Semi-Annual Report 2009

DELTICOM Aktiengesellschaft

Profile

Delticom is Europe's leading online tyre retailer. Founded in 1999, the Hanover-based company has more than 100 online shops in 35 countries, among others the ReifenDirekt domains in Germany, Switzerland and Austria, as well as www.mytyres.co.uk and www.123pneus.fr. Delticom offers a wide range of products for its private and business customers: more than 25,000 models from over 100 tyre brands for cars, motorcycles, commercial vehicles and buses, but also special tyres, complete wheels, motor oils, replacement parts and accessories.

Delticom's customers enjoy all the advantages of modern E-Commerce: convenience in order placing, quick, efficient delivery, clear cost information and, last but not least, low prices. The products are delivered in two business days to any address the customers chooses. Alternatively, Delticom delivers the tyres to one of the far more than 20,000 service partners (6,000 in Germany alone) for professional fitting directly on to the customer's vehicle at reasonable prices.

H1 2009 at a Glance

			01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008	yoy %
Revenues		€ million	139,2	121,5	+14,5
New customers		thousand	377	342	+10,3
Repeat customers		thousand	173	133	+29,6
Customer base		thousand	3.003	2.272	+32,2
Total income		€ million	141,1	122,9	+14,8
Gross profit		€ million	38,5	30,5	+26,3
Gross profit margin	(1)	%	27,3	24,8	+2,5
EBIT		€ million	10,2	5,6	+82,9
EBIT margin	(2)	%	7,3	4,6	+2,7
Net income		€ million	7,0	4,1	+70,9
Earnings per share	(3)	€	0,59	0,35	+70,9
Employees	(4)		85	79	+7,6
Revenues per employee		€ thousand	1.637	1.538	+6,4
Total assets		€ million	96,4	95,5	+0,9
Equity		€ million	45,5	42,6	+6,9
Equity ratio		%	47,2	44,6	+2,6
Return on equity		%	15,4	9,6	+5,8
Liquidity position	(5)	€ million	22,5	36,4	–38,1
Investments	(6)	€ million	3,3	0,4	+796,6
Investment quota	(7)	%	2,4	0,3	+2,1
Operating cash flow		€ million	–6,0	9,1	–165,4
Free cash flow	(8)	€ million	–9,3	8,8	–206,2

(1) Gross profit to total income
(2) Consolidated earnings before interest and taxes (EBIT) to revenues
(3) Undiluted
(4) Average in reporting period
(5) Liquidity position = cash and cash equivalents + liquidity reserve
(6) Investments in tangible and intangible assets
(7) Ratio of investments to revenues
(8) Free cash flow = Operating cash flow – investments

Management Report

General Conditions

Overall Economic Situation

The first half of 2009 was largely determined by the ongoing recession. Gratifyingly, consumers in large parts of Europe have appeared unimpressed by the poor economic situation so far. As the underlying reason for this, economists cite the fact that unemployment figures in many places have risen only moderately to date. Although consumer sentiment in past quarters was additionally supported by easing inflationary pressures, the European retail trade nevertheless recorded declining revenues. In general, e-commerce sales channels across sectors turned out to be relatively resilient.

Sector Situation

In the light of declining new vehicle registration figures across Europe, tyre manufacturers were required to adjust their production further downwards. Although deliveries of new vehicles stabilized in recent months as a result of state economic programs launched by some countries ("scrappage schemes"), the industry still waits for a rebound of the market.

The downtrend has continued further for tyre trade in 2009. Although price levels remained largely stable in the first half of the year and surplus stocks along the trading chain were cut back, shipments in the replacement tyre business did not meet expectations. There is growing evidence that motorists are increasingly delaying the purchase of tyres due to the recession.

Results of Operations

Revenues

Delticom benefited from the relative strength of the high-growth e-commerce business this year and has been left comparatively unscathed by the economic downturn so far. Evidence of this is found in the development of the customer numbers: In the first half of the year the company acquired a total of 377 thousand new customers (H1 08: 342 thousand, +10%), while 173 thousand customers made a repeat purchase in one or more of Delticom's online shops (H1 08: 133 thousand, +30%). Overall, the customer base (customers who have made at least one purchase in 2009 or in previous years) increased to more than 3.0 million.

