





Key figures and overview 2006/2007 (Group presentation in accordance with IFRSs)

KEY PERFORMANCE INDICATORS		H1 2007	H1 2006	CHANGE
REVENUE	€ THOUSAND	19,323	12,706	6,617
EBITDA	€ THOUSAND	5,689	2,905	2,784
EBITDA MARGIN	IN %	29.44	22.86	6.58
EBIT	€ THOUSAND	3,370	2,305	1,065
EBITMARGIN	IN %	17.44	18.14	-0.70
CONSOLIDATED PROFIT	€ THOUSAND	2,155	1,459	696
THEREOF MINORITY INTEREST	€ THOUSAND	249	527	-278
NUMBER OF SHARES AT EACH REPORTING DATE		6,147,550	5,049,851	1,097,699
EARNINGS PER SHARE (AFTER MINORITY INTEREST)*	€	0.33	1.18	-0.85

*EPS in accordance with IFRSs – diluted EPS corresponds to basic EPS!

KEY BALANCE SHEET FIGURES		H1 2007	2006	CHANGE
INVESTMENTS**	€ THOUSAND	12,631	2,130	10,501
DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES**	€ THOUSAND	2,318	599	1,719
TOTAL ASSETS	€ THOUSAND	74,569	61,139	13,430
EQUITY	€ THOUSAND	42,233	30,984	11,249
THEREOF MINORITY INTEREST	€ THOUSAND	782	533	249
EQUITY RATIO	IN %	56.64	50.68	5.96
RETURN ON EQUITY	IN %	5.89	15.30	-9.41
CASH AND CASH EQUIVALENTS AT END OF PERIOD	€ THOUSAND	6,116	12,341	-6,225

** Comparative figures refer to H1 2006

CASH FLOW INDICATORS		H1 2007	H1 2006	CHANGE
OPERATING CASH FLOW	€ THOUSAND	-4,178	-5,205	1,027
DVFA/SG CASH FLOW	€ THOUSAND	4,518	2,058	2,460

OTHER KEY FIGURES AND DATA		H1 2007	2006	CHANGE
EMPLOYEES		444	294	150
OF WHICH HOURLY PAID WORKERS		343	171	172
YEAR OF FORMATION				2003
BASIS OF CONSOLIDATED ACCOUNTING				IFRSs
FISCAL YEAR		JANUARY 1 – DECEMBER 31		

MANAGING BOARD

Michele Pes · CEO

SENIOR MANAGEMENT

Frank Holz · Head of Marketing and Sales
 Jürgen Reusswig · Head of Development
 Kay Krämer · Head of Internationalization
 Silvia Seibert · Head of Finance

SUPERVISORY BOARD

Dr. Markus Braun · Businessman
 Dr. Bastian Schmidt-Vollmer · Lawyer
 Dr. Rainer Marquart · Businessman

10TACLE STUDIOS AG 2007 Half-Yearly Financial Report

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Dear Shareholders,

In the first half of 2007, 10TACLE STUDIOS AG continued on its consistent, successful growth path. In this context, I would like to take this opportunity to elaborate on three sections of the enclosed interim management report as of June 30, 2007 from senior management's point of view:

The Asian computer and video games market offers enormous potential and rapid growth worldwide over the coming years. At the same time, working conditions there for developers and other experienced experts are ideal. We are harnessing this trend with our Singapore development studio. It serves the Group as a bridgehead to the Asian market and mirrors the parent company, 10TACLE STUDIOS AG, in Asia. As in Germany, the Group has acquired a financially strong media fund in Singapore as a customer, which will utilize its studio capacity over the long term and considerably influence its continued growth in Asia including the acquisition of new resources. During the first half of 2007, the Singapore government also created ideal economic conditions for us there by granting us special tax status. The tax relief accorded to us will have a positive effect on the location's financial performance through to the year 2011, especially since the cooperation with the local media fund looks to generate substantial follow-up business for us. From our point of view, the acquisition from the local management of an additional 50% of the shares in 10tacle studios Pte. Ltd., Singapore, was necessary and sent the right signal. The sellers were granted new shares in 10TACLE STUDIOS AG as consideration for transferring their shares (contribution as part of a non-cash capital increase).

In June 2007, we acquired Stormregion Szoftverfejlesztő Kft., Budapest, Hungary (Stormregion), one of the most experienced and successful development studios for strategy games. By acquiring a 100% interest in the company, we gained access to more than 100 experienced developers and a strong management team, which has already recorded major sales successes with high-quality titles in the past. Our Company acquired substantial additional development resources, which we can offer to our investors. Additionally, we gained access to future-facing development technology and valuable IP rights.

We pursued similar goals with our investment in the CLIMAX Group Ltd. based in Portsmouth, United Kingdom (CLIMAX), which was resolved in August of this year. The company, formed by Karl Jeffery 15 years ago, has virtually unmatched experience in developing games for all well-known platforms. In addition, our equity interest and the associated strategic partnership will offer us excellent access to the global market leaders in the area of distributing and publishing computer and video games. Here, too, we anticipate that this will result in enormous additional order potential, which we can place with both our existing and new investors. CLIMAX generated €20 million in revenue in 2006 and, alongside 10TACLE STUDIOS AG, is among Europe's three largest independent games developers. Our cooperation with CLIMAX will strengthen our Company's market position in the long term. We also look forward to a fruitful cooperation with CLIMAX in implementing the MTV online project. Our comparably young team will benefit considerably from the CLIMAX team's expertise with regard to technology and content.

These three examples all demonstrate our ability to grow in a focused, controlled manner. This will allow us to occupy an outstanding position among independent development studios in Europe and in Asia. This is based on a long-term order backlog and the broad diversification of unavoidable risks that are inherent in our business. Our performance to date in 2007 underscores the fact that we have again taken considerable structural measures to further increase our professionalism and efficiency.

