

# 6-Month Report 2007

## Dear shareholders, employees and friends of United Internet!



On completion of the first six months of 2007 we have every reason to be highly satisfied: in comparison to the same period last year, we once again achieved strong growth in both sales and earnings and set new record figures. Consolidated sales of United Internet AG grew by 27.1 % from € 549.2 million (comparable prior-year figure after sale and deconsolidation of twenty4help in the first quarter of 2007) to € 698.0 million. Pre-tax earnings climbed 39.6 %, from € 87.3 million (comparable prior-year figure) to € 121.9 million. This figure contains a one-off positive effect on earnings from our Online Marketing segment of € 7.4 million.

This result reflects the positive development of our two business segments, Products and Online Marketing:

In the Product sector, with our brands GMX, WEB.DE, 1&1, InterNetX and Fasthosts, sales grew by 28.0 % over the previous year to € 594.4 million and EBT by 32.5 % to € 105.3 million. Compared with June 30, 2006, the number of paying customer contracts increased by 1.05 million to 6.84 million. There was strong growth in all product lines: in Webhosting we made particularly strong progress in our foreign markets and raised the number of contracts by over 410,000 to 1.47 million. Including Germany, we held a total of some 3.11 million webhosting contracts as of June 30, 2007 – an increase of 500,000 compared with June 30, 2006. In the field of Information Management, we added 110,000 new contracts to reach 1.16 million and 480,000 DSL contracts to reach 2.42 million. In addition to the acquisition of new customers and the launch of innovative products, such as 4DSL, the main focus of our DSL business was placed on raising customer loyalty and expanding business with our client base. Compared with June 30, 2006, we were able to raise the number of our telephony customers from 650,000 to 1.49 million. At the same time, the number of telephone minutes completed per month grew from 500 million to 780 million. The number of our own DSL connection customers also improved strongly by 660,000 to 2.06 million. This means that 85.1 % (prior year: 72.2 %) of our DSL access customers receive both their internet access and DSL connections from us and 61.6 % (prior year: 43.3 %) of our DSL access customers also use our internet telephony product in addition to pure access. Due to the trend toward all-inclusive packages – without a

Deutsche Telekom telephone connection – we remained clearly below the prior-year figure for new DSL customers in the first half of 2007. With the launch of 1&1 Surf & Phone all-inclusive packages on July 2, 2007, we have now reacted to this trend and expect to compensate for the half-year dip in DSL growth by the end of the fiscal year, thus enabling us to reach our target of 500,000 new DSL customers.

In the Online Marketing segment, our brands AdLINK, affilinet and Sedo are benefiting from the positive development of the online advertising market. Compared with the same period last year, sales in this segment grew by 22.1 % to € 103.2 million. EBT improved by 84.7 % to € 18.1 million – influenced by a one-off positive effect on earnings of € 7.4 million.

Our former third segment, Outsourcing, is no longer separately disclosed since the sale of the twenty4help group to Teleperformance S.A.. The consolidated figures for the previous year have been adjusted accordingly and now only comprise continued operations. The remaining Outsourcing brand InterNetX was integrated into the Product segment.

We are also optimistic for the remaining months of the current fiscal year: with our all-inclusive packages launched in July 2007, which no longer require a Deutsche Telekom telephone connection, we expect strong growth which will enable us to reach our targets. We also see continued good growth opportunities for our international webhosting business and online advertising. The roll-out of the announced new business fields in Germany and abroad will also open up further opportunities.

Montabaur, August 10, 2007

Ralph Dommermuth  
CEO

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## Selected key figures acc. to IFRS

(continued operations)

		HY 2007	HY 2006
Sales	€ million	698.0	549.2
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	158.9	111.1
Earnings before taxes (EBT)	€ million	121.9	87.3
Employees	number	3,556	2,895
Share price as of end of June (XETRA)	€	15.47	11.27
Earnings per share	€	0.32	0.20

Quarterly development	Q3/2006 € million	Q4/2006 € million	Q1/2007 € million	Q2/2007 € million	Q2/2006 € million
Sales	295.2	329.7	336.9	361.1	288.8
EBITDA	66.1	44.0	63.4	95.5	60.3
EBT	53.1	30.9	50.1	71.8	48.1

