

DRILLISCH AG | Report on Second Quarter 2014



Key Indicators of the Drillisch-Group	II/2014	I/2014	IV/2013	III/2013	II/2013
Revenue in €m	70.4	71.3	72.6	70.9	72.3
Service Revenues in €m	69.5	70.0	70.0	68.2	69.1
Other Revenues in €m*	0.9	1.3	2.6	2.7	3.2
Gross Profit in €m	35.1	32.9	31.9	31.0	29.6
Gross profit in % of revenue	49.8%	46.2%	44.0%	43.8%	40.9%
EBITDA in €m	21.8	20.5	18.7	18.0	17.9
EBIT in €m	19.4	18.1	16.3	15.6	15.5
EBT in €m	18.9	17.4	16.5	12.7	22.0
Consolidated profits in €m (adjusted)**	13.2	12.2	8.7	17.5	11.0
Profit/loss per share in € (adjusted)**	0.28	0.25	0.18	0.36	0.23
Consolidated profits in €m	13.2	12.2	8.7	7.8	17.6
Profit/loss per share in €	0.28	0.25	0.18	0.16	0.37
EBITDA margin in % of revenue	31.0%	28.8%	25.7%	25.4%	24.8%
EBIT margin in % of revenue	27.5%	25.3%	22.5%	22.1%	21.4%
EBT margin in % of revenue	26.8%	24.5%	22.7%	17.8%	30.4%
Consolidated profit margin in % of revenue	18.8%	17.1%	12.0%	11.0%	24.3%
Equity in €m	166.2	229.8	217.6	196.1	184.6
Balance Sheet total in €m	300.9	359.1	352.3	236.5	319.6
Equity ratio (equity as % of balance sheet total)	55.2%	64.0%	61.8%	82.9%	57.8%
Return on equity (ROE) (ratio consolidated result to equity in %)	6.1%	5.6%	7.2%	6.5%	14.6%
Cash in €m	144.7	196.5	187.0	52.7	43.6
Convertible Bond in €m	87.5	86.9	86.2	0.0	15.6
Liabilities in €m	0.0	0.0	0.0	0.0	70.6
Cash flow from current business operations in €m	26.7	10.2	25.9	18.0	18.9
Depreciation excluding goodwill in €m	2.4	2.5	2.4	2.4	2.4
Payments for investments (in tangible and intangible assets) in €m	1.4	0.6	0.8	9.9	0.8
Staff as annual average (incl. Management Board)	356	360	358	357	356
Wireless services customers per 30/06/2014 (in thousands) ⁽¹⁾	1,977	1,935	1,900	1,855	1,823
thereof MVNO subscribers	1,815	1,760	1,705	1,648	1,593
thereof budget subscribers ⁽²⁾	1,023	946	856	733	657
thereof volume subscribers ⁽³⁾	792	814	848	915	936
AGPPU ⁽⁴⁾ budget subscribers	8.86 €	8.91 €	9.33 €	9.90 €	9.72 €
AGPPU ⁽⁴⁾ volume subscribers	3.50 €	3.50 €	3.58 €	3.74 €	3.77 €
AGPPU⁽⁴⁾ subscribers (total)	6.49 €	6.39 €	6.38 €	6.40 €	6.16 €

(1) - thereof 102 Tsd prepaid subscribers and 60 Tsd postpaid service provider subscribers per 30/06/2014

(2) - Rate plans with included volume (voice, text messages, data)

(3) - Rate plans with billing based on usage "Pay as you go"

(4) - AGPPU = average gross profit per user

*Other revenues include sales of devices and other revenues

**prev. year adjusted for the freenet stake

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Letter from the Management Board



Vlasios Choulidis
Director of Sales, Marketing and Customer Care

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

Dear Shareholders,

Besides our operating business, the first half of 2014 was strongly influenced by the takeover of E-Plus Mobilfunk GmbH & Co. KG ("E-Plus") by Telefónica Deutschland Holding AG and the conditions imposed by the European Commission in this context.

After very intensive negotiations, which started in mid-April, our subsidiary MS Mobile Services GmbH ("MS Mobile") succeeded in concluding an MBA MVNO (Mobile Bitstream Access) agreement with Telefónica Germany GmbH & Co. OHG ("Telefónica") on 25 June. In this agreement, Telefónica undertakes to grant MS Mobile, as the only competitor on the German wireless services market, access to up to 30 % of the network capacity that is available after the merger in the controlled wireless network of Telefónica and E-Plus, for all present and future technologies. The basic term of the agreement is 5 years and can be extended by means of two call options by MS Mobile by 5 more years each, that is, to a total of 15 years.

In return, MS Mobile has undertaken to take over at least 20 % of the present and future network capacity for new customers for the basic term of 5 years, using a "glide path" (that is, the obligation to take over this network capacity will only reach 20 % at the end of the basic term). In addition, there is a certain minimum capacity which has been defined for existing customers.

The acquisition of this network capacity also includes an accelerated and unconditional right to enter the market for 4G as well as further-reaching future technologies. For 4G in particular, this means that MS Mobile has been granted a lead of at least

12 months to use LTE transmission technology, compared with other non-MNOs of Telefónica. At the same time, MS Mobile obtains access rights to the so-called "Golden Grid Network" of Telefónica which has been created by the merger. This means access to the enhanced footprint of the wireless network of Telefónica, including all necessary technical specifications, and the technical ability to reduce speed and restrict transport in the event of excessive data utilisation by end customers. To achieve this, the two parties to the agreement have agreed that MS Mobile will make a contribution to the investments already made and still to be made by Telefónica in the expansion of the 4G network and in future technologies.

In accordance with the agreement reached, MS Mobile also has the option of (1) becoming a so-called full MVNO in the wireless network of Telefónica, that is, a wireless services provider that operates its own full core network and only uses the access network of Telefónica ("Full MVNO"), and/or (2) becoming a licensed mobile network operator ("MNO").

Furthermore, MS Mobile will initially take over 50 shop locations from Telefónica with the option of taking over up to a further 550 locations. In this matter, the parties have agreed that after the merger, the relevant data will be provided by Telefónica. MS Mobile could thus take over up to 600 locations at short notice and further expand its distribution capacity, even outside major cities.

The technical launch or the start of the MBA model will take place at the earliest on 1 January 2015 and at the latest on 1 July 2015.

Letter from the Management Board

With these agreements, the Drillisch Group is in an outstanding position to improve its market position as well as its business volume significantly in the years to come, and to have permanent access to all products and technologies that are or will be available in the largest German wireless network. In terms of flexibility and freedom in the design of our products, we are thus on an equal footing with the three remaining German network operators.

All of the above-mentioned agreements are currently still subject to approval by the European Commission.