We wish to thank you for placing your confidence in 10TACLE STUDIOS AG and hope that you will continue to support us as shareholders.

Darmstadt, August 2007



Michele Pes · CEO

The 10TACLE STUDIOS AG Group

Business model

There were no changes to 10TACLE STUDIOS AG's existing business model during the period from January 1 to June 30, 2007. The Group

- offers third parties services for the development and marketing of computer and video games (Service Provider segment),
- develops and markets computer and video games at its own economic risk (Studio segment), and
- acquires computer and video games from third parties in order to market them (Publishing segment).

The Service Provider segment accounted for over 80% of the Group's overall revenue in the first six months of 2007. In the comparable prior-year period, this figure was approx. 90%. We are continuing to pursue a more even distribution of Group revenues across all three segments.

Changes in group structure

As already announced in the interim management statement for the first quarter of 2007, 10TACLE STUDIOS AG acquired a 100% interest in 10tacle Madeira – comércio e serviços de internet e entretenimento, Lda., Funchal, Madeira (Portugal). The company will serve as a project company for the operation and marketing of the MTV online project.

10TACLE STUDIOS AG acquired a 100% interest in Stormregion Szoftverfejlesztő Kft., Budapest, Hungary (Stormregion), by way of a contract dated June 4, 2007. It was agreed that the purchase price for the development studio – which specializes in the development of strategy games – would be broken down into three installments, and that it would be dependent on the achievement of predefined goals. Stormregion employs approximately 100 highly experienced and talented developers who optimally compliment the 10TACLE STUDIOS AG Group, not only from a technical standpoint but also in terms of content. In 2007, Stormregion will process a total of €10 million in order volumes (of which €5 million have already been processed in the first half of 2007).

10tacle studios Pte. Ltd., domiciled in Singapore, formed four subsidiaries during the period under review (each of which are wholly owned). These serve as project companies for the Service Provider segment (commissioned by ASIA GAMES & MEDIA PRIVATE EQUITY FUND PTE. LTD. (Asian Games Fund)) and the MTV project (Youtopia Pte. Ltd., Singapore).

Additionally, 10TACLE STUDIOS AG formed a subsidiary in Vienna, Austria, which will be involved in games development for the MTV online world. The company was formed on May 7, 2007 and had share capital of €35,000.

Operating business of the 10TACLE STUDIOS AG Group

Key projects in the period under review

The interim management statement for the first quarter of 2007 already discussed sales and marketing for the PC game "War Front" and the partnership with the Viacom Group to create and market an MTV online world. The MTV project made considerable progress over the course of the first half of the year; the geographical expansion of the existing license is being prepared.

During the period under review, 10tacle studios Pte. Ltd., Singapore, placed orders totalling approximately €14 million with Asian Games Fund, Singapore. The following titles were commissioned:

- "Ready to Rumble III" on the Nintendo Wii platform,
- "Boulder Dash" in the Nintendo DS and Sony PSP formats, and
- "7th Age" (working title) on the Microsoft Xbox 360 and Sony PS3 platforms.

The development studios 10TACLE MOBILE GmbH, Duisburg, and Stormregion, Hungary, as well as the third-party service provider AKI Corporation, Japan, were commissioned to implement these titles. AKI is acting as a sub-contractor of StereoMode SPRL, France.

Key agreements in the period under review

Key agreements entered into during the period under review include:

- A licensing agreement with Viacom Deutschland (June 15, 2007) for the use of the MTV brand to develop and market a PC online world. The agreement governs questions regarding the use of the brand and licensing fees, as well as the editorial contribution to be made by the partner in implementing the project. The license is valid until 2011 (with the option of an extension until 2013).
- Purchase agreement for 100% of Stormregion's shares dated June 4, 2007, as mentioned above.
- Orders placed by Asian Games Fund, Singapore, with the special purpose entities formed by 10tacle studios Pte. Ltd., Singapore, dated February 27, 2007 and June 23, 2007. The agreements govern the orders for the implementation of the aforementioned titles by the special purpose entities, which is not linked to any concrete success, the subsequent distribution of the revenue generated, and the allocation of rights to the products developed. In addition to the usual warranty obligations, 10TACLE STUDIOS AG has issued sales guarantees in favor of the principal; these are similar in type and scope to the guarantees issued in the past for projects performed by the Service Provider segment.

Economic position

The economic position of the 10TACLE STUDIOS AG Group was significantly influenced by the cash capital increase from Authorized Capital discussed in the interim management statement for the first quarter of 2007. 10TACLE STUDIOS AG received cash funds in the amount of €9.4 million from this.

The Group continues to be financed solely through revenue and equity. To date, no debt or mezzanine capital have been utilized. Noncurrent liabilities are composed solely of deferred tax liabilities and liabilities from license agreements and agreements for the purchase of equity interests (particularly with regard to Stormregion).

Receivables increased to a total of €33 million during the period under review. It was not possible to reduce all receivables existing as of December 31, 2006 during the first half of 2007. This is solely attributable to formal reasons on the side of the debtors, and is not an indication of their lack of creditworthiness in senior management's opinion. Rather, the delay in payment is the result of necessary adjustments made due to the tax framework at the debtors. Senior management views the default risk as extremely low (for more information, please see the risk report). We expect the outstanding receivables to be paid in the second half of 2007.

The parent company's operating loss, due to its Group functions, was reduced by approx. 20% year on year, and amounted to €4.1 million as of June 30, 2007. At the Group level, EBIT increased by more than 30% year on year, amounting to €3.37 million as of June 30, 2007. At the end of the reporting period, consolidated revenue amounted to €19.4 million (previous year: €12.7 million at the end of the first half).