In total, the company's revenues grew by 14.5% from € 121.5 million to € 139.2 million over the first six months of the year. In the first quarter, Delticom boosted revenues by 19.8%, from € 42.6 million to € 51.0 million. A positive trend was also reported in the second quarter, with revenues coming in at € 88.1 million (Q2 08: € 78.9 million). The fact that growth in the second quarter of 11.6% was lower than in the first three months is due to weather-related softness in demand, the strong basis of Q2 08 and the reversal of the Easter effect this year.

Revenues in the E-Commerce division increased year-on-year by 15.8% from € 112.9 million to € 130.8 million. The Wholesale division reported revenues of € 8.4 million (–2.7% on previous-year divisional revenues of € 8.6 million).

In some European countries, weak local currencies made it increasingly difficult for Delticom to grow its business. Thanks to the company's stringent strategy of internationalization, Delticom was able to compensate for weaker sales in some individual markets with good growth in other markets. Consequently, in almost all 102 online shops in 35 countries the Group recorded rising volume figures and further market penetration during the reporting period. Overall in the EU countries a total of € 114.5 million was generated (up +9.5% year-on-year) and in the remaining other countries € 24.7 million (up +45.2%).

Key Expense Positions

The cost of sales is the largest expense item. It increased by 11.1% from € 92.4 million to € 102.6 million (73.8% of revenues), due to higher revenues.

Despite increased transaction volumes in 2009, Delticom was able to keep staff levels low, thanks to efficient business processes. As of 30 June 2009, the company had 87 employees (30 June 2008: 81). Compared with the prior-year period, the personnel expenses ratio (staff expenditures as percentage of revenues) was slightly lower at 2.0% (H1 08: 2.1%).

Tyres sold online are picked up at the delivery points by parcel services which then transport the tyres to the customers or fitting stations. As business volumes increases, so too do these transportation costs (+19.2%). Stocking costs increased in line with the sales growth by 15.3% to 1.0% of revenues, unchanged from previous year.

In the reporting period, costs for advertising totalled € 3.7 million (H1 08: € 3.3 million). This represents a marketing expense ratio (marketing expenses as a percentage of revenues) of 2.6%, after 2.7% in the corresponding period of the previous year.

Earnings Position

In the first quarter 2009, gross profit increased year-on-year by 26.3%, from € 30.5 million to € 38.5 million. The gross profit margin (gross profit in relation to total income) improved from 24.8% to 27.3%, as a result of further improvements in purchasing conditions and optimised end-customer prices. The two divisions – E-Commerce and Wholesale – operate at different gross profit margins. As usual, in H1 09 E-Commerce was able to achieve a higher margin (27.1%, H1 08: 25.3%) than Wholesale (16.6%, H1 08: 11.3%).

Consolidated earnings before interest and taxes (EBIT) improved during the reporting period to € 10.2 million (H1 08: € 5.6 million). The return on sales (EBIT margin) was 7.3% (H1 08: 4.6%). As expected, the significant decline in Euro money market rates resulted in a lower financial result of € 180 thousand (H1 08: € 485 thousand).

Consolidated net income for the first six months of fiscal year 2009 grew from € 4.1 million to € 7.0 million. This corresponds to earnings per share (EPS) of € 0.59 (undiluted, H1 08: € 0.35). The tax rate was almost unchanged in the first half of the year at 32.4% (H1 08: 32.3%).

Assets

The company's non-current assets amounted to € 6.4 million on 30 June 2009, or 6.7% (30 June 2008: 2.8%) of total assets. The increase follows investments into additional warehousing capacity. Among current assets, inventories of € 48.2 million comprise approximately 50.1% of total assets (30 June 2008: € 40.6 million or 42.6%). The increase in inventories of € 5.7 million since the last quarterly reporting date (31 March 2009: € 42.5 million) is comparatively high since a greater number of tyres are stocked in the course of the expansion of warehouse capacities.

To the end of the reporting period, accounts receivable totalled € 10.8 million. Bad debt losses in H1 09 reached € 831 thousand, down from over the € 882 thousand recorded in H1 08. On a quarterly basis, too, the situation is still relaxed: receivables losses in Q2 09 only increased disproportionately by 6.7%, from € 490 thousand to € 522 thousand. It is nevertheless expected that consumers' payment behaviour will deteriorate over coming months in the wake of the recession. Delticom reacts to these developments with tightened customer credit management and receivables collection processes.

