according to payment flows from current business, investment and financing activities. The cash flow from current business activities in this case is determined according to the indirect method.

As of 30 June 2013, for the first time the cash flow statement will start with the consolidated EBIT instead of with the consolidated profit. In the first half of 2013, the paid and received interest was allocated to the cash flow from financial activities or the cash flow from investment activities instead of as previously the cash flow from current business activities. This provided a better insight into the financial situation of the Group, because the amount and timing of interest payments are connected with financing and investment decisions. The presentation of the comparative figures from the first half of 2012 was adjusted accordingly.

6. Segment presentation

The segment report is based on the internal organisation and reporting structure, which differentiates among the products and services offered by the various segments of the Drillisch Group. The software services segment and the freenet AG holding segment are shown in addition to the telecommunications segment.

The activities of the Group in the sector of wireless services are bundled in the telecommunications segment. The operating companies in the Drillisch Group offer advance wireless services performance from all four of the wireless services network operators active in Germany. The advance services acquired from the network operators Telekom Deutschland GmbH, Vodafone D2 GmbH, E-Plus Mobilfunk GmbH and Telefónica O_2 Germany GmbH & Co. OHG are sold further to the end consumers for the Company's own account and at rates established by Drillisch on the basis of its own calculations.

Activities related to the development and marketing of workflow management software are bundled in the software services segment.

The holding in freenet AG is presented in the freenet AG holding segment.

Consolidated Notes

Segment Report 01/01/2013 - 30/06/2013	Telecommunications	Software services	freenet holding	Total
	€k	€k	€k	€k
Sales with third parties	146,954	43	0	146,997
Inner-company sales	0	3,431	0	3,431
Consolidation	0	-3,431	0	-3,431
Segment sales	**146,954**	**43**	**0**	**146,997**
Segment EBITDA	**34,141**	**-27**	**0**	**34,114**
Depreciation and amortisation	-4,880	0	0	-4,880
Segment EBIT	**29,261**	**-27**	**0**	**29,234**
Result from financial investments shown in the balance sheet according to the equity method	**0**	**0**	**10,281**	**10,281**
Result from fair value measurement of hedge transactions	0	0	26,154	26,154
Result from fair value measurement of financial derivatives related to the issue of a debenture bond	0	0	7,072	7,072
Result from change of valuation methods	0	0	115,856	115,856
Miscellaneous other financial results	0	0	1,954	1,954
Other financial results per comprehensive income statement	**0**	**0**	**151,036**	**151,036**
Interest income	556	0	0	556
Interest and similar expenses	-39	0	-42,253	-42,292
Financial result	**517**	**0**	**119.064**	**119.581**
Profit before taxes	**29,778**	**-27**	**119,064**	**148,815**
Taxes on income	**-9,000**	**0**	**-497**	**-9,497**
Consolidated results	**20,778**	**-27**	**118,567**	**139,318**
Change in attributable market value of financial assets available for sale	0	0	-4,216	-4,216
Taxes on income	0	0	64	64
Items which in future can be reclassified in the income statement	0	0	-4,152	-4,152
Consolidated comprehensive results	**20,778**	**-27**	**114,415**	**135,166**