Structure of the parent company

Executive bodies

The Annual General Meeting of 10TACLE STUDIOS AG on June 19, 2007 elected Dr. Rainer Marquart, Mannheim, to the Company's Supervisory Board. Prior to this, Mr. Paul Bauer-Schlichtegroll had resigned his office as a member of the Supervisory Board for personal reasons. Besides this, there were no other changes to the composition of the Company's executive bodies.

Articles of Association

Additionally, the Annual General Meeting on June 19, 2007 resolved an amendment to the Company's Articles of Association. In particular, Authorized Capital of up to €3,073,775 and Contingent Capital of up to €2,684,750 were created. The Managing Board was authorized to exercise this in the period up to May 31, 2012 with the Supervisory Board's approval.

Current developments

Opportunities for future development

In connection with the previously mentioned acquisition of a 100% interest in Stormregion, as well as the implementation of the MTV project, the Company revised its financial planning, and issued a forecast for fiscal year 2007 at the Annual General Meeting on June 19, 2007. According to it, the Company expects to generate revenue of approximately €52 million and EBIT in the amount of roughly €9.3 million.

Based on the orders placed by the media fund from Singapore, the Company expects the Group's production capacities to be optimally utilized. In addition, the distribution of four further titles is scheduled to start in the second half of 2007: "Jack Keane", "Boulder Dash", "Happy Hippos" and "Panzer Tactics". These are expected to contribute to a further increase in the parent company's operating profit.

Interim risk report

The 10TACLE STUDIOS AG Group has not incurred any new risks as against the management report for fiscal year 2006. Delays in the development of individual projects are within the norm for the industry and were caused by "next gen" game console requirements, which have only recently been made public. From senior management's point of view, these delays will have no impact on the Group's future result.

The issue of outstanding client receivables in the Service Provider segment discussed earlier affected the Company's liquidity during fiscal year 2007. The senior management does not currently believe that this will lead to more far-reaching damage or to the risk of default for individual receivables. The delays were caused by the optimization of the clients' investment structure and were discussed with the senior management in all cases. We expect a considerable reduction in these receivables during the third and fourth quarter.

Report on post-balance sheet events

In the contribution agreement dated August 8, 2007, IDD Interactive Digital Dreams Ltd., Singapore, undertook to transfer its 50% interest in 10tacle studios Pte. Ltd., Singapore, to 10TACLE STUDIOS AG. In return, the transferring party will receive 260,000 shares from a non-cash capital increase resolved on August 6, 2007 by the Managing Board with the approval of the Supervisory Board. This measure is intended to increase the local management's loyalty to the Group and to reflect the great significance of the Asian market and the environment there for the Group's further development.

Also on August 6, 2007, the Managing Board, with the approval of the Supervisory Board, resolved to acquire an initial interest of 29% in CLIMAX Group Ltd., Portsmouth, United Kingdom. The acquisition is part of a far-reaching strategic cooperation between the companies on selected aspects of developing and marketing computer and video games. The CLIMAX Group generated approx. €20 million in revenue in fiscal year 2006 and the aim is to use its experience and resources to generate further potential for the 10TACLE STUDIOS AG Group's Service Provider segment. Senior management estimates that this measure has the potential to generate additional order volumes of approx. €30 million in 2007 and 2008. There are plans to acquire further shares in the company. The 10TACLE STUDIOS AG Group is thus further expanding its position as Europe's largest independent computer and video games developer.

Outlook for the second half of 2007

We expect to receive new orders from investors in the second half of 2007; in particular, we are expecting an additional commission relating to the MTV online project, which will result in a considerable expansion of the content offering. In addition, we will begin the distribution of four further titles that have already been successfully placed with international distributors. As part of the unveiling of a new vehicle, 10TACLE STUDIOS AG will enter into a partnership with the Munich-based automobile manufacturer BMW, thus gaining a strong position in the rapidly growing market for online and in-game advertising. We aim to continue to expand our engagement in Asia by acquiring specialized competitors during the second half of the year.

Senior management is confident that it will achieve the goals it has set for itself in 2007.

Consolidated Income Statement

for the period January 1, 2007 to June 30, 2007 · 10TACLE STUDIOS AG

	H1 2007 €	H1 2006 €
Revenue	19,323,454.38	12,706,858.04
Other operating income	291,874.75	813,637.07
Changes in inventories of finished goods and work in progress	646,451.10	0.00
Work performed and capitalized	4,002,178.61	1,169,209.03
Cost of raw materials and consumables used and of goods purchased and held for resale	8,891,389.92	5,062,262.21
Employee expenses	5,072,088.94	3,754,971.55
Depreciation, amortization and impairment losses	2,318,446.26	599,426.67
Other operating expenses	4,611,847.28	2,967,360.10
Operating result	3,370,186.44	2,305,683.61
Finance costs	100,320.32	290,276.54
Share of losses from associates	-104.17	0.00
Other financial income	251,987.37	76,600.14
PROFIT BEFORE TAX	3,521,749.32	2,092,007.21
Income tax expense	1,366,398.45	632,573.21
Profit before minority interest	2,155,350.87	1,459,434.00
Profit attributable to minority interest	249,180.69	527,143.00
PROFIT	1,906,170.18	932,291.00