Financial Position

In the period under review, Delticom has financed its business activities mostly with current income, additions to accounts payable and own capital resources. As of 30 June 2009 the equity ratio was 47.2% (30 June 2008: 44.6%).

On 22 June 2009, Delticom AG performed a capital increase of € 7,893.0 thousand from company funds (stock split). This did not result in an accrual of capital to the company, since it related solely to a shift between subscribed capital and capital reserves. Following the issue of new shares accompanying the capital increase, Delticom AG shareholders hold three times the number of shares as those before the stock split.

Liabilities at the end of the reporting period stood at € 50.9 million, 99.2% of which were current. The largest portion by far is comprised of trade payables. These expanded by € 3.5 million to € 39.7 million during the course of the first six months of the current financial year. In the corresponding period of the previous year, the increase of € 11.7 million had been higher. Consequently, the company utilised its suppliers to the tune of around € 8.2 million less for the financing of business this year than in the same period of last year. The non-current liabilities to the end of the reporting period totalled € 422 thousand (30 June 2008: € 355 thousand), mainly from deferred tax liabilities.

In the reporting period, capital expenditures amounted to € 3.3 million. The bulk of these were investments into warehousing equipment for the facilities rented by Delticom, in close coordination with logistics service providers. Due to the higher level of capital tied up within warehousing in combination with the smaller increase in liabilities, cash flow from operating activities was negative in the first half of the year, at € –6.0 million (H1 08: € 9.1 million).

As of 31 March 2009, Delticom had cash and cash equivalents totalling € 19.3 million. As of 30 June 2009, this amount increased slightly to € 19.6 million. In total, the available liquidity position including the liquidity reserve (money market funds) at the end of the period under review was € 22.5 million (31 March 2009: € 30.9 million).

Report on Key Events after the End of the Reporting Period

There were no events of particular importance after the end of the period under review.

Risk Report

The risk situation has not changed materially since the beginning of the fiscal year. Individual risks endangering the company do not exist, and considered together, the aggregate risk does pose a danger to Delticom's going concern.

Outlook

Following the sharp fall in the global economy at the start of the year, leading indicators are increasingly pointing towards an improvement of the economic situation. However, it remains unclear as to how rapid and sustained recovery will be. Labor market experts anticipate a further rise in unemployment figures over coming months. For this reason, it must be assumed that the downturn in European private consumption will continue – the crisis will take a toll on end-customers in the second half of the year.

On the other hand, motorists value road safety, also in economically difficult times. For this reason they will be unable to delay tyre purchases indefinitely. Some market observers also maintain the hope that the wave of new passenger vehicle registrations due to the "scrappage schemes" might support demand for winter tyres this year. Prospects for the sector nevertheless remain dim. For instance, at the start of the year the German national association of tyre dealers (BRV) forecasted a revenue decline of at best 3.5% year-on-year, and is even assuming a 6-7% slump according to its latest statements.

Delticom, as the market leader in European online tyre retailing, is well diversified geographically. Due to its strong position, the company was able to decouple itself by a certain measures from the weak overall market. Delticom is well equipped for business in the second half of the year. Having said that, we must not assume that we can remain fully unaffected by a prolonged depression of demand. Following the strong first six months, however, we remain cautiously optimistic for the full year and aim for a 10% year-on-year rise in revenue for 2009.

We anticipate stagnating revenues and falling margins for the fourth quarter. Although, from today's perspective, we still attach low probability to a significant weather or economically led collapse in demand, this scenario can also not be excluded. Prices could come under pressure in such an instance, and EBIT margins in excess of 7% might then be unattainable. In the event that the European markets do not recover sustainably in 2010, we will continue to be comfortable with growth rates in the lower double digits, regarding both revenues and earnings.

The current economic situation poses not only risks for Delticom, but presents opportunities as well: Tyre buyers are increasingly looking for lower-priced alternatives. Independently of short-term fluctuations, E-Commerce is a sales channel whose significance within tyre trading will continue to grow. We are confident that we will continue to gain further market share this year. Over the last months, we have also secured medium- and long-term growth opportunities through the sustained expansion of warehouse capacities.