# Management report for the first half-year 2007

## Economic environment

### Global economic growth

The positive economic development forecast by many economists for 2007 was confirmed in the first half of 2007, both globally as well as in Europe and Germany. According to estimates of the International Monetary Fund (IMF), the global economy is now growing even faster than predicted in spring. The IMF currently expects global economic growth of around 5 % and is thus slightly above its previous forecast of 4.9 %. For the Euro zone, the IMF now forecasts growth of 2.3 % to 2.5 %, compared with 2.3 % in its spring forecast. Experts also expect sustained and stable growth in Germany. Against this backdrop, the Kiel Institute for the World Economy has increased its forecast for Germany to 3.2 %. In its last forecast, the economists had predicted economic growth of 2.8 %. As a result of this robust economic development, the German Labor Agency ("Bundesagentur für Arbeit") reports that the number of officially registered unemployed fell by 0.7 million, compared to the previous year, to 3.7 million as of June 2007 and has thus reached its lowest point in over six-and-a-half years.

### Boom in IT sector pushes BITKOM index to record high

The market for information technology and telecommunications (ITC) is also profiting from the current global economic growth. 78 % of German high-tech companies expect higher revenues in 2007 than in the previous year – according to the sector barometer Q2-2007 of the industry association BITKOM. In the first half of 2007, the BITKOM index grew from 47.2 points at the end of 2006 to over 50.8 points in the first quarter of 2007 to 63.5 points in the second quarter of 2007 – the highest level since the survey started in 2001.

The relevant ITC markets for United Internet – DSL, webhosting and online advertising – were able to benefit more than most from this positive development.

The German DSL market has so far fulfilled the high expectations placed in it for 2007. The DSL connections supplied by Deutsche Telekom AG alone grew by 7.8 % to 11.1 million in the first quarter of 2007. Year-on-year growth of 29.1 % also illustrates that the market penet-

ration of fast internet connections is continuing unabated.

The hosting market also continues to enjoy high growth. The number of registered domains around the world grew by 10.7 million in the first quarter of 2007 alone to reach a total of some 128 million domains – an increase of 33 % compared with March 31, 2006. The German top-level domain ".de" is also enjoying strong demand and grew by around 630,000 in the first half of 2007 to some 11.05 million domains.

Last but not least, the German online advertising market has experienced dynamic growth. Whether it was banners along the screen edge, pop-ups or short films – sales with classic internet advertising climbed to € 381 million in the first half of 2007. This represents year-on-year growth of 50 % – according to BITKOM's report on the first half-year 2007.

## Business development

With 6.84 million customer contracts, United Internet AG is a leading international Internet Service Provider. Following the sale of twenty4help and the discontinuation of the Outsourcing segment, we are now represented by eight brands in two business segments:

In the Product segment, our value-added internet services and fast DSL connections are directed at private users, small offices / home offices (SoHos) and small to mid-size enterprises (SMEs). These groups are served directly by the brands GMX, WEB.DE and 1&1. In addition, we also market our webhosting products as white-label solutions indirectly via other ISPsh.

We are represented in the Online Marketing segment by the brands AdLINK Media, affilinet and Sedo. We offer various marketing and sales solutions to advertisers: Display Marketing via AdLINK Media, Affiliate Marketing via affilinet and Domain Marketing via Sedo.

### Dynamic growth in DSL

In comparison with June 30, 2006 we succeeded in adding 480,000 new DSL customer contracts, bringing the total to approximately 2.42 million as of June 30,