Let us now turn to our operating business: Drillisch can look back on a successful first half of 2014. Operating in a market environment of such intense competition, we have significantly increased our performance indicators as well as the number of MVNO subscribers.

We achieved a sharp increase in the number of MVNO subscribers as per 30 June 2014. With a growth of 222,000 subscribers, that is, 13.9%, the clientele rose to a total of 1.815 million subscribers in the last 12 months (H1 2013: 1.593 million). In the highly profitable budget subscriber segment, we achieved above-average growth with an increase of 55.7% or 366,000 subscribers to 1.023 million subscribers (H1 2013: 657,000).

Stable Service revenues, which rose slightly by 0.4% to €139.6 million (H1 2013: €139.0 million), allowed us to achieve an

increase in gross profit of 21.2% or €11.9 million to €68.0 million (H1 2013: €56.1 million). Compared with the same period last year, Group EBITDA, for us one of the most important performance indicators in our business, increased by as much as 24.2% or €8.3 million to €42.4 million (H1 2013: €34.1 million).

In the first half of 2014, cash flow from current business activities grew by €23.8 million or 182.1% to €36.9 million compared to last year (H1 2013: €13.1 million). This excellent development, the available cash reserves, which amounted to €144.7 million as of the closing date (31.12.2013: €187.0 million) as well as further attractive financing opportunities give us the flexibility to expand or supplement our business as expedient and to seize any opportunities which may arise.

After a successful business performance in the first half of the year, we can confirm our guidance policy, which forecasts a growth in EBITDA to between €82 million and €85 million for the whole of 2014 (2013: €70.8 million), and we expect that the result will ultimately be at the upper end of this range. We can confirm our projection of a further increase of between €95 million and €100 million for fiscal year 2015. We want to continue to share the success of the Company with you, the shareholders, in the future as well and are still planning a dividend of at least €1.60 per share for fiscal years 2014 and 2015.

Best regards,



Vlasios Choulidis

and



Paschalis Choulidis

**COMMERCIAL DEVELOPMENT OF THE DRILLISCH GROUP
AS PER 30 JUNE 2014**

Group Companies

Drillisch AG - Successful first half of 2014

The Drillisch Group

Drillisch AG, Maintal, along with its subsidiaries, collectively "Drillisch", is a mobile virtual network operator (MVNO) operating solely in Germany. During the first half of 2014, the Company added to the many years of its success story of profitable growth and once again raised its 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 driving 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 ("O₂") and Vodafone GmbH ("Vodafone"). The internet is its most important sales channel. Moreover, Drillisch works with selected distribution and cooperation partners as well as with some classic wireless services retailers. Drillisch expects the continuation of its successful corporate development in fiscal years 2014 and 2015.

Drillisch continues to serve 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 share of the clientele in this less profitable segment is declining as planned.

Drillisch AG is the Group's holding

Within 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 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 AG, Munich ("eteleon"), are responsible for the operational wireless services business. The IT know-how of Drillisch Group has been concentrated in IQ-optimize Software AG, Maintal ("IQ-optimize"). MSP Holding GmbH, Maintal ("MSP"), is a subsidiary of Drillisch AG set up with the objective of holding and administering investments.

Strong brands in mobile communications

Drillisch AG offers attractive rate plans customised to meet specific customer needs through its subsidiaries, which operate the online brands McSIM, hello-Mobil, simply, PHONEX, smartmobil.de, maXXim, PremiumSIM, fiotel, winSIM, DeutschlandSIM, discoTEL and disco-SURF plus the premium brands VICTOR-VOX and Telco. Every single customer will find a combination of mobile communications services just right for his/her needs in the current rate plan portfolio – even in the high-speed LTE network if desired. Anyone using a number of mobile devices while on the go can choose the UltraCard from smartmobil.de, for instance, and simultaneously utilise smartphone, tablet and hands-free devices in the car with only one phone number, one mailbox and one bill. UltraCard users enjoy optimal reachability and can use whichever device is most suitable for the particular situation at any time, whether at home or on the go. What is more, customers can go to the online shops of the various brands to

Group Companies

The Wireless Services Market

choose the equipment best suited for their purposes from a large selection of the latest smartphones, tablet PCs and notebooks and to add useful accessories.

IQ-optimize guarantees IT expertise

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

MSP Holding

MSP, a subsidiary of Drillisch AG, held the stock in eteleon and in Mobile Ventures GmbH, Maintal ("Mobile Ventures"), per 30 June 2014.

Employees

In the first half of 2014, an average of 356 employees (prev. year: 356), including the two members of the Drillisch AG Management Board, were on the payroll of the Drillisch Group. The number of vocational trainees, who are not included in the above figure, was 48 (prev. year: 55). Drillisch makes an above-average contribution to the training of young people in qualified professions necessary to secure our future in Germany.

The number of wireless services connections is growing dynamically - mobile communication continues to show strong growth in Germany

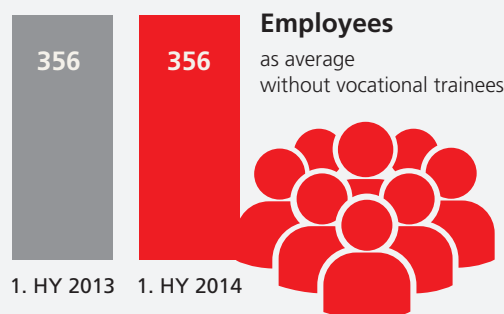
While there was a rise in the number of SIM cards of about 2 million to 115.23 million SIM cards in the whole of 2013, according to the German Federal Network Agency, the number of wireless services connections increased by a further 950,000 SIM cards in the first quarter of 2014 alone. This means that about 116.18 million wireless services connections are registered in Germany - a new record. The German Federal Network Agency also expects this dynamic development in the wireless services connections sector to continue throughout 2014.

Continuing growth in the mobile telephone services industry through increasing mobility

Thanks to the constantly increasing mobility of society as a whole, wireless services products are no longer seen as simply a supplement to the landline network, but increasingly as a replacement for landlines.

This is confirmed by the annual report of the German Federal Network Agency, which was published at the beginning of May 2014. While phone calls in the landline network declined by 3%, from 174 billion minutes to 169 billion minutes, phone calls made by mobile phones increased from 109 billion minutes to 110 billion minutes.

Even if mobile use for voice calls is showing only marginal growth, the use of the mobile Internet is, by contrast, growing unabated, and it can be assumed that this positive trend will continue.



The Wireless Services Market

Every second Internet user now surfs with his mobile phone

The proportion of mobile Internet users compared to the total number of users of the Internet exceeded 50% for the first time in 2013, representing an increase of 43% within one year, according to information published by the Federal Statistical Office in March 2014. 51% or 29.7 million Internet users in Germany surf on mobile devices. One year ago, it was only 20 million.