The company is debt-free, finances its growth from its own resources, and has access to sufficient liquidity. Even in the case that the crisis lasted longer, Delticom would still have enough financial strength to advance its business successfully.

Consolidated Income Statement

€ thousand	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008	01.04.2009 - 30.06.2009	01.04.2008 - 30.06.2008
Revenues	**139.156**	**121.533**	**88.141**	**78.944**
Other operating income	1.936	1.346	1.075	566
Total operating revenue	**141.092**	**122.879**	**89.215**	**79.510**
Cost of goods sold	–102.640	–92.427	–64.871	–60.000
Gross profit	**38.452**	**30.452**	**24.344**	**19.510**
Personnel expenses	–2.829	–2.501	–1.458	–1.339
Depreciation and amortization of intangible assets and depreciation of property, plant and equipment	–354	–234	–205	–120
Other operating expenses	–25.079	–22.146	–15.133	–12.988
Earnings before interest and taxes (EBIT)	**10.190**	**5.571**	**7.548**	**5.062**
Financial expenses	–12	–20	–11	–16
Financial income	192	506	58	311
Net financial result	**180**	**485**	**48**	**295**
Earnings before taxes (EBT)	**10.370**	**6.056**	**7.595**	**5.357**
Income taxes	–3.358	–1.954	–2.484	–1.740
Consolidated net income	**7.012**	**4.103**	**5.111**	**3.618**
Thereof allocable to:				
Shareholders of Delticom AG	7.012	4.103		
Earnings per share (basic)	0,59	0,35		
Earnings per share (diluted)	0,59	0,35		

Consolidated Balance Sheet

Assets

€ thousand	30.06.2009	31.12.2008
Non-current assets	**6.416**	**3.387**
Intangible assets	1.178	1.166
Property, plant and equipment	5.107	2.136
Other receivables	131	85
Current assets	**89.950**	**92.250**
Inventories	48.243	37.134
Accounts receivable	10.798	8.468
Other current assets	8.321	3.688
Securities	3.036	13.620
Cash and cash equivalents	19.553	29.339
Assets	**96.367**	**95.637**

Shareholders' Equity and Liabilities

€ thousand	30.06.2009	31.12.2008
Equity	**45.492**	**50.224**
Subscribed capital	11.839	3.946
Share premium	24.013	31.809
Retained earnings	200	200
Other components of equity	–88	–86
Net retained profits	9.528	14.355
Liabilities	**50.875**	**45.414**
Non-current liabilities	**422**	**478**
Non-current provisions	42	34
Deferred tax liabilities	380	443
Current liabilities	**50.452**	**44.936**
Provisions for taxes	2.925	2.053
Other current provisions	41	28
Accounts payable	39.733	36.192
Other current liabilities	7.753	6.664
Shareholders' equity and liabilities	**96.367**	**95.637**

Consolidated Cash Flow Statement

€ thousand	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008
Earnings before interest and taxes (EBIT)	**10.190**	**5.571**
Depreciation and amortization of intangible assets and depreciation of property, plant and equipment	354	234
Changes in other provisions	21	–317
Net gain on the disposal of assets	–1	0
Changes in inventories	–11.867	–5.055
Changes in receivables and other assets not allocated to investing or financing activity	–7.030	–2.019
Changes in payables and other liabilities not allocated to investing or financing activity	4.728	12.745
Interest received	192	506
Interest paid	–12	–20
Income tax paid	–2.548	–2.505
Cash flow from operating activities	**–5.973**	**9.139**
Proceeds from the disposal of property, plant and equipment	2	0
Payments for investments in property, plant and equipment	–2.497	–326
Payments for investments in intangible assets	–82	–47
Proceeds from the disposal of financial assets	0	1.000
Changes in liquidity reserve	10.585	0
Cash flow from investing activities	**8.008**	**628**
Dividends paid by Delticom AG	–11.839	–7.893
Cash flow from financing activities	**–11.839**	**–7.893**
Changes in cash and cash equivalents due to currency translation	20	–17
Cash and cash equivalents at the start of the period	29.339	34.540
Changes in cash and cash equivalents	–9.785	1.857
Cash and cash equivalents - end of period	**19.553**	**36.397**
For information only:		
Liquidity - start of period	**42.918**	**34.540**
Changes in cash and cash equivalents	–9.785	1.857
Changes in liquidity reserve	–10.585	0
Liquidity - end of period	**22.548**	**36.397**