Interim Consolidated Balance Sheet

for the period ended June 30, 2007 · 10TACLE STUDIOS AG

ASSETS

	June 30, 2007 €	December 31, 2006 €
NONCURRENT ASSETS		
Intangible assets		
Internally developed intangible assets	11,321,913.37	7,228,151.56
Other intangible assets	10,901,370.60	7,882,499.62
	22,223,283.97	15,110,651.18
Property, plant and equipment	1,639,952.84	115,120.45
Noncurrent financial assets	1,539,895.83	180,000.00
Other noncurrent receivables	321,206.18	18,328.43
Deferred taxes	3,255,807.12	2,687,112.97
TOTAL NONCURRENT ASSETS	28,980,145.94	19,149,213.03
CURRENT ASSETS		
Securities	66,246.69	1,031,297.89
Inventories	995,582.20	27,430.75
Trade receivables	33,250,367.36	23,044,920.29
Current tax receivables	295,603.42	104,467.76
Other current receivables	4,850,496.17	6,157,690.45
Cash and cash equivalents	6,115,989.76	11,309,329.35
Other current assets	14,793.46	314,870.40
TOTAL CURRENT ASSETS	45,589,079.06	40,990,006.89
TOTAL ASSETS	74,569,225.00	61,139,219.92

EQUITY AND LIABILITIES

	June 30, 2007 €	December 31, 2006 €
EQUITY		
Subscribed capital	6,147,550.00	5,049,851.00
Capital reserves	29,574,406.74	21,601,584.39
Other reserves		
Retained earnings	5,703,721.43	3,797,551.25
Translation reserve	25,398.42	2,171.67
	5,729,119.85	3,799,722.92
EQUITY BEFORE MINORITY INTEREST	41,451,076.59	30,451,158.31
MINORITY INTEREST	781,837.66	532,656.97
TOTAL EQUITY	42,232,914.25	30,983,815.28
NONCURRENT LIABILITIES		
Noncurrent interest-bearing borrowings	140,175.39	13,662.58
Other noncurrent liabilities	2,210,363.62	255,319.96
Deferred taxes	6,115,502.44	4,901,341.77
TOTAL NONCURRENT LIABILITIES	8,466,041.45	5,170,324.31
CURRENT LIABILITIES		
Other current provisions	14,653,827.89	14,802,757.68
Current tax payables	267,017.93	62,624.74
Current interest-bearing borrowings	422,684.00	75,868.82
Current portion of interest-bearing borrowings	23,634.74	0.00
Trade payables	5,509,141.89	4,385,360.34
Other current liabilities	2,993,962.85	5,658,468.75
TOTAL CURRENT LIABILITIES	23,870,269.30	24,985,080.33
TOTAL EQUITY AND LIABILITIES	74,569,225.00	61,139,219.92

Consolidated Statement Of Changes In Equity

for the period ended June 30, 2007 · 10TACLE STUDIOS AG

	Shares issued, fully paid up (no.)	Subscribed capital €	Capital reserves €	Contributions made to implement a resolved capital increase €	Currency translation difference €	Retained earnings, other reserves and profit for the period €	Total equity €
BALANCE AT JANUARY 1, 2006	259,358	259,358.00	9,180,132.55	0.00	0.00	901,846.67	10,341,337.22
Cash capital increase (resolution by the Managing Board on Feb. 23, 2006)	25,422	25,422.00	4,398,006.00	0.00	0.00	0.00	4,423,428.00
Cash capital increase from capital reserves (resolution by the Annual General Meeting on May 8, 2006)	3,986,920	3,986,920.00	-3,986,920.00	0.00	0.00	0.00	0.00
Cash capital increase (resolution by the Managing Board on June 20, 2006)	778,151	778,151.00	8,094,617.63	0.00	0.00	0.00	8,872,768.63
Profit for the period		0.00	0.00	0.00	0.00	932,291.00	932,291.00
Expenses for share-based payments		0.00	0.00	0.00	0.00	0.00	0.00
Other comprehensive income presented directly in equity		0.00	0.00	0.00	0.00	0.00	0.00
Currency translation difference		0.00	0.00	0.00	-3,091.34	0.00	-3,091.34
BALANCE AT JUNE 30, 2006	5,049,851	5,049,851.00	17,685,836.18	0.00	-3,091.34	1,834,137.67	24,566,733.51
BALANCE AT JANUARY 1, 2007	5,049,851	5,049,851.00	17,248,817.50	4,352,766.89	2,171.67	3,797,551.25	30,451,158.31
Entry of December 2006 capital increase in commercial register	427,170	427,170.00	0.00	-427,170.00	0.00	0.00	0.00
Entry of December 2006 cash capital increase in commercial register		0.00	3,925,596.89	-3,925,596.89	0.00	0.00	0.00
Cash capital increase (resolution by the Managing Board on April 10, 2007)	670,529	670,529.00	8,716,877.00	0.00	0.00	0.00	9,387,406.00
Equity transaction costs for above-mentioned capital increases		0.00	-361,940.35	0.00	0.00	0.00	-361,940.35
Profit for the period		0.00	0.00	0.00	0.00	1,906,170.18	1,906,170.18
Expenses for share-based payments		0.00	45,055.70	0.00	0.00	0.00	45,055.70
Other comprehensive income presented directly in equity		0.00	0.00	0.00	0.00	0.00	0.00
Currency translation difference		0.00	0.00	0.00	25,398.42	0.00	25,398.42
BALANCE AT JUNE 30, 2007	6,147,550	6,147,550.00	29,574,406.74	0.00	25,398.42	5,703,721.43	41,451,076.59