The potential for the future is particularly clear in the age group of the 16 to 24-year-olds. In this age group, the proportion of mobile Internet users is almost 81%. This means that adolescents and young adults are significantly ahead of the 25 to 44-year-olds, who represent the second-largest group with 62%. The study "Faszination Mobile - Verbreitung, Nutzungsmuster und Trends", (Mobile Fascination - Popularity, Usage Patterns and Trends), which was drawn up for the "DO MOBILE" initiative within the framework of a cooperation effort between the Mobile special group in the Bundesverband Digitale Wirtschaft (German Digital Industry Association) (BVDW) e. V., Google and TNS Infratest, provides an even more detailed report about usage habits. According to this study, 25 million Germans are online every day with a mobile end device. This is 21% more than in 2013.

This study also shows that

- ➔ a smartphone owner not only uses the many opportunities of the mobile Internet more extensively, but is also online longer and more frequently. More than half of all smartphone users (54%) have confirmed this usage profile.

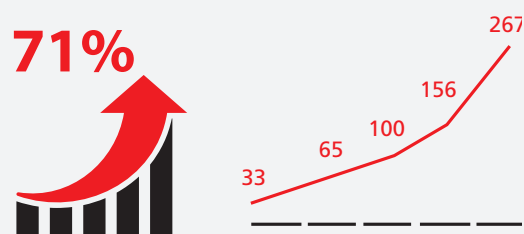
- ➔ this development is more true of men (60% of those interviewed) than of women (48% of those interviewed).

The smartphone is used for an average of one to one and a half hours per day, although this usage behaviour is subject to significant fluctuations, depending on the age group. Here too, however, young people are setting the trend for future usage and thus also for data consumption. Of pupils interviewed, 83% are now online more frequently since they became owners of smartphones.

Data utilisation by mobile devices grows by more than 70%

The annual report of the German Federal Network Agency provides impressive evidence not only of an increase in the number of users and in the time they spend online, but also of above-average data intensity. For example, the annual data volume rose by 71% within one year, from 156 million gigabytes in 2012 to 267 million gigabytes in 2013.

Data Volume in Mobile (in million GB)



Not even industry experts had expected such a dramatic increase. The continuing boom in smartphones and tablet PCs, new broadband networks based on LTE and the high level of acceptance of

The Wireless Services Market

the mobile Internet are decisive factors in this development. The trend towards cloud applications (storing data in the Internet), streaming services (radio and TV consumption via the Internet) and sharing photos and films in social networks is also pushing up data consumption. For example,

- ➔ 18 million people in Germany use streaming services like simfy, Spotify, Ampya, Deezer or Juke. (*BITKOM, 09.07.2014*)
- ➔ more than one in two smartphone owners (55% or 21 million) shoot short film clips. 10 million Germans at least occasionally share videos they have recorded themselves via social networks. (*BITKOM, 23.06.2014*)
- ➔ 65% of German smartphone users aged 14 or over (25 million Germans) make "selfies", i.e. self-portraits, with their smartphones. Three out of five people who make selfies (59%) also share their self-portraits in social networks, and one in six persons (16%) does this frequently. Of the 14 to 29-year-olds, almost two thirds (64%) share their "selfies". (*BITKOM, 27.06.2014*)

Drillisch optimises its portfolio of rate plans

In April, the Drillisch Group revised and enhanced its portfolio of rate plans for all smartphone users with new, even more attractive rates for its established online brands such as simply, maXXim, DeutschlandSIM, helloMobil, winSIM or Phonex. Important performance parameters were further improved on the basis of the existing, simple and transparent world of phone rates with wireless services solutions at leading prices. Furthermore, new, attractive price

brands have also been positioned in the premium segment.

This means that all relevant customer groups on the market have now been addressed:

- ➔ Newcomers, for example, benefit from a doubling of the data volume to 200 megabytes for a constant monthly rate of €4.95.
- ➔ The existing package rate plans of the All-in family were enhanced by a further rate plan with a 1000 MB Internet flat rate. In this way Drillisch can even offer regular surfers who do not need a flat rate for minutes and text messages a very low-price smartphone rate with maximum capacity for mobile surfing starting at €12.95.
- ➔ For the popular all-net flat rates, Drillisch lowered the entry price to €14.95 per month. This provides smartphone users with a comprehensive care-free package for making phone calls and surfing with optimum cost control.
- ➔ Drillisch also has something for those looking for more performance. For monthly prices of between €19.95 and a maximum of €24.95, there is a choice of all-net flat rates, including a flat rate for text messages, as well as flat rates with significantly higher data volumes and surfing speeds of up to 14.4 Mbit/s.



With its fair and transparent rate plans, the brands of the Drillisch Group can thus offer every user the right product.

The Wireless Services Market



Drillisch cuts roaming prices earlier and more substantially than required by the EU

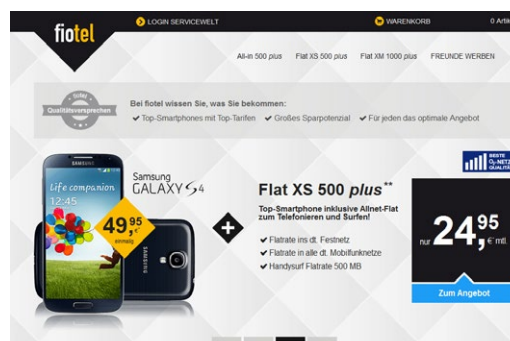
Drillisch once more proved its innovative strength with the introduction of EU rate plans at the beginning of the second quarter of 2014. As the first provider on the German wireless services market, Drillisch enabled subscribers to utilise the units included in their rate plan both in Germany and in all EU countries, as well as for calls to European countries, as early as April 2014. Drillisch customers can use their smartphones free of worry on the basis of their customised and innovative products and options whenever they are on holiday or on business trips in other EU countries. An EU option can also be booked by existing customers. Drillisch has not only reduced roaming charges by up to 40% as required by the EU Commission, but has done so 3 months before the final deadline on 1 July 2014. This means that Drillisch is outperforming benefits for the subscribers, required from the EU in time as well as in price and is parallel also relying on straightforward, low-cost and transparent products in European countries.

Drillisch once more confirms its position as the creator of innovative wireless services products in complete alignment with the individual needs of its customers and the transformation of the market.

fiotel – The new online shop with attractive smartphone packages

In order to meet the continuing high demand for the latest smartphones in combination with low-cost rates, Drillisch started a new sales platform for attractive smartphone bundles at the end of June 2014, under the brand name of fiotel. Users looking for a new smartphone can find a wide

choice of the most popular smartphones at fiotel.de, together with packages and flat rates at attractive all-in prices.