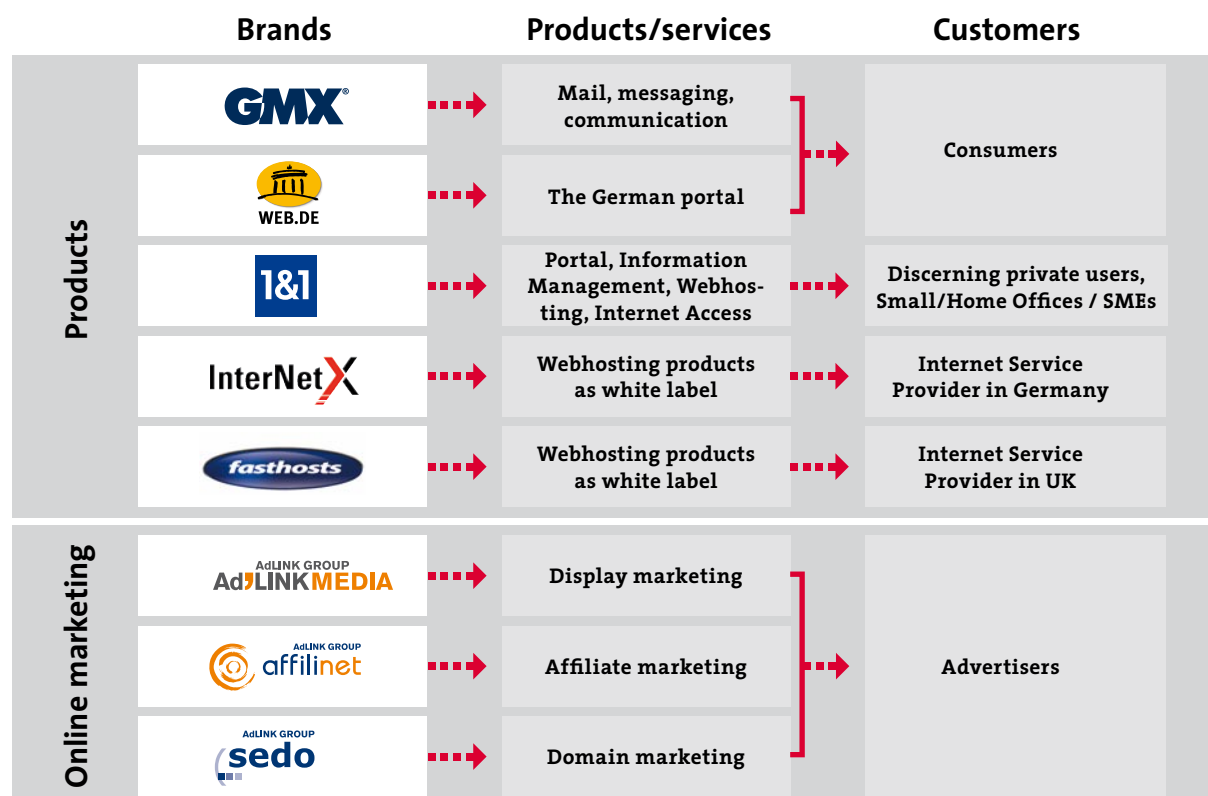
2007 (prior year: 1.94 million). In addition to the acquisition of new customers and the launch of our all-inclusive package 4DSL, the main focus of our DSL business was placed on raising customer loyalty and expanding business with our client base. Compared with June 30, 2006, we were able to raise the number of our telephony customers from 650,000 to 1.49 million. At the same time, the number of telephone minutes completed per month grew from 500 million to 780 million. The number of our own DSL connection customers also improved strongly by 660,000 to 2.06 million. This means that 85.1 % (prior year: 72.2 %) of our DSL access customers receive both their internet access and DSL connection from us and 61.6 % (prior year: 43.3 %) also use our internet telephony product in addition to pure access. In the first half of 2007 we remained clearly below the prior-year figure for new DSL customers, due mainly to the trend toward all-inclusive packages without Deutsche Telekom connections. A further major area of focus in the first half of

2007 was thus the development of our new all-inclusive packages which no longer require a Deutsche Telekom connection for surfing and telephoning. The 1&1 Surf & Phone all-inclusive packages were launched on July 2, 2007 and were well received by the market.

### Successful international expansion

International expansion in our core markets continues to make strong progress: in the period under review, sales outside Germany accounted for € 103.1 million of total consolidated revenues (prior year: € 61.7 million). In our Product business we added 410,000 new hosting contracts abroad, compared with the same period last year. Following the successful establishment of our business in the UK, the USA, France and Austria, we will launch our hosting products in Spain in the second half of 2007.

### Segments and brands



### Sale of twenty4help

On March 13, 2007 we completed the sale of the United Internet Group subsidiary twenty4help Knowledge Service AG to the French Teleperformance group. The Group's Outsourcing segment, of which twenty4help accounted for around 90 %, will no longer be separately disclosed in future. The remaining Outsourcing brand InterNetX was integrated into the Product segment. The sale resulted in extraordinary income of around € 65.8 million, which is disclosed in the figures of this quarterly report as "Result from discontinued operations" in accordance with IFRS 5.