Statement of Changes in Shareholders' Equity

€ thousand	Subscribed capital	Share premium	Reserve from currency trans-lation	Revaluation Reserve	Accumulated profits / losses: Retained earnings	Net retained profits	total	Total equity
as of 1 January 2008	3.946	31.706	–27	0	200	10.518	10.717	46.342
Increase in share premium due to stock options		37						37
Dividends paid						–7.893	–7.893	–7.893
Total comprehensive income for the period			–17			4.103	4.103	4.086
as of 30 June 2008	3.946	31.743	–44	0	200	6.727	6.927	42.572
as of 1 January 2009	3.946	31.809	–128	41	200	14.355	14.555	50.224
Capital increase from company funds	7.893	–7.893						
Increase in share premium due to stock options		97						97
Dividends paid						–11.839	–11.839	–11.839
Total comprehensive income for the period			20	–22		7.012	7.012	7.011
as of 30 June 2009	11.839	24.013	–108	20	200	9.528	9.728	45.492

Statement of Recognised Income and Expenses

€ thousand	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008	01.04.2009 - 30.06.2009	01.04.2008 - 30.06.2008
Consolidated Net Income	**7.012**	**4.103**	**5.111**	**3.618**
Changes in the financial year recorded directly in equity				
Changes in currency translation	20	–17	15	–5
Changes in value of financial assets in the “available-for-sale assets” category				
Changes in current value recorded directly in equity	29	0	18	0
Recognition of settled hedging transactions with effect on income	–60	0	–44	0
Deferred tax on current changes without effect on income	10	0	10	0
Other comprehensive income for the period	**–2**	**–17**	**–1**	**–5**
Total comprehensive income for the period	**7.011**	**4.086**	**5.110**	**3.613**

Notes to the Consolidated Interim Financial Statements

Reporting Companies

The Delticom group primarily sells tyres via the Internet. Delticom has two divisions: Wholesale and E-Commerce. In the E-Commerce division, tyres are sold to consumers and business customers via 102 online shops in 35 countries (Europe and USA). In the Wholesale division, tyres procured from manufacturers (including private brands) are sold to other wholesalers.

Basis of Presentation

This consolidated semi-annual report as of 30 June 2009 has been prepared according to International Financial Reporting Standards. The accounting and valuation methods for the interim financial statements are in line with IAS 34, GAS 6 and Section 63 of the Börsenordnung der Frankfurter Wertpapierbörse (Frankfurt Stock Exchange Rules).

The Delticom Group's interim report comprises consolidated interim financial statements and a group interim management report, as well as notes to selected line items. The mandatory notes to the financial statements are intended to provide a clarification of results and transactions that are of significance for an understanding of the changes to financial positions and the company's performance since the last set of annual financial statements.

The following new standards and amended standards must be applied from 1 January 2009:

- IAS 1 (Revised), "Presentation of Financial Statements". The new version of the standard introduces new terminology for the components of the financial statements. In addition, an explicit separation is made between owner changes in equity and non-owner changes in equity. As a consequence, income and expenses reported in equity must be presented in a so-called statement of total comprehensive income. The mandatory presentation of income and expenses reported in equity within the statement of total comprehensive income is presented in two accounts (in the income statement, as well as in the changes in the financial year recorded directly in equity applied to consolidated net income). The amended standard has an impact on the presentation of the financial statements, but does not have an effect on assets, financing position and results of operations in the consolidated financial statements.
- The Delticom Group applies IFRS 8 "Operating Segments" from 2009 on. IFRS 8 replaces IAS 14 "Segment Reporting". The new standard applies the so-called "management approach", whereby segmental reporting is adapted both structurally and in terms of content to the reports regularly presented to internal decision-makers. This has no effect on the breakdown of the segments; only the presentation of segmental information has changed.

The following new standards and amended standards or interpretations must be applied for the first time from 1 January 2009, but are not relevant to the Delticom Group:

IAS 23	Borrowing costs
IAS 32	Amendment: Puttable instruments and obligations arising on liquidation
IFRS 2	Amendment: Share-based payment (vesting conditions and cancellations)
IFRIC 13	Customter loyalty programmes
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15	Agreements for the construction of real estate
IFRIC 16	Hedges of a net investment in a foreign operation

During preparation of the interim financial statements and the identification of comparable figures for the previous year, as a rule the same principles of consolidation and accounting and valuation methods were applied as in the 2008 consolidated financial statements, with the exception of the changes noted above.