Drillisch offers 24h service with new landline numbers

Customers of the Drillisch Group benefit not only from low-cost rates, but also enjoy excellent service. If the worst should come to the worst, fast and competent help has been even easier to obtain since 01 June 2014. The Service teams are now ready to answer all of your questions under a separate, geographical number, twenty-four hours a day, seven days a week. For a call to the hotline, only the provider-specific costs for landline calls are charged. This means that Service calls are free of charge for flat rate users.

Drillisch among the "TOP 3" in connect readers' poll

Every year, the editors of connect, Europe's largest journal for telecommunications, polls its readers for the most popular products and providers. This year, about 100,000 readers chose their top favourites in the readers' poll "Networks, Products & Services 2014". Drillisch reached the rostrum in



The Wireless Services Market Turnover and Earnings Position



two categories. In the "Wireless Services Provider" section, smartmobil.de for the first time won third prize and is thus one of the most popular providers in a highly competitive environment. Drillisch Telecom GmbH also won third prize in the "Service Provider/Dealer" category.

Simple and transparent order procedures convinced the inspectors, as well as customer-friendly rate plans without fixed contract terms, which can be terminated with one month's notice. Other important test criteria such as clarity of invoices as well as professional competence and fast problem solving by the highly qualified customer service led to more than 90% of our customers recommending their provider to friends and acquaintances.

Best marks for Drillisch brands – TÜV awards 6 x "very good" for value for money

For several years now, all Drillisch AG brands have undergone regular, critical quality inspections by independent experts. In June 2014, this year's audit by TÜV Saarland was on the agenda. In this process, the product portfolio, the online ordering process as well as customer service were once more examined in great detail.

The results have confirmed Drillisch's high standards, not only for being price leader with its products but also for meeting the stringent external quality requirements at all times. And in fact the very good results of last year were once more surpassed.

With a further increase in customer satisfaction, the group brands simply, maXXim, helloMobil, McSIM, smartmobil.de and PHONEX succeeded in improving the good results of previous years even further. For the first time, TÜV Saarland gave all brands a "very good" rating for their price-performance ratio.



Revenue and earnings position

Further EBITDA growth in the first half of 2014 is impressive evidence that Drillisch has maintained its operating earning power. This good development of our business is supported by the unabated dynamics in the fields of wireless services and mobile internet. Drillisch uses innovative products in conjunction with efficient marketing and sales concepts to maintain its top position in the German telecommunications industry.

The "Service revenues", essentially the income from the provision of ongoing wireless services (voice and data transmission) and their billing on the basis of current customer relationships, amounted to €139.6 million in the first half of 2014 (prev. year: €139.0 million).

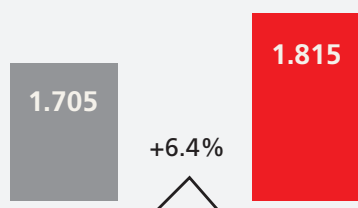
"Other revenues", which include low-margin business such as sales of devices and prepaid bundled sales, declined further by €5.8 million to €2.2 million (prev. year: €8.0 million). In addition, this item includes sales from the software services segment in the amount of €49k (prev. year: €43k).

Total turnover in the first half of 2014 amounted to €141.8 million (prev. year: €147.0 million).

Turnover and Earnings Position

MVNO Subscribers (in m)

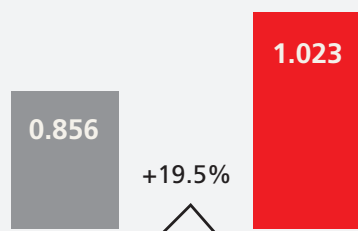
Dec. 2013 1. HY 2014



The MVNO clientele has increased once again since the beginning of the year by 110,000 (6.4%) to 1.815 million subscribers (31 December 2013: 1.705 million MVNO subscribers). The number of qualitatively higher-value budget subscribers increased by 19.5% to 1.023 million subscribers as per 30 June 2014 (31 December 2013: 0.856 million subscribers).

Budget Subscribers (in m)

Dec. 2013 1. HY 2014



The number of volume subscribers decreased slightly from 848,000 subscribers as per 31 December 2013 to 792,000 subscribers as per 30 June 2014.

The total number of subscribers in the postpaid sector rose by 97,000 to 1.874 million (31 December 2013: 1.777 million subscribers).

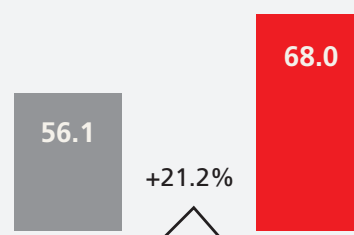
The number of subscribers in the prepaid sector decreased as expected to 103,000 (31 December 2013: 123,000 subscribers). Overall, the ratio of postpaid to prepaid subscribers has improved and is now 94.8% to 5.2%. This is 1.3 percentage points more for postpaid subscribers than at the end of 2013 (31 December 2013: 93.5% postpaid to 6.5% prepaid).

The total number of subscribers has increased by 77,000 to 1.977 million (31 December 2013: 1.900 million). This continues the trend of a rising total number of subscribers which began in the previous quarters, and the decrease in subscribers in the previous service provider business no longer has any major impact.

The cost of materials showed an above-average decrease during the first half of 2014, by 18.9% to €73.7 million (prev. year: €90.9 million) compared to revenues. As a result, gross profit rose substantially by €11.9 million from €56.1 million in the first half of 2013 to €68.0 million in the first half of 2014.

Gross Profit (in €m)

1. HY 2013 1. HY 2014



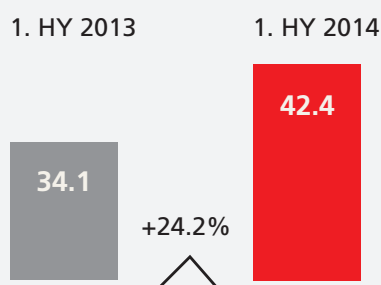
Turnover and Earnings Position

The gross profit margin increased by 9.8% to 48.0% (prev. year: 38.2%). Personnel expenses increased by 9.2 percentage points to €12.6 million (prev. year: €11.6 million).

Correspondingly, the personnel expenses ratio in the first half of 2014 rose by 1.0% to 8.9% (prev. year: 7.9%). Other operating expenses rose by a total of €2.2 million to €14.6 million (prev. year: €12.4 million). The change in comparison with the first half of 2013 results largely from increased advertising costs, a rise in expenditures from bad debts and valuation allowances and higher Remaining other operating expenses. Contrary to this trend, the costs for subcontracting, for instance, declined.

The consolidated EBITDA (earnings before interest, taxes, depreciation and amortisation), one of the most important management indicators in the Drillisch Group, rose by 24.2% to €42.4 million (prev. year: €34.1 million).