### Investment in Goldbach Media

On April 13, 2007 the United Internet subsidiary AdLINK Internet Media AG concluded an agreement with Goldbach Media AG, Küsnacht, Switzerland, the terms of which stipulated that AdLINK Internet Media AG contribute its shares of 50 % in AdLINK Internet Media AG Switzerland and 30 % in AdLINK Internet Media GmbH Austria to Goldbach Media AG. In return, AdLINK Internet Media AG received a 19.4 % shareholding in Goldbach Media AG (now 14.99 % due to the capital increase in June 2007 following the listing of Goldbach Media AG on the SWX Swiss Exchange). The non-cash contribution was accompanied by long-term cooperation agreements between AdLINK and Goldbach in the field of online marketing.

### Investment fund with the Samwer brothers

On June 25, 2007 United Internet AG announced that it was to invest increasingly in young European internet and technology companies in cooperation with the German internet entrepreneurs Alexander, Marc and Oliver Samwer (amongst other things, founders of alando / eBay Germany and Jamba and investors in studiVZ, LinkedIn etc.). The investments are to be held in a joint, newly founded fund to be managed by the Samwer brothers. The fund will act as an early-phase investor and help boost the growth of start-ups by utilizing the contacts and experience of the Samwer brothers' well-established European Founders Fund and the reach and wide range of possibilities offered by the United Internet Group.

### Employees

Following the sale of twenty4help, United Internet employed a total of 3,556 people at the end of June 2007 (December 31, 2006: 6,347), of which 769 (December 31, 2006: 2,364) were employed outside Germany.

### Share, share buyback and dividend

During the period under review, the United Internet share grew from € 12.53 as of December 31, 2006 to € 15.47 as of June 30, 2007.

Following the adoption and completion of two share buyback programs in 2006, the Management Board of United Internet AG resolved on May 14, 2007 to buy back up to 2,000,000 further shares in the company (representing approx. 0.80 % of capital stock) via the stock exchange. As of June 30, 2007 the Company held a total of 14,881,018 treasury shares which had been bought back on the stock exchange at an average price of € 11.56 and a total of around € 172.1 million. This share buyback program was completed at July 24, 2007 and thus the resolution of the Management Board from May 14, 2007 completely exhausted. At the end of the share buyback program the company held a total of 15,000,000 treasury shares.

On July 24, 2007 the Management Board resolved to buy back up to 5,000,000 company shares via the stock exchange, until November 29, 2008.

The Annual Shareholders' Meeting of United Internet AG followed the proposal of the Management and the Supervisory Board and agreed to pay a dividend of 18 cents per share for the fiscal year 2006 (prior year: 6.25 cents adjusted for the share split). The dividend payment totaling € 42.5 million was made on May 31, 2007.

## Segment development

### Product segment

In the first half of 2007, the United Internet Group's dominant business remained its Product segment with the brands GMX, WEB.DE, 1&1, InterNetX and Fast-hosts, which together account for 85.2 % of total sales. In the period under review, sales in this segment grew by 28.0 % to € 594.4 million (prior year: € 464.4 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) improved by 27.3 % to € 131.9 million (prior year: € 103.6 million), while earnings before taxes (EBT) reached € 105.3 million (prior year: € 79.5 million, growth of 32.5 %). The EBT margin reached 17.7 %. Customer acquisition costs continue to be charged directly as expenses.

Our very healthy key financials are closely linked with the dynamic growth of our customer base. As of June 30, 2007 we had over 6.84 million fee-based customer contracts (prior year: 5.79 million). These are divided among three product lines:

- **Information Management** with e-mail solutions, messaging, address management, Pocket Web and 0700 numbers
- **Webhosting** with domains, home pages, dedicated and virtual servers and e-shops
- **Internet-Access** with DSL connections (including internet telephony and video-on-demand) and narrowband connections.

Our brands not only generate revenues from subscriptions; an increasing proportion of income also results from our online advertising and e-commerce activities.