Consolidated Cash Flow Statement

for the period January 1, 2007 to June 30, 2007 · 10TACLE STUDIOS AG

	Note	H1 2007 € THOUSAND	H1 2006 € THOUSAND
Profit		1,906	932
+ Depreciation and amortization	6.	2,318	599
- Reversal of impairment losses on noncurrent assets		0	0
+/- Other noncash income/expense		45	0
+/- Increase/decrease in provisions, including deferred taxes	9.	1,065	4,266
-/+ Gain/loss on disposal of noncurrent assets		0	0
-/+ Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities including deferred tax assets	7.	-10,629	-8,591
+/- Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities		1,116	-2,411
CASH FLOWS FROM OPERATING ACTIVITIES		-4,178	-5,205
-/+ Payments to acquire/proceeds from disposal of property, plant and equipment/intangible assets	5.	-9,918	-2,130
-/+ Payments to acquire/proceeds from disposal of noncurrent financial assets		-1,360	25
CASH FLOWS FROM INVESTING ACTIVITIES		-11,278	-2,105
-/+ Proceeds from disposal of/payments to acquire current financial assets		965	-1,165
- Distributions to shareholders		0	0
+ Capital increases	8.	9,025	13,296
+/- Increase/decrease in translation reserve		23	-2
CASH FLOWS FROM FINANCING ACTIVITIES		9,049	12,129
CHANGE IN MINORITY INTEREST		249	532
NET CHANGE IN CASH AND CASH EQUIVALENTS		-5,193	5,351
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		11,309	7,121
CASH AND CASH EQUIVALENTS AT END OF PERIOD		6,116	12,472

Selected Explanatory Notes to the Half-Yearly Financial Report

General information, basis of consolidation and consolidation methods

1. Consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs)

10TACLE STUDIOS AG, Goebelstrasse 21, 64293 Darmstadt, (hereinafter referred to as "10TACLE STUDIOS AG" or "the Company") has prepared its half-yearly financial report as of June 30, 2007 in compliance with the requirements of the International Accounting Standards Board (IASB), as it did its consolidated financial statements as of December 31, 2006. The explanations provided in the Notes to the consolidated financial statements as of December 31, 2006 apply to this half-yearly financial report.

In accordance with section 315a(3) in conjunction with (1) of the *Handelsgesetzbuch* (HGB – German Commercial Code), the requirements of the HGB specified there were also complied with, insofar as they were relevant.

The Company's half-yearly financial report was prepared in compliance with the International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) adopted and published by the International Accounting Standards Board (IASB), and reflect all the Interpretations. The requirements of IAS 34 were observed in particular.

The requirements of the Standards applied were met in full and allow the Group to provide a true and fair view of its net assets, financial position and results of operations.

2. Group structure, changes in the basis of consolidation

During the first half of the year, the following new subsidiaries and acquisitions were included in the basis of consolidation:

On January 31, 2007, the companies Game Studio 1 Pte. Ltd., Game Studio 2 Pte. Ltd., and Game Studio 3 Pte. Ltd. were formed, each with capital of Singapore dollars (S\$) 2.00. These are special purpose entities formed for the purpose of project financing. Also on January 31, 2007, Youtopia Pte. Ltd. was formed with capital of S\$2.00. 10tacle studios Pte. Ltd., Singapore, acquired all shares of these entities as the parent company. 10TACLE STUDIOS AG holds 51% of the shares of 10tacle studios Pte. Ltd., Singapore. The entities are first included in their parent company's basis of consolidation, and the latter's consolidated balance sheet and income statement are then included in the consolidated financial statements (subgroup consolidation).

On May 9, 2007, all shares were acquired of the shelf company, 10tacle Madeira - comércio e serviços de internet e entretenimento, Lda. Funchal, Madeira (Portugal). The company will be used to operate an online world. The cost of acquisition including transaction costs amounted to €25 thousand. The fair value of assets and liabilities recognized in the course of initial consolidation in accordance with IFRS 3.36 was the same as their carrying amounts, and amounted to €6 thousand in each case. Goodwill amounted to €25 thousand.

10tacle studios vienna GmbH, Vienna, Austria (10tacle vienna) was formed on May 7, 2007 with shares capital of €35 thousand. 10TACLE STUDIOS AG holds a 100% interest in 10tacle vienna.

On June 4, 2007, 10TACLE STUDIOS AG acquired 100% of the shares of Stormregion, one of Hungary's largest independent games developers. The total costs of acquisition amounted to €4.036 million and are fully payable in cash. At the date of initial consolidation, Stormregion's IFRS interim financial statements included €1,396 thousand in noncurrent assets, €1,105 thousand in current assets, €4 thousand in noncurrent liabilities and €1,834 thousand in current liabilities. The following fair values were recognized in the course of consolidation in accordance with IFRS 3.36:

■ Noncurrent assets:	€1,448 thousand
■ Current assets:	€1,105 thousand
■ Noncurrent liabilities:	€4 thousand
■ Current liabilities:	€2,326 thousand.

Additionally, the consolidation resulted in goodwill in the amount of €3,920 thousand, primarily representing the Company's expertise in developing games content and technologies. The company's contribution to interim consolidated pre-tax profit since the date of initial consolidation was of only minor significance due to the brief period involved.

On March 23, 2007, 50% of the shares of CDV Online GmbH, Bruchsal, and with it a significant influence on the company, were acquired. As a result, the interest was accounted for using the equity method in accordance with IAS 28. The cost of acquisition including transaction costs amounted to €1,360 thousand. The acquisition resulted in the formation of a joint venture with CDV Entertainment AG, which also holds a 50% stake in the company, for the exploitation of massive multiplayer online gaming (MMOG) licenses. CDV Online GmbH has share capital of €25 thousand. The acquisition costs in excess of the interest in the share capital acquired represent half of the fair value of the MMOG licenses at the time of acquisition.

The changes in the basis of consolidation described above did not require the adjustment of prior-year figures.

With the exception of the equity interest in CDV Online GmbH, all subsidiaries included were fully consolidated in accordance with IAS 27.

3. Accounting policies

The half-yearly financial report as of June 30, 2007 was prepared in accordance with the same accounting policies and the same computation methods as were applied in the consolidated financial statements as of December 31, 2006 and the corresponding prior-year period (January 1, 2006 to June 30, 2006). The relevant notes to the consolidated financial statements as of December 31, 2006 are therefore applicable.