EBITDA (in €m)



The EBITDA margin came to 29.9% (prev. year: 23.2%). Write-offs remained stable

at €4.9 million (prev. year: €4.9 million). The EBIT (earnings before interest and taxes) amounted to €37.5 million (prev. year: €29.2 million). The EBIT ratio improved by 6.5 percentage points to 26.4 (prev. year: 19.9%).

The results from the financial assets shown in the balance sheet according to the equity method in the first half of 2014 amounted to €0.0 (prev. year: €10.3 million). In the previous year, the shares in freenet AG held by MSP and Drillisch AG were measured 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%.

Other financial results as per 30 June 2014 also amounted to €0.0 (prev. year: €151.0 million). In the first half of 2013, the Other financial results essentially comprised income from the reclassification of securities as AFS (available for sale) assets and expenditures and income from the closing-date measurement and reversal of financial derivatives and hedging transactions which were sold or reversed completely in the course of fiscal year 2013.

The interest result improved by €40.6 million to €-1.1 million (prev. year: -€41.7 million). In the same period last year, the interest result was essentially attributed to interest expenses in connection with cash compensation for exchanged debenture bonds as well as a significantly higher volume of long-term liabilities subject to interest charges.

Taxes on income and earnings increased by €1.4 million to €10.9 million (prev. year: €9.5 million). Consolidated profit amounted to €25.4 million (prev. year: €139.3 million). In the first half of 2013,

Assets, Liabilities and Financial Position

the consolidated profit was essentially marked by effects from the conversion of the evaluation of the freenet holding to the AFS method and the market valuation of hedging transactions as well as derivatives. Excluding these effects, the consolidated profit in the first half of 2013 amounted to €20.8 million. The consolidated comprehensive result as per 30 June 2014 also amounted to €25.4 million (prev. year: €135.2 million) and thus reflects solely the earning power of the operating business. The undiluted profit per share came to €0.53 (2013: - without taking account of the freenet holding: €0.43).

Assets, liabilities and financial position

Long-term assets declined slightly in total by €6.0 million to €104.3 million during the first half of 2014 (31 December 2013: €110.3 million). Other intangible assets declined by €2.7 million to €31.5 million (31 December 2013: €34.2 million). Deferred tax reimbursements declined by €3.0 million to €4.4 million (31 December 2013: €7.4 million).

On account of the dividend payment in May 2014, balanced against the positive cash flow of the first half of 2014, cash declined by €42.3 million to €144.7 million (31 December 2013: €187.0 million). Trade receivables amounted to €42.1 million, a slight decline (31 December 2013: €45.2 million). All in all, current assets declined by €45.5 million to €196.6 million (31 December 2013: €242.1 million). The balance sheet total for the Drillisch Group declined by a total of €51.4 million to €300.9 million as per 30 June 2014 (31 December 2013: €352.3 million).

As a result of the distribution of dividends, balanced against the results of

the first half of 2014, equity declined in comparison to 31 December 2013 by a total of €51.4 million to €166.2 million (31 December 2013: €217.6 million). The item Other equity in the amount of €-0.2 million (2013: €-0.2 million) is unchanged and reflects the actuarial gain or loss from the measurement of the pension provisions recognised as non-operating results in accordance with IAS 19. The equity ratio per 30 June 2014 came to 55.2% (31 December 2013: 61.8%).

Long-term liabilities rose by €2.1 million to €95.4 million (31 December 2013: €93.3 million). This is primarily a consequence of the rise in liabilities from bonds related to the effective interest, as well as the increase in Other liabilities.

In December 2013, Drillisch AG issued a non-subordinated convertible bond with a total volume of €100.0 million and a term of five years; this bond was disclosed in the balance sheet per 30 June 2014 at a value of €87.5 million (31 December 2013: €86.2 million). The convertible bond includes an annual coupon of 0.75%. The bond was issued at 100% of the nominal value and will also be redeemed at 100%. The term of the bond ends on 12 December 2018.

Short-term liabilities declined by €2.2 million to €39.2 million in comparison with the end of fiscal year 2013 (31 December 2013: €41.4 million). Trade payables remained practically constant at €16.1 million (31 December 2013: €15.8 million). Tax liabilities rose by €1.5 million to €11.2 million (31 December 2013: €9.7 million). Payments received on account fell by €1.2 million to €6.3 million (31 December 2013: €7.5 million). Other liabilities declined by €2.6 million to €5.0 million (31 December 2013: €7.6 million).

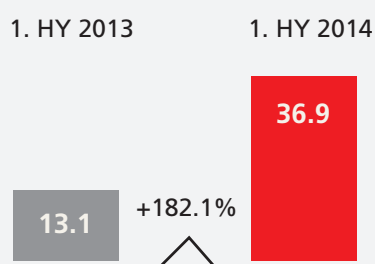
Assets, Liabilities and Financial Position

Opportunity and risk report

Cash flow

Cash flow from current business activities in the first half of 2014 amounted to €36.9 million (prev. year: €13.1 million) and this substantial increase over the same quarter of the previous year reflects the earning power of the operating business.

Cash flow from current business activities (in €m)



Cash flow from investment activities totalling €-1.7 million (prev. year: €278.7 million) results from payments for investments in fixed and intangible assets in the amount of €2.0 million (prev. year: €9.1 million) and received interest of €0.3 million (prev. year: €0.6 million). In the first half of 2013, cash flow from investment activities besides the above-mentioned payments for investments in tangible and intangible assets was mainly characterised by income from the disposal of freenet shares in the amount of €275.5 million and received dividends of €11.7 million.

During the first half of 2014, there was a total outflow of funds of €77.5 million from financing activities (prev. year: outflow of €325.4 million) resulting mainly from paid dividends of €76.8 million (prev. year: €62.4 million). This high out-

flow of funds in the first half of 2013 essentially results from the repayment of a debenture bond in the amount of €108.7 million, from the taking out and amortisation of financing loans in the bottom-line amount of €-107.0 million, from paid interest amounting to €38.6 million and payments for the acquisition of own stock in the amount of €8.4 million.

Opportunity and 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 subsidiaries and Drillisch itself.

Opportunities and risks – in comparison with the risks described in the annual report for the year 2013 – did not change appreciably during the first six months of fiscal year 2014.