Group of Consolidated Companies

The Group of consolidated companies comprises Delticom AG, with its registered office in Hanover, registered at Hanover local court under the number HRB 58026, as well as the German subsidiary Reifendirekt GmbH, Hanover, Pnebo Gesellschaft für Reifengroßhandel und Logistik mbH, Hanover, as well as the foreign subsidiaries Delticom Ltd., Oxford (United Kingdom), NETIX S.R.L., Timisoara (Romania) and Delticom North America Inc., Wilmington (Delaware, USA). Delticom AG holds a 100% interest in all subsidiaries.

Capital Increase

In accordance with a resolution of the Annual General Meeting of 19 May 2009, an increase in the issued share capital from € 3,946,480.00 by € 7,892,960.00 to € 11,839,440.00 was effected from company funds through the conversion of € 7,892,960.00 of the capital reserves reported in the annual balance sheet as of 31 December 2008 into issued share capital. The capital increase was performed by issuing 7,892,960 new registered ordinary shares to the company's shareholders. There is no change in shareholding relationships for existing shareholders as a result of the stock split.

Calculation of Earnings per Share

Basic earnings per share totalled € 0.59 (previous year: € 0.35). The diluted earnings per share also totalled € 0.59 (previous year: € 0.35).

Earnings per share are calculated according to IAS 33. During the period under review, there were 15,810 potential shares (financial instruments and other agreements which entitle their holders to subscribe to ordinary shares) from the tranche dated 22 November 2007, 37,500 potential shares from the tranche dated 08 May 2008, 37,500 potential shares from the tranche dated 25 November 2008 and 15,000 potential shares from the tranche dated 30 March 2009.

As the exercise price for the tranche dated 22 November 2007 was higher than the average share price since the option were on, this tranche was not included in the diluted earnings per share. The exercise prices for the tranches 08 May 2008, 25 November 2008 and 30 March 2009 were below the average share prices since the options were issued. As a result these tranches are included in the diluted earnings per share. However, when calculated the basic earnings per share and the diluted earnings per share to not differ.

The calculation of the earnings per share was based on net income after taxes of € 7,012,407.86 (previous year: € 4,102,539.38) and the weighted average number of shares outstanding including the potential shares from the issues options, thus 11,839,440 shares (undiluted, previous year: 11,839,440 shares) resp. 11,922,107 shares (diluted, previous year: 11,850,482). Both earnings per share and the number of shares from 2008 were adjusted for the stock split.

Remarks concerning the Dividend Payment

On 20 May 2009 a dividend of € 3.00 per share was paid out to shareholders for the 2008 financial year (corresponds to a dividend of € 1.00 per share on the basis of 11,839,440 after the stock split).

Related party disclosures

Related companies and persons in the meaning of IAS 24 include the Managing and Supervisory boards of Delticom AG, as well as the majority shareholders Binder GmbH and Prüfer GmbH. All transactions with related parties are agreed contractually, and conducted on terms as would also be usual with third parties. Transactions which occured during the interim reporting period did not have a key impact on the earnings, financial and asset positions.

Goods and services worth € 1,023 thousand (previous year: € 174 thousand) were purchased from related companies, and goods and services worth € 822 thousand (previous year: € 155 thousand) were sold to related companies.

Contingent Liabilities and other Financial Commitments

Commitments arising from order commitments for goods of € 5,739 thousand (31 December 2008: € 5,739 thousand) are due within one year. Commitments arising from operating leases as well as miscellaneous financial commitment are due in subsequent periods to an amount totaling € 26,298 thousand (31 December 2008: € 11,662 thousand), of which € 4,834 thousand (31 December 2008: € 3,881 thousand) are due within one year, € 11,326 thousand (31 December 2008: € 6,233 thousand) are due between two and five years, and € 10,138 thousand (31 December 2008: € 1,548 thousand) are due in over five years. As of 30 June 2009 there were no contingent liabilities.

Number of Employees

In the reporting period, Delticom had an average of 85 employees. The calculation is based on the actual number of work hours.