4. Significant management judgment and estimates

The preparation of consolidated financial statements and half-yearly financial reports in accordance with IFRSs requires management to make assumptions and estimates concerning specific matters as well as their effects on the assets, liabilities, income and expenses reported in the relevant financial statements and on contingent liabilities that have not been presented. Actual events may differ from such assumptions and estimates. Such assumptions and judgments primarily relate to the non-inclusion of majority holdings in special purpose entities due to a lack of control by the Company, the measurement of intangible and tangible assets including the determination of their useful lives, the measurement of construction contracts in accordance with the percentage of completion method, the measurement of provisions, particularly for production costs and services, deferred tax assets from tax loss carryforwards, and the likelihood of claims under contingent liabilities. There have been no significant changes to such assumptions and estimates for this half-yearly financial report as of June 30, 2007.

5. Internally developed intangible assets

During the first six months of the year, the Company invested €4,800 thousand in internally developed intangible assets. Of this amount, €3,130 thousand was invested in technologies such as the "NeoReality" middleware and €1,670 thousand in production costs for internally developed titles to expand the Studio segment.

6. Impairment losses

The "War Front" game recognized in intangible assets was written down by €550 thousand to the fair value in use defined in IAS 36.6.

7. Trade receivables

As of the reporting date, trade receivables increased due to new projects commissioned by Asian Games Fund. Almost all trade receivables as of June 30, 2007 are scheduled to be paid during the third quarter or by the beginning of the fourth quarter 2007. The temporary increase in receivables reduced cash and cash equivalents.

8. Changes in equity

The subscribed capital is carried at par. It amounts to €6,147,550 (as of December 31, 2006: €5,049,851) and is composed of 6,147,550 no-par value bearer shares with a notional value of €1.00 per share. The subscribed capital was fully paid up at the reporting date.

By resolution of the Managing Board of 10TACLE STUDIOS AG on December 18, 2006 to implement a cash capital increase while disapplying shareholders' pre-emptive rights, the subscribed capital was increased by €427,170 from €5,049,851 to €5,477,021 through the issue of 427,170 new no-par value bearer shares from Authorized Capital. The issue price for the new shares was €10.61. The capital increase was entered in the commercial register on January 31, 2007.

By way of a resolution by the Supervisory Board and Managing Board on April 10, 2007, the capital was increased by a nominal €670,529 from €5,477,021 to €6,147,550 through the issue of new shares. The issue price for the new shares was €14.00. The capital increase was entered in the commercial register on May 24, 2007.

The capital reserves changed as follows:

	Premium from issue of shares € THOUSAND	Other contributions € THOUSAND	Miscellaneous € THOUSAND	Total € THOUSAND
Balance at Jan. 1, 2005/ Balance at Dec. 31, 2005	8,914	528	-262	9,180
Capital increase on Feb. 23, 2006	4,398	0	-184	4,214
Capital increase from capital reserves	-3,987	0	0	-3,987
Capital increase on June 20, 2006	8,365	0	-568	7,797
Balance at June 30, 2006	17,690	528	-1,014	17,204
Share-based payments	0	0	45	45
Balance at Dec. 31, 2006	17,690	528	-969	17,249
Capital increase on Dec. 18, 2006/ Jan. 31, 2007	4,105	2	-181	3,926
Capital increase on April 10, 2007	8,716	0	-362	8,354
Share-based payments	0	0	45	45
BALANCE AT JUNE 30, 2007	30,511	530	-1,467	29,574

The other changes in the capital reserves related to the cost of equity transactions deducted directly from the capital reserves. Please refer to the consolidated statement of changes in equity for information on changes in equity.

9. Provisions

	Balance at Jan. 1, 2007 € THOUSAND	Additions € THOUSAND	Utilized € THOUSAND	Reversals € THOUSAND	Balance at June 30, 2007 € THOUSAND
Provisions for					
Production and license costs	9,864	8,713	7,754	0	10,823
Production services	1,860	641	1,003	0	1,498
Production cost reserve	1,005	0	0	0	1,005
Warranties	318	357	0	252	423
Outstanding invoices	812	189	662	27	312
Year-end closing/audit costs	159	77	155	4	77
Marketing costs	215	111	309	0	17
Miscellaneous	569	270	323	17	499
TOTAL	14,802	10,358	10,206	300	14,654

Additions to production cost provisions and production service provisions relate to outstanding production and service costs for the production of three projects commissioned by the Asian Games Fund.

10. Segment reporting

a) For the period January 1 to June 30, 2007

Segment information Jan. 1 to June 30, 2007	Service Provider segment € THOUSAND	Studio segment € THOUSAND	Publishing segment € THOUSAND	Elimination/ unallocated items € THOUSAND	Group € THOUSAND
Total revenue	26,832	1,015	1,759	-10,283	19,323
Intersegment revenue	9,438	767	78		10,282
External revenue	17,394	248	1,681		19,323
Germany	1,663	129	1,071		2,863
Belgium	0	0	0		0
Slovakia	1,001	0	0		1,001
United Kingdom	902	0	193		1,095
Asia	13,849	0	18		13,867
Other, including United States	0	43	399		442
Depreciation, amortization and impairment losses	574	273	982	489	2,318
Non-cash expense	12,628	0	0	1,007	13,635
SEGMENT RESULT	11,396	669	776	-9,471	3,370
Net finance costs					152
Profit/loss before tax					3,522
Taxes					-1,366
CONSOLIDATED NET PROFIT/LOSS					2,155