However, the agreement reached between MS Mobile and Telefónica Deutschland on 25 June 2014 may give rise to new opportunities and risks. Drillisch now has the opportunity to improve its market position as well as its business volume significantly in the years to come on the basis of all products and technologies

Important events occurring after 30 June 2014

Outlook

available in Germany at the moment and in the future. Unrestricted access to 4G as well as to further-reaching future technologies guarantees Drillisch the long-term freedom to be absolutely flexible in the design of new products, thus allowing fair competition on an equal footing with the three remaining German network operators. The acquisition of stationary shop locations offers Drillisch the opportunity to improve its distribution capacity, not only in central, established locations, but also outside major cities. The basic term of the agreement of 5 years, and the unilateral option of extending this to a total of 15 years, offers Drillisch the opportunity for continuing long-term, successful corporate development as well as a high degree of planning security. Through the obligation to take over at least 20% of the present and future network capacity for new customers as well as additional defined capacity for existing customers, there is a risk that Drillisch may not be able to fully utilise the purchased volume in future. Any unused capacities can entail costs that are not directly covered by income. However, the ensuing liquidity and earnings risk is not considered by Drillisch to be a threat. All opportunities and risks arising from the agreement between MS Mobile and Telefónica Deutschland only come to bear when the European Commission has granted its final and unconditional approval for the acquisition of E-Plus by Telefónica Deutschland and confirmed compliance with the associated conditions and requirements. This is not yet the case.

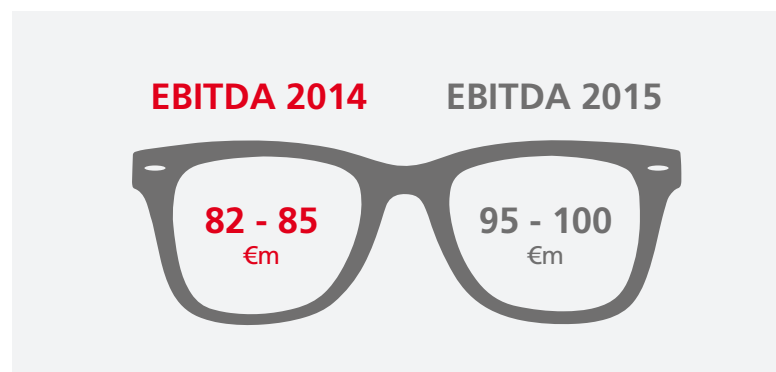
In the opinion of the Management Board, adequate precautions have been taken to counter all current existing and identified risks.

Important events occurring after 30 June 2014

There were no important events after the end of the reporting period.

Outlook

The Management Board expects an EBITDA at the upper end of the forecast of between approx. €82 million and €85 million for 2014 and a further increase to between €95 million and €100 million for 2015 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 2014**

Consolidated Comprehensive Income Statement

	I-II/2014	I-II/2013	II/2014	II/2013	I/2014	I/2013
	€k	€k	€k	€k	€k	€k
Sales	141,763	146,997	70,439	72,269	71,324	74,728
Other own work capitalised	939	1,228	419	639	520	589
Other operating income	630	723	336	320	294	403
Raw material, consumables and services used	-73,734	-90,890	-35,337	-42,714	-38,397	-48,176
Personnel expenses	-12,629	-11,561	-6,313	-5,732	-6,316	-5,829
Other operating expenses	-14,600	-12,383	-7,702	-6,856	-6,898	-5,527
Amortisation and depreciation	-4,913	-4,880	-2,438	-2,439	-2,475	-2,441
Operating result	37,456	29,234	19,404	15,487	18,052	13,747
Result from financial investments shown in the balance sheet according to the equity method	0	10,281	0	0	0	10,281
Other financial results	0	151,036	0	45,651	0	105,385
Interest income	660	556	373	285	287	271
Interest and similar expenses	-1,803	-42,292	-913	-39,469	-890	-2,823
Financial results	-1,143	119,581	-540	6,467	-603	113,114
Profit before taxes	36,313	148,815	18,864	21,954	17,449	126,861
Taxes on income	-10,912	-9,497	-5,632	-4,393	-5,280	-5,104
Consolidated results	25,401	139,318	13,232	17,561	12,169	121,757
Change in attributable market value of financial assets available for sale	0	-4,216	0	-6,646	0	2,430
Taxes on income	0	64	0	101	0	-37
Items which in future can be reclassified in the income statement	0	-4,152	0	-6,545	0	2,393
Items which in future cannot be reclassified in the income statement	0	0	0	0	0	0
Consolidated comprehensive results	25,401	135,166	13,232	11,016	12,169	124,150
Profit per share (in €)						
Undiluted	0.53	2.90	0.28	0.37	0.25	2.53
Diluted	0.51	2.90	0.27	0.37	0.24	2.53

Consolidated Balance Sheet

ASSETS	30/06/2014	31/12/2013
	€k	€k
Fixed assets		
Other intangible assets	31,495	34,228
Goodwill	67,206	67,206
Tangible assets	1,194	1,412
Other financial assets	33	33
Deferred taxes	4,356	7,374
Fixed assets, total	104,284	110,253
Current assets		
Inventories	5,871	6,242
Trade accounts receivable	42,121	45,227
Tax reimbursement claims	120	1,015
Cash	144,730	187,032
Other current assets	3,783	2,560
Current assets, total	196,625	242,076
ASSETS, TOTAL	300,909	352,329

Consolidated Balance Sheet

SHAREHOLDERS' EQUITY AND LIABILITIES	30/06/2014	31/12/2013
	€k	€k
Shareholders' equity		
Subscribed capital	52,800	52,800
Capital surplus	96,368	96,368
Earnings reserves	31,123	31,123
Other equity	-204	-204
Unappropriated retained earnings	-13,844	37,555
Equity, total	166,243	217,642
Long-term liabilities		
Pension provisions	994	976
Deferred tax liabilities	2,830	2,928
Debenture bonds	87,489	86,216
Leasing liabilities	359	594
Other liabilities	3,760	2,621
Long-term liabilities, total	95,432	93,335
Short-term liabilities		
Short-term provisions	173	205
Tax liabilities	11,171	9,744
Trade accounts payable	16,083	15,775
Payments received on account	6,251	7,462
Leasing liabilities	465	519
Other liabilities	5,091	7,647
Short-term liabilities, total	39,234	41,352
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	300,909	352,329

Consolidated Statement of Change in Capital

	Number of shares	Subscribed capital	Capital surplus	Earnings reserves	Other equity	Unappro- priated retained earnings Accumu- lated deficit	Equity, total
	€k	€k	€k	€k	€k	€k	€k
Per 1.1.13	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 result		0	0	0	-4,152	139,318	135,166
Per 30.6.13	48,000,000	52,800	83,980	31,123	-4,395	21,099	184,607
Per 1.1.14	48,000,000	52,800	96,368	31,123	-204	37,555	217,642
Dividend payments		0	0	0	0	-76,800	-76,800
Change in own shares	0	0	0	0	0	0	0
Consolidated comprehensive result		0	0	0	0	25,401	25,401
Per 30.6.14	48,000,000	52,800	96,368	31,123	-204	-13,844	166,243