Seasonal Effects

In many countries, business with car replacement tyres depends to a large extent on the seasons with their different weather and road conditions. For example, the business in the northern parts of Europe and in German-speaking countries is characterized by two peak periods - the purchase of summer tyres in spring and winter tyres in early winter. Volume is generally weaker in the first quarter, as most winter tyres are bought and fitted with the first snow, and thus before the end of the year. The second quarter is characterized by strong sales: the weather in April and May is usually quite warm and car drivers buy their new summer tyres. The third quarter is a transitional quarter between the summer and winter business, with unit sales again being somewhat weaker. In most European countries, the last quarter generates the highest sales as car drivers face difficult road conditions and become aware of the fact that they need new tyres.

Other operating expenses

€ thousand	01.01.09 - 30.06.09	01.01.08 - 30.06.08	01.04.09 - 30.06.09	01.04.08 - 30.06.08
Transportation costs	12.368	10.375	7.605	6.559
Warehousing costs	1.345	1.167	951	747
Credit card fees	965	831	660	540
Bad debt losses and individual write-downs	831	882	522	490
Marketing costs	3.653	3.285	1.942	1.939
Operations centre costs	1.791	1.895	877	995
Rents and overheads	774	713	446	392
Financial and legal costs	972	972	603	537
IT and telecommunications	264	232	136	111
Expenses from exchange rate differences	1.548	1.083	1.041	330
Other	568	711	350	349
Total	**25.079**	**22.146**	**15.133**	**12.988**

German Corporate Governance Codex

Current statements made by the Managing and Supervisory boards of Delticom AG pursuant to Section 161 of the German Public Limited Companies Act (AktG) can be found on the company's website at www.delti.com.

Key Events after the Reporting Date

There were no key events that occurred after the reporting date.

Declaration by legal representatives

To the best of our knowledge, we declare that, according to the principles of proper consolidated reporting applied, the interm consolidated financial statements provide a true and fair view of the company's net assets, financial position and results of operations, that the interim consolidated management report presents the company's business including the results and the company's position such as to provide a true and fair view and that the major opportunities and risks of the company's anticipated growth for the remaining financial year are described.

Hanover, 10 August 2009

(The Managing Board)

Segment Information

of Delticom AG, for the period from 1 January 2009 to 30 June 2009

€ thousand	E-Commerce	Wholesale	not allocated	Group
Revenues	**130.794**	**8.362**	**0**	**139.156**
Other operating income	431	62	1.443	1.936
Cost of goods sold	–95.618	–7.022	0	–102.640
Gross profit	**35.606**	**1.403**	**1.443**	**38.452**
Personnel expenses	–1.119	–225	–1.485	–2.829
Depreciation and amortization	–259	0	–95	–354
thereof property, plant and equipment	–209	0	–75	–284
thereof intangible assets	–50	0	–21	–71
Other operating expenses	–21.922	–508	–2.649	–25.079
thereof bad debt losses and individual write-downs	–787	–44	0	–831
Segment result	**12.306**	**670**	**–2.786**	**10.190**
Net financial result				180
Income taxes				–3.358
Consolidated net income				**7.012**

of Delticom AG, for the period from 1 January 2008 to 30 June 2008

€ thousand	E-Commerce	Wholesale	not allocated	Group
Revenues	**112.936**	**8.597**	**0**	**121.533**
Other operating income	465	128	753	1.346
Cost of goods sold	–84.691	–7.736	0	–92.427
Gross profit	**28.710**	**989**	**753**	**30.452**
Personnel expenses	–960	–171	–1.370	–2.501
Depreciation and amortization	–124	0	–110	–234
thereof property, plant and equipment	–91	0	–92	–183
thereof intangible assets	–33	0	–18	–51
Other operating expenses	–19.475	–381	–2.291	–22.146
thereof bad debt losses and individual write-downs	–848	–34	0	–882
Segment result	**8.152**	**438**	**–3.018**	**5.571**
Net financial result				485
Income taxes				–1.954
Consolidated net income				**4.103**

To Delticom AG, Hanover

(Translation of the auditor's report issued in German language on the consolidated financial statements prepared in German language by the management of Delticom AG, Hanover.)