b) For the period January 1 to June 30, 2006

Segment information Jan. 1 to June 30, 2006	Service Provider segment € THOUSAND	Studio segment € THOUSAND	Publishing segment € THOUSAND	Elimination/ unallocated items € THOUSAND	Group € THOUSAND
Total revenue	14,545	932	167	-2,937	12,707
Intersegment revenue	2,318	618	1		2,937
External revenue	12,227	314	166		12,707
Germany	9,346	202	0		9,549
Belgium	176	21	0		197
Slovakia	755	0	0		755
United Kingdom	1,347	0	14		1,361
Asia	285	0	9		293
Other, including United States	319	91	143		553
Depreciation, amortization and impairment losses	146	58	393	-28	569
Non-cash expense	8,014	0	0	1,789	9,803
SEGMENT RESULT	6,232	874	-227	-4,545	2,335
Net finance costs					-214
Profit/loss before tax					2,121
Taxes					-633
CONSOLIDATED NET PROFIT/LOSS					1,489

11. Earnings per share (EPS)

The Company's basic earnings per share (EPS) as of June 30, 2007 amounted to €0.33. This was calculated by dividing the profit attributable to equity holders of the parent (after deduction of minority interests in profit) by the weighted average number of ordinary shares outstanding during the period (IAS 33.10).

When calculating of the number of shares outstanding in fiscal year 2007 (first half of the year), the cash capital increase resolved on April 10, 2007 was included ratably as of the date on which the payment became due (May 3, 2007) to determine the weighted average number of shares outstanding in the first half of 2007.

On July 1, 2006, the Company's Managing Board and Supervisory Board issued a total of 80,500 stock option rights to employees of the Company and its affiliates, to members of management of affiliated companies and to the members of the Company's Managing Board. In the period up to June 30, 2007, 7,000 stock option rights expired due to employees leaving the Company. No stock option rights have been exercised. The average market price between January 1 and June 30, 2007 of €13.50 was greater than the subscription price for the shares from the stock options of €11.60, and as a result a total of 139,650 additional potential shares were included in the calculation of diluted earnings per share. The Company's diluted earnings per share (EPS) as of June 30, 2007 amounted to €0.33. There were no other matters that would have resulted in dilution of earnings per share in the periods presented in these financial statements.

Earnings per share (EPS) in H1 2007

Date		From	By	To	Weighted average number of shares outstanding (no.)	Profit/loss after tax and minority interest	EPS
		(no.)	(no.)	(no.)		€	€
Basic EPS							
Jan. 1, 2007				5,477,021	3,691,694		
<hr/>							
May 3, 2007							
Cash capital increase	122 days	5,477,021	670,529	6,147,550	2,003,898		
<hr/>							
Dec. 31, 2006	59 days						
EPS AS OF DEC. 31, 2006	181 DAYS				5,695,592	1,906,170	0.33
Diluted EPS							
Issue price (subscription price)	€11.60						
<hr/>							
Stock option subscription date	July 1, 2006						
<hr/>							
Average market price between Jan. 1 and June 30, 2007	€13.50						
<hr/>							
Potential shares from unexercised options	(no.) 3,500						
<hr/>							
Adjustment of denominator							
Potential shares to be included					139,650		
<hr/>							
Weighted shares					5,695,592		
EPS AS OF JUNE 30, 2007					5,835,242	1,906,170	0.33

Earnings per share (EPS) in H1 2006

Date	Days	From	By	To	Weighted average number of shares outstanding	Profit/loss after tax and minority interest	EPS
		(no.)	(no.)	(no.)	(no.)	€	€
Basic EPS							
Jan. 1, 2006				3,890,370	1,891,451		
March 30, 2006							
Cash capital increase	88	3,890,370	381,330	4,271,700	920,422		
May 8, 2006							
Capital increase from capital reserves	39	4,271,700	0	4,271,700	1,038,424		
June 21, 2006							
Cash capital increase	44	4,271,700	778,151	5,049,851	278,997		
June 30, 2006	10						
EPS AS OF JUNE 30, 2006	181				4,129,294	932,291	0.23

12. Other contingent liabilities

The Group's contingent liabilities in the form of liabilities under warranty agreements in respect of minimum purchase guarantees granted by 10TACLE STUDIOS AG to individual funds amounted to €36,381 thousand as of June 30, 2007 (H1 2006: €26,422 thousand).

On the basis of the fund games completed to date, past development of business, the underlying projections and the current negotiations with distributors, there are no risks of recourse from the minimum guarantees to be assumed by 10TACLE STUDIOS AG.

13. Employees/staff

As of June 30, 2007 the Group had 343 employees. The average number of 10TACLE STUDIOS AG Group employees was 310 as of June 30, 2007. As of June 30, 2007, a total of 444 staff were retained by the Group.

14. Significant events after the balance sheet date

All outstanding shares of the subsidiary 10tacle studios Pte. Ltd., Singapore, were acquired by way of a contribution agreement dated August 6, 2007. The acquisition was made in exchange for the issue of own new shares from a capital increase against non-cash contributions resolved by the Managing Board and Supervisory Board on August 6, 2007. This increased the Company's investment in 10tacle studios Pte. Ltd., Singapore, to 100%.