### Year-on-year comparison of customer contracts by product lines

Customer contracts (million)	30.06.2006	30.06.2007	Change
Information			
Management	1.05	1.16	+ 0.11
Webhosting	2.61	3.11	+ 0.50
Thereof abroad	1.06	1.47	+ 0.41
Internet Access	2.13	2.57	+ 0.44
Thereof DSL	1.94	2.42	+ 0.48
<b>Total</b>	<b>5.79</b>	<b>6.84</b>	<b>+ 1.05</b>

### Quarter-on-quarter comparison of customer contracts by product lines

Customer contracts (million)	31.03.2007	30.06.2007	Change
Information			
Management	1.12	1.16	+ 0.04
Webhosting	3.00	3.11	+ 0.11
Thereof abroad	1.37	1.47	+ 0.10
Internet Access	2.51	2.57	+ 0.06
Thereof DSL	2.36	2.42	+ 0.06
<b>Total</b>	<b>6.63</b>	<b>6.84</b>	<b>+ 0.21</b>

Information Management: excluding test contracts

Internet Access and DSL: excluding provider-independent VoIP flat rate contracts

United Internet Media, the marketing company for our GMX, WEB.DE and 1&1 portals and our shopping portal SmartShopping.de, provides advertisers and agencies in Germany with a reach of around 50 % of all German internet users, as well as high-quality, targeted marketing and innovative advertising instruments.

Our family of brands provides unique market coverage in Germany:

### GMX

GMX targets private users with its Information Management products. 8.6 million unique users per month make GMX one of Germany's leading providers of mail, messaging and communication solutions. In addition to its free products, GMX also offers fee-based value-added services.

In the period under review GMX focused on the development of a multi-messenger as well as a new web-mailer. The new webmailer relies on AJAX technology, which enables the creation of dynamic pages and the continual background refreshing of content. It is also to be used on the US market in future.

### WEB.DE

With 12.1 million unique users, WEB.DE is one of Germany's most frequently visited websites and is "the" German portal for many users. WEB.DE also offers free basic services and fee-based products, including the WEB.DE Club.

In the period under review, WEB.DE expanded its entertainment section with the addition of ringtones, a ticket shop and music downloads. A video community was also integrated which allows members to share their videos with all internet users or a pre-defined circle of friends. SmartFax is a new solution which allows Club customers to fax files from all major applications. The company also focused on the development of its social and personal network “unddu.de”, which is currently in the beta phase.

### 1&1

1&1 is the right address for discerning private users, offices and SMEs requiring Information Management, Webhosting and Access solutions. 1&1 is No. 2 in Germany’s DSL sector and the world’s leading hosting company, currently active in 5 countries.

During the period under review, the main focus in the German DSL segment was the launch of 4DSL and the all-inclusive packages launched in July 2007. Outside Germany, the main activity was the launch of our new data center in the USA. In addition, preparations were made for the product rollout of 1&1 in Spain.

### InterNetX

United Internet’s reselling activities in Germany are all conducted through InterNetX. The company’s hosting products are marketed by InterNetX to other ISPs and multimedia agencies (resellers), who in turn market them under their own name and for their own account.

In the period under review, InterNetX focused on expanding its reseller network. InterNetX currently serves 16,900 resellers (prior year: 15,100) for which it hosts over 1.9 million domains and over 690 servers.

### Fasthosts

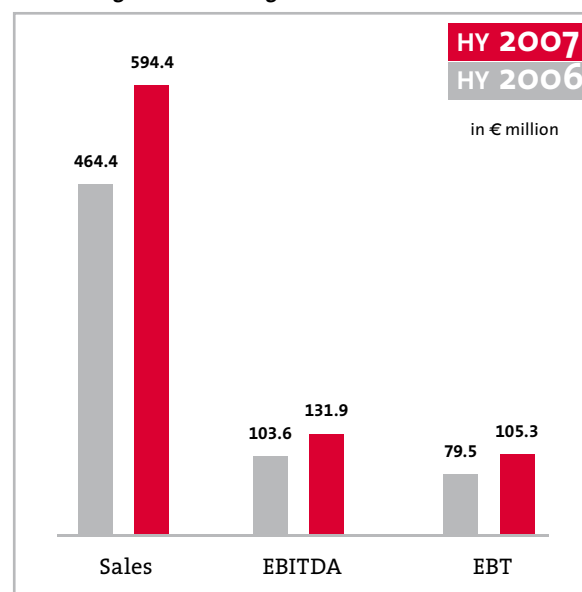
Fasthosts is our reseller brand in the UK. Similar to InterNetX, Fasthosts markets hosting products to ISPs and multimedia agencies (resellers), who market them under their own name. Fasthosts is also active in the direct marketing of products to consumers and companies.