Consolidated Notes

Segment Report 01/01/2012 - 30/06/2013	Telecommunications	Software services	freenet holding	Total
	€k	€k	€k	€k
Sales with third parties	167,590	49	0	167,639
Inner-company sales	0	3,372	0	3,372
Consolidation	0	-3,372	0	-3,372
Segment sales	**167,590**	**49**	**0**	**167,639**
Segment EBITDA	**33,204**	**-19**	**0**	**33,185**
Depreciation and amortisation	-1,533	0	0	-1,533
Segment EBIT	**31,671**	**-19**	**0**	**31,652**
Result from financial investments shown in the balance sheet according to the equity method	**0**	**0**	**16,701**	**16,701**
Result from fair value measurement of hedge transactions	0	0	-34,096	-34,096
Result from fair value measurement of financial derivatives related to the issue of a debenture bond	0	0	0	0
Result from change of valuation methods	0	0	0	0
Miscellaneous other financial results	0	0	0	0
Other financial results per comprehensive income statement	**0**	**0**	**-34,096**	**-34,096**
Interest income	434	0	0	434
Interest and similar expenses	-36	0	-4,607	-4,643
Financial result	**398**	**0**	**-22,002**	**-21,604**
Profit before taxes	**32,069**	**-19**	**-22,002**	**10,048**
Taxes on income	**-9,196**	**0**	**5,905**	**-3,291**
Consolidated results	**22,873**	**-19**	**-16,097**	**6,757**
Change in attributable market value of financial assets available for sale	0	0	0	0
Taxes on income	0	0	0	0
Items which in future can be reclassified in the income statement	0	0	0	0
Consolidated comprehensive results	**22,873**	**-19**	**-16,097**	**6,757**

Consolidated Notes

With the exception of the Other financial assets of €95.4 million and financial liabilities of €86.2 million, the Group's assets and liabilities must be attributed almost exclusively to the telecommunications sector. The significant reduction compared with the 2012 consolidated financial accounts is due to the sale of freenet stock and the redemption of liabilities from hedging transactions and financial derivatives, as well as the conversion of bonds.

The consolidation includes the elimination of the business relationships within or between the segments. Such relationships are essentially the offsetting of the expenses and income within the Group. The accounting principles (IFRS as they are to be applied in the EU) are identical for all of the segments.

The transfer prices correspond in 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 most important non-operating segment expenses and income include the allocations to the provisions, the measurement of the hedging transactions and the result from the freenet holding.

7. Relations to relatives and companies

As per 30 June 2013, there were claims due from and liabilities due to relatives and companies as shown below:

Baugemeinschaft Maintal, consisting of the shareholders Paschalis Choulidis and Marianne Choulidis, has rented office space in Maintal to the Drillisch Group. The lease runs until 30 June 2015. Rent expenses for the first 6 months of 2013 amounted to €254k.

There were no amounts due to or due from the related parties mentioned above per 30 June 2013.

The company Frequenzplan GmbH, Planegg (shareholder Mr Tobias Valdenaire), realised sales in the amount of €156k with Drillisch Group in the first 6 months of 2013. The amount of €12k was due to this company per 30 June 2013.

The company Flexi Shop GmbH, Frankfurt am Main (shareholder Mr Jannis Choulidis), realised sales in the amount of €81k with Drillisch Group in the first 6 months of 2013. The amount of €10k was due to this company per 30 June 2013.

Consolidated Notes

8. Financial Instruments

The book value in each case for short-term financial assets and liabilities which are not derivatives is a reasonable approximation of the attributable fair value.

Long-term financial assets and liabilities measured at fair value can be classified according to the fair value hierarchy as shown below:

The shares in freenet AG held by the Company and disclosed under Other financial assets are classified as Level 1 “publicly noted prices” and are disclosed in the balance sheet at a fair value of €95.3 million.

The derivatives disclosed under financial liabilities are classified at Level 2 “derived from prices" and disclosed in the balance sheet at a fair value of €23.0 million.

No measurements at Level 3 (no observable market values, valuation based on valuation models) have been made.

Review Report

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 2013 to 30 June 2013, 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, 09 August 2013

BDO AG

Wirtschaftsprüfungsgesellschaft

signed Rauscher
Wirtschaftsprüfer
(German Public Auditor)

signed ppa. Massing
Wirtschaftsprüfer
(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, 09 August 2013

Paschalis Choulidis

Vlasios Choulidis

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Financial Dates 2013*

Date	Event
9 August	Semi-annual Report 2013
15 November	3rd quarter Report 2013
November	DVFA Analyst Event

* Subject to change

Publications

The present half-year report 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

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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 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.