Darmstadt, August 23, 2007



Michele Pes · CEO

Consolidated Statement Of Changes In Noncurrent Assets

as of June 30, 2007 · 10TACLE STUDIOS AG

	COST						CUMULATIVE DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES						CARRYING AMOUNTS		DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES IN THE FISCAL YEAR	
	Jan. 1, 2007	Additions	Translation adjustments	Disposals	Transfers	June 30, 2007	Jan. 1, 2007	Additions	Translation adjustments	Disposals	Transfers	June 30, 2007	June 30, 2007	Dec. 31, 2006		
	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€
A. NONCURRENT ASSETS																
I. INTANGIBLE ASSETS																
1. Concessions, industrial and similar rights and assets, and licenses in such rights and assets	13,374,479.71	5,252,068.67	-6,337.65	274,677.83	1,367,209.04	19,712,741.94	3,302,122.64	1,993,067.59	5,829.29	580.00	0.00	5,300,439.52	14,412,302.42	10,072,357.07	1,993,067.59	
2. Goodwill	2,857,908.58	3,945,793.54	0.00	0.00	0.00	6,803,702.12	0.00	0.00	0.00	0.00	0.00	0.00	6,803,702.12	2,857,908.58	0.00	
3. Prepayments	2,180,385.53	1,254,450.00	0.00	1,060,000.00	-1,367,209.04	1,007,279.43	0.00	0.00	0.00	0.00	0.00	0.00	1,007,279.43	2,180,385.53	0.00	
Intangible assets	18,412,773.82	10,452,312.21	-6,337.65	1,334,677.83	0.00	27,523,723.49	3,302,122.64	1,993,067.59	5,829.29	580.00	0.00	5,300,439.52	22,223,283.97	15,110,651.18	1,993,067.59	
II. PROPERTY, PLANT AND EQUIPMENT																
1. Other equipment, operating and office equipment	1,842,652.10	818,815.01	5,286.35	46,484.08	0.00	2,620,269.38	689,531.65	325,378.67	-17,775.27	16,818.51	0.00	980,316.54	1,639,952.84	1,153,120.45	325,378.67	
Property, plant and equipment	1,842,652.10	818,815.01	5,286.35	46,484.08	0.00	2,620,269.38	689,531.65	325,378.67	-17,775.27	16,818.51	0.00	980,316.54	1,639,952.84	1,153,120.45	325,378.67	
III. NONCURRENT FINANCIAL ASSETS																
1. Equity investments	180,000.00	1,360,000.00	0.00	104.17	0.00	1,539,895.83	0.00	0.00	0.00	0.00	0.00	0.00	1,539,895.83	180,000.00	0.00	
Noncurrent financial assets	180,000.00	1,360,000.00	0.00	104.17	0.00	1,539,895.83	0.00	0.00	0.00	0.00	0.00	0.00	1,539,895.83	180,000.00	0.00	
NONCURRENT ASSETS	20,435,425.92	12,631,127.22	-1,051.30	1,381,266.08	0.00	31,683,888.70	3,991,654.29	2,318,446.26	-11,945.98	17,398.51	0.00	6,280,756.05	25,403,132.64	16,443,771.63	2,318,446.26	

Report on the Review of the Interim Financial Statements of 10TACLE STUDIOS AG, Darmstadt, as of June 30, 2007

Review Report to 10TACLE STUDIOS AG, Darmstadt

We have reviewed the condensed interim consolidated financial statements – comprising the balance sheet, income statement, cash flow statement, statement of changes in equity and selected explanatory notes – and the interim group management report of 10TACLE STUDIOS AG, Darmstadt, for the period January 1, 2007 to June 30, 2007. The preparation of the condensed interim consolidated financial statements in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU is the responsibility of the Company's management. Our responsibility is to issue a review report on the condensed interim consolidated financial statements and on the interim management report of the Group based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim management report of the Group in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and conduct the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU, or that the condensed interim consolidated financial statements do not show a true and fair view of the assets, finance and profit situation. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditors' report.

Based on our review, no matters have come to our attention that cause us to presume that the interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU or that the interim consolidated financial statements do not show a true and fair view of the assets, finance and profit situation.

Without constraining this review report, we wish to draw attention to the fact that guarantee obligations were assumed by 10TACLE STUDIOS AG regarding the revenue of AAA Capital Games Production and Sales GmbH & Co. Fonds Nr. 1. KG and AAA Capital Games Production and Sales GmbH & Co. Fonds Nr. 2 KG, AVALANCHE Videospiel Herstellungs- und Vertriebs GmbH & Co. KG and Asia Games & Media Private Equity Fund PTE LTD relating to revenue from the games marketed by those entities. According to management estimates, the projections presented for this review and the reports provided for the games already developed regarding the volume of production costs, the guarantees assumed by the Company

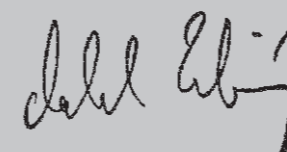
and the sales guarantees issued to the Company by the distributors (all of which significantly exceed the guarantees assumed by the Company), it can be assumed that no claims will be asserted against 10TACLE STUDIOS AG under these guarantee obligations. In the light of the minimum guarantees contractually assumed by the Company and despite the fact that significantly higher sales guarantees were obtained for the fund products completed up to date than would have been required for the minimum guarantee assumed, no assurance can be given that the Company will not incur a liability for these obligations in the future, although there are no indications of this as things stand today. However, the projections presented by the Managing Board and the comparisons between the minimum guarantee and the sales guarantee prepared for the fund products already completed can be deemed to be plausible and reasonable in the light of the economic and legal circumstances.

With regard to the sharp increase in receivables, it must be noted that these are due to the Company's business model and that contractual and business have been provided by 10TACLE STUDIOS AG with regard to the dates of expected payment of these receivables. However, it must also be noted that these receivables concern a concentrate substantial amounts of short-term liquidity, and the contractually agreed payment of these receivables is of considerable significance to the further development of the Company.

In this respect, preparation of the consolidated financial statements on the assumption of a going concern basis is reasonable.

Munich, August 27, 2007

Control5H GmbH Wirtschaftsprüfungsgesellschaft



Roland Weigl · Wirtschaftsprüfer

Responsibility Statement

"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year."

Darmstadt, August 2007



Michele Pes · CEO

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