We have reviewed the condensed consolidated interim financial statements – comprising the condensed statement of financial position, condensed statement of comprehensive income, condensed statement of cash flows, condensed statement of changes in equity and selected explanatory notes – and the interim group management report of Delticom AG, Hanover, for the period from January 1, 2009 to June 30, 2009 which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We 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 promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate 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 prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures 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 express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume 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 nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

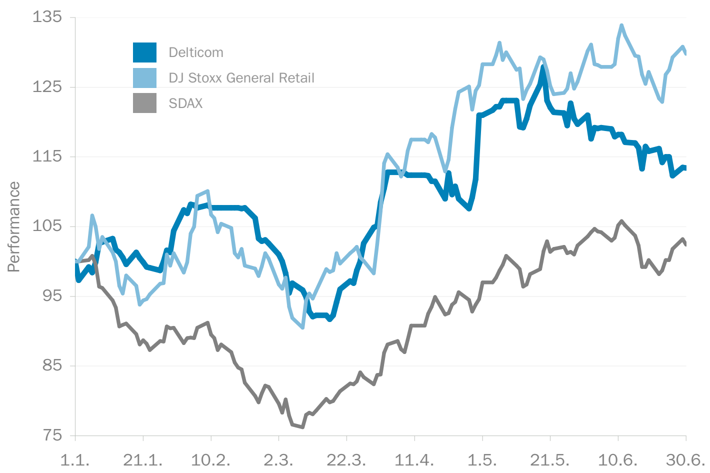
Hanover, 11 August 2009

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Günter Benz, Wirtschaftsprüfer (German Public Auditor)

ppa. Thomas Monecke, Wirtschaftsprüfer (German Public Auditor)

Delticom Share



WKN	514680
ISIN	DE0005146807
Reuters / Bloomberg	DEXGn.DE / DEX GR
Designated Sponsors	Equinet, HSBC Trinkaus
Index membership	SDAX, CXPR, GEX, NISAX
Type of shares	No-par value, registered
Transparency level	Prime Standard

16 September 2009	Dt. Bank IAA Conference
29 October 2009	Preliminary 9M revenues
09 November 2009	9-monthly report
09 November 2009	German Equity Forum

			01.01.2009 - 30.06.2009
Number of shares		€	11.839.440
Market capitalisation	(1)	€ million	174,5
Average trading volume per day (XETRA)		shares	4.548
Share price on 2 January 2009	(2)	€	13,03
Share price on 30 June 2009	(2)	€	14,74
Share price high/low	(2)	€	16,63 / 11,92
Share performance	(2)	%	13,1
Equity per share		€	3,84
Dividend	(3)	€	1,00
Operating cash flow per share		€	–0,50
Free cash flow per share	(4)	€	–0,79

(1) Based on official closing price at end of quarter
(2) Based on closing prices
(3) Per share, paid for fiscal year 2008
(4) Free cash flow = Operating cash flow – investments

				Estimates for 2009				Estimates for 2010			
Broker	Analyst	Recommen-dation	Target price	Revenues (€m)	EBIT (€m)	EBIT (%)	EPS (€)	Revenues (€m)	EBIT (€m)	EBIT (%)	EPS (€)
NordLB	Frank Schwope	Hold	15,00	285,0	16,9	5,9	1,04	313,0	18,3	5,8	1,11
Metzler	Jürgen Pieper	Buy	24,80	295,0	20,7	7,0	1,27	333,0	24,4	7,3	1,52
Sal. Oppenheim	Marcus Sander	Buy	20,00	287,3	20,7	7,2	1,20	324,4	22,1	6,8	1,30
Exane	Andreas Inderst	Outperform	21,00	287,5	20,1	7,0	1,19	316,2	21,2	6,7	1,25
Berenberg	Lars Dannenberg	Buy	24,00	290,0	20,0	6,9	1,18	339,0	24,0	7,1	1,40
Nomura	Paul Diamond	Buy	16,00	286,7	16,5	5,8	0,98	318,9	18,5	5,8	1,10
BHF	Aleksej Wunrau	Strong Buy	23,00	288,0	21,0	7,3	1,25	294,0	21,0	7,1	1,28
		Average	20,54	288,5	19,4	6,7	1,16	319,8	21,4	6,7	1,28

as of 6 August 2009

Imprint

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