Fasthosts also focused on the expansion of its reseller network in the first half of 2007. Fasthosts currently serves around 5,900 resellers (prior year: 5,000). The company made initial preparations for its product launch in the USA. Fasthosts will focus exclusively on the reseller business.

### Outlook

In our Product segment, we are confident that our long-term international expansion strategy will continue to make good progress and that we can maintain our dynamic growth. With the launch of 1&1 Surf & Phone all-inclusive packages in July 2007 we expect to compensate for the half-year dip in DSL growth by the end of the fiscal year, thus enabling us to reach our target of 500,000 new DSL customers. In total, we expect dynamic growth in all product lines. In view of the high reach of our portals, our innovative advertising technology and the expected market growth, there are also good possibilities for our portal marketer United Internet Media to enjoy further success in the remaining months of the current fiscal year.

### Financial figures Product segment



### Quarterly development Product segment in € million

	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q2 2006
Sales	257.4	279.2	287.5	306.9	244.5
EBITDA	64.3	32.1	57.9	74.0	56.7
EBT	51.4	19.4	44.7	60.6	44.2



## Online-Marketing

Our Online Marketing segment offers advertisers a variety of marketing and sales solutions: Display Marketing via AdLINK Media, Affiliate Marketing via affilinet and Domain Marketing via Sedo. In contrast to the marketing of our own websites in the Product segment, this segment focuses on the marketing of third-party domains and websites – in 9 European nations and the USA.

Compared with the same period last year, the segment once again achieved strong growth: sales grew by 22.1 %, from € 84.5 million to € 103.2 million. The Online Marketing segment thus accounted for 14.8 % of the United Internet Group's total sales. EBITDA grew by 170.6 % from € 10.9 million to € 29.5 million, while EBT improved by 84.7 % from € 9.8 million to € 18.1 million. As a result of the contribution of our shares in AdLINK Switzerland and AdLINK Austria to Goldbach Media AG and the restructuring of our French and UK markets, these earnings figures include one-off income of € 16.8 million and impairment charges of € 9.4 million.

### AdLINK Media

AdLINK Media is one of Europe's largest independent marketers of online advertising. The company's business model is based on an online advertising network of high-reach websites, which it markets to advertisers.

In the period under review, the company focused mainly on the expansion of its advertising network. As a result, the number of page impressions generated by the network grew to 8.2 billion per month (prior year: 6.5 billion).

### affilinet

affilinet brings together suppliers of affiliate programs and website operators. affilinet profits from the contacts and sales initiated via the network on a purely performance-oriented basis.

#### Quarterly development Online Marketing in € million

	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q2 2006
Sales	37.6	50.5	49.2	54.0	44.1
EBITDA	4.1	7.3	6.5	23.0	5.6
EBT	4.0	6.0	5.6	12.5	5.0

In the period under review, affilinet focused on gaining new program suppliers and expanding its network: the number of affiliate programs grew to over 1,500 (prior year: 1,200) and the number of active websites reached over 400,000 (prior year: 370,000).

### Sedo

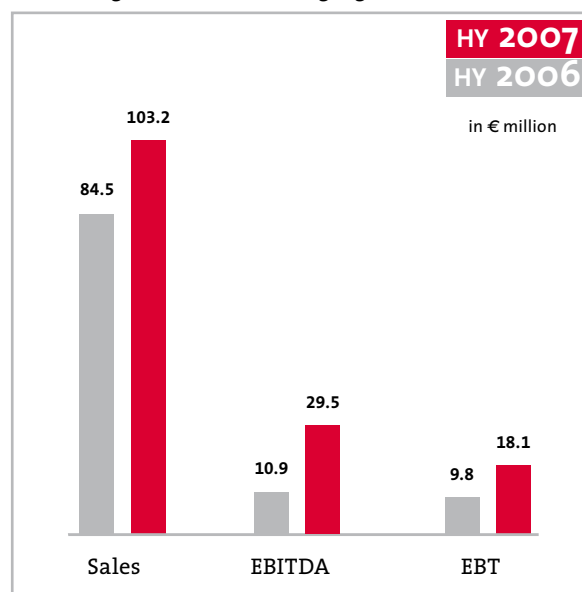
Sedo operates the global domain trading platform "sedo.com", which currently trades 7.9 million domains. In its "domain parking" business, Sedo markets some of these domains to advertisers on behalf of the domain owners.

In the period under review, Sedo focused in particular on driving its international expansion – especially in the