Consolidated Capital Flow Statement

	I-II/2014	I-II/2013
	€k	€k
Consolidated earnings before interest and taxes	37,456	29,234
Income tax paid	-4,857	-10,179
Income tax received	971	557
Amortisation and depreciation	4,913	4,880
Change in inventories	371	890
Change in receivables and other assets	1,994	-5,416
Change in trade payables, other liabilities and provisions	-2,755	-6,077
Change in payments received on account	-1,211	-814
Cash flow from current business activities	36,882	13,075
Payments for investments in tangible and intangible assets	-1,963	-9,148
Interest received	310	556
Dividends received	0	11,714
Incoming payments from the sale of financial assets that are reported according to the equity method and of other financial assets	0	275,536
Cash flow from investment activities	-1,653	278,658
Change in own shares	0	-8,368
Dividend payments	-76,800	-62,400
Outgoing payments for amortisation of loans	0	-141,343
Incoming payments from the taking out of loans	0	34,370
Interest paid	-443	-38,612
Payments from repayment of debenture bonds	0	-108,700
Change in investment liabilities	-288	-361
Cash flow from financing activities	-77,531	-325,414
Change in cash	-42,302	-33,681
Cash at end of period	144,730	43,622
Cash at beginning of period	187,032	77,303

Consolidated Notes

1. General

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 Drillisch Group and is essentially located in the wholly-owned subsidiaries Drillisch Telecom GmbH, MS Mobile Services GmbH (both in Maintal) and eteleon AG (Munich). In addition to the service provider licences held for the networks Telekom, Vodafone, E-Plus and O₂, the Group has concluded MVNO agreements with the network operators O₂ and Vodafone and markets primarily postpaid products for the O₂ 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 per 01 January 2014 have been taken into consideration.

The same accounting and valuation methods were applied as to the consolidated annual accounts as per 31 December 2013. This abridged interim report per 30 June 2014 has been prepared in compliance with IAS 34 "Interim 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.

In December 2013, Drillisch AG issued a non-subordinated convertible bond with a total volume of €100.0m and a term of five years. The convertible bond includes an annual coupon of 0.75%. The bond was issued at 100% of the nominal value and will also be redeemed at 100%. The convertible bond was issued pursuant to the related authorisation adopted by the Annual General Meeting on 16 May 2013. The conversion right is recognised in the capital surplus at a value of €12.4m. It has been possible to convert the 1,000 bonds with a nominal value of €100k each into Drillisch AG stock since 22 January 2014.

In accordance with the bond conditions, the original conversion price of €24.2869 was adjusted to €22.8509 per share after the distribution of a cash dividend in May 2014, corresponding to 4,376.195 shares per partial debenture. The term of the bond ends on 12 December 2018.

The liability for the bond will be discounted in accordance with the effective interest rate method.

3. Treasury stock

The Annual General Meeting on 21 May 2014 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 2014 on or before 20 May 2019. This repurchase right has not been exercised in the current fiscal year.

Consolidated Notes

Per 30 June 2014, Drillisch AG held 5,189,015 shares of treasury stock, which have been bought according to previously granted authorisation, representing €5,707,916.50 (9.76%) of the share capital.

4. Profit per share

The undiluted profit per share is calculated in accordance with IAS 33.9 et seqq. by dividing the consolidated profit from continuing business operations by the weighted average of the number of ordinary shares outstanding.

The diluted profit per share is calculated in accordance with IAS 33.30 et seqq. by dividing the consolidated results, adjusted for the after-tax effects of any interest recognised in the period related to potential ordinary shares, from continuing business operations by the weighted average number of shares outstanding plus the weighted number of shares which would be issued on the conversion of all dilutive potential shares into ordinary shares.

	I-II/2014	I-II/2013
Consolidated profit in €k	25,401	139,318
Weighted average less own shares held (number)	48,000,000	48,037,393
Undiluted consolidated profit per share in €	0.53	2.90
Consolidated profit in €k	25,401	139,318
Net effect on results from convertible bond in €k	1,150	0
Adjusted consolidated profit in €k	26,551	139,318
Weighted average less own shares held (number)	48,000,000	48,037,393
Shares from convertible bond to be included as average (number)	4,276,240	0
Diluted consolidated profit per share in €	0.51	2.90

5. 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.

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.

6. Segment presentation

The segment report is based on the internal organisation and reporting structure. It differentiates among the products and services offered by the various segments of Drillisch Group. The software services segment and – in the previous year – 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 Drillisch Group market wireless services from all four of the wireless services network operators

Consolidated Notes

active in Germany. The advance services acquired from the network operators Telekom Deutschland GmbH, Vodafone D2 GmbH, E-Plus Mobilfunk GmbH and Telefónica O₂ 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 a workflow management software are bundled in the software services segment.

In the previous year, the holding in freenet AG was disclosed in the freenet holding segment; this holding was sold completely in fiscal year 2013.

Segment Report 1.1.2014 - 30.6.2014	Telecommu- nications	Software services	Total
	€k	€k	€k
Sales with third parties	141,714	49	141,763
Inner-company sales	0	3,593	3,593
Consolidation	0	-3,593	-3,593
Segment sales	141,714	49	141,763
Segment EBITDA	42,382	-13	42,369
Amortisation and depreciation	-4,913	0	-4,913
Segment EBIT	37,469	-13	37,456
Result from financial investments shown in the balance sheet according to the equity method	0	0	0
Result from fair value measurement of hedge transactions	0	0	0
Result from fair value measurement of financial derivatives related to the issue of a debenture bond	0	0	0
Result from change in valuation methods	0	0	0
Other financial results	0	0	0
Other financial results per comprehensive income statement	0	0	0
Interest income	660	0	660
Interest and similar expenses	-1,803	0	-1,803
Financial result	-1,143	0	-1,143
Profit before taxes	36,326	-13	36,313
Taxes on income	-10,912	0	-10,912
Consolidated results	25,414	-13	25,401

Consolidated Notes

Segment Report 1.1.2013 - 30.6.2013	Telecommu- nications	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
Amortisation and depreciation	-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 in valuation methods	0	0	115,856	115,856
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

Consolidated Notes

The Group's assets and liabilities are almost exclusively attributable to the telecommunications segment.

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 on principle to the prices determined by arm's length comparison. Since 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 and, in the previous year, the measurement of the hedging transactions and the equity result.

7. Relations to relatives and companies

Per 30 June 2014, there were claims due from and liabilities due to relatives and companies as shown below:

The Baugemeinschaft Maintal, consisting of the shareholders Paschalis Choulidis and Marianne Choulidis, has let office space in Maintal to Drillisch Group. The lease runs until 31 December 2020. Rent expenses for the first 6 months of 2014 amounted to €254k (last year: €254k).

The company VPM Immobilien Verwaltungs GmbH, Maintal (partners: Vlasios Choulidis, Paschalis Choulidis and Marc Brucherseifer), has let office space in Maintal to Drillisch Group. The lease runs until 31 December 2020. Rent ex-

penses for the first 6 months of 2014 amounted to €67k (last year: €0k).

There were no amounts due to or due from the relatives and companies mentioned above per 30 June 2014 and per 30 June 2013.

The company Frequenzplan GmbH, Plannegg (shareholder Mr Tobias Valdenaire), realised sales in the amount of €157k with Drillisch Group in the first 6 months of 2014 (last year: €156k). The amount of €0k was due to this company per 30 June 2014 (last year: €12k).

The company Flexi Shop GmbH, Frankfurt am Main (shareholder Mr Jannis Choulidis), realised sales in the amount of €41k with Drillisch Group in the first 6 months of 2014 (last year: €81k). The amount of €4k was due to this company per 30 June 2014 (last year: €10k).

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.

No measurements at Level 1 (publicly noted prices), Level 2 (derived from market value) and Level 3 (no observable market values, valuation based on valuation models) of the fair value hierarchy for long-term financial assets and liabilities measured at fair value have been made.

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 2014 to 30 June 2014, 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 stan-

dards 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, 14 August 2014

BDO AG

Wirtschaftsprüfungsgesellschaft

signed Rauscher

Wirtschaftsprüfer

(German Public Auditor)

signed 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, 14 August 2014



Vlasios Choulidis

and



Paschalis Choulidis

Financial Calendar · Share Information

1. Financial calendar as previously

Financial Dates 2014		Subject to change
Date	Topic	
Thursday, 14. August	Report on 1st half-year 2014	
Friday, 14. November	Report 3rd quarter 2014	
November	DVFA Analysts' Event	

2. Latest analyst assessments (per 30 June 2014)

Thanks to the targeted increase in the EBITDA to between €82 million and €85 million in fiscal year 2014 and a further increase to between €95 million and €100 million in fiscal year 2015 (fiscal year 2013: €70.8 million) as well as a long-term dividend policy and the good strategic positioning on the German wireless services market, the capital market rates the Drillisch stock as promising.

Latest analyst assessments (per 30 June 2014)			
Analysis	Rating Price	Target	Date
Berenberg	„Buy“	€31.00	30 June 2014
Warburg Research	„Hold“	€25.00	26 June 2014
Bankhaus Lampe	„Buy“	€28.00	26 June 2014
Hauck & Aufhäuser	„Hold“	€24.00	26 June 2014
Close Brothers Seydler	„Buy“	€33.00	25 June 2014
LBBW	„Hold“	€26.00	03 June 2014
Equinet	„Hold“	€27.50	12 May 2014
Commerzbank	„Hold“	€21.00	12 February 2014

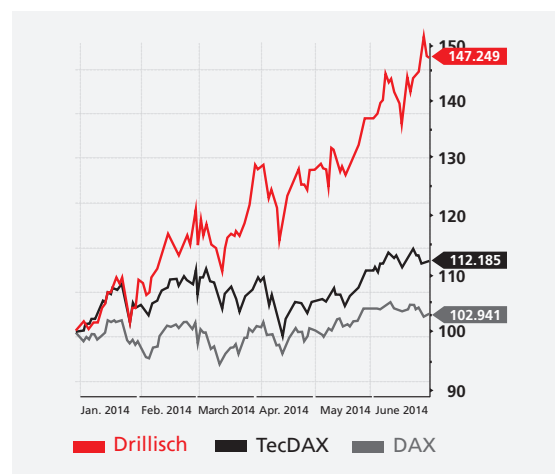
A constantly updated overview of the analysts' recommendations can be found on the Drillisch AG IR home page

www.drillisch.de

➔ Investor Relations ➔ Analysen

3. Stock price trends in the first half of 2014

Drillisch stock with impressive performance			
	Close-out 2013	30 June 2014	% change
Drillisch	€21.00	€29.10	+ 38.6
TecDAX	1,166.83	1,309.00	+ 12.2
DAX	9,552.16	9,833.07	+ 2.9



Share Information

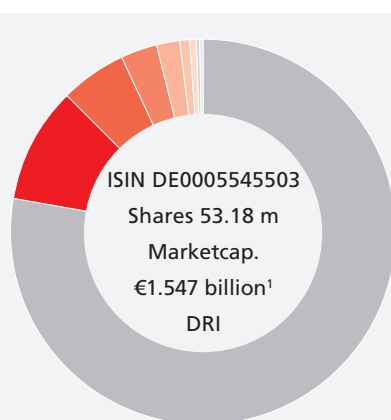
4. Dividend policy

On 21 May 2014, the Annual General Meeting decided to pay a dividend for the past 2013 fiscal year in the amount of €1.60 per voting share, an increase of 23%. Our target for fiscal years 2014 and 2015 will be to distribute a dividend of the same amount as a minimum.

5. Directors' Holdings per 30 June 2014

Company	No-par shares
Vlasios Choulidis	400,000 ➔ 0.75%
Pascal Choulidis	400,000 ➔ 0.75%
Supervisory Board	No-par shares
Marc Brucherseifer, Dipl.-Kfm. (Chair)	1,077,565 ➔ 2.03%
Johann Weindl, Dipl.-Kfm.	10,439 ➔ 0.02%
Horst Lennertz, Dr.-Ing.	2,407 ➔ 0.01%

6. Shareholder Structure (as of 30 June 2014)



78.12 %	Free Float Shs. 41,557,522
9.76 %	Own Shares Shs. 5,189,015
5.45 %	FidelityFMR LLC, Boston Shs. 2,896,567
3.11 %	Union Investment Privatfonds Shs. 1,655,500
2.03 %	M. Brucherseifer, Dipl.-Kfm. Shs. 1,077,565
0.75 %	V. Choulidis Shs. 400,000
0.75 %	P. Choulidis Shs. 400,000
0.02 %	Johann Weindl, Dipl.-Kfm. Shs. 10,439
0.01 %	Dr Horst Lennertz, Ingenieur Shs. 2,407

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 €29.10 on 30 June 2014. Free Float acc. to the rule of Dt. Boerse AG: 90.24%.

7. Investor Relations

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 ongoing work can be followed and tracked equally by all investor groups on our investor relations home page, where all relevant reports can be viewed. Many interested parties also take advantage of the opportunity for personal contact via email and/or telephone.

Publications · Your Contacts Information and Order Service

Publications

The present report on the First Half-year 2014 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.

Information and Order Service

Please use our online order service on our website www.drillisch.de

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.

Your Contacts

Our Press/Investor Relations Department will be glad to answer any questions you may have concerning the Drillisch AG and Products:

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Vlasios Choulidis

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(Chairman)
Dr Susanne Rückert
(Deputy Chairperson)
Dr Horst Lennertz, Ingenieur
Frank A. Rothauge, Dipl.-Kfm.
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Disclaimer:

The information provided in this publication has been 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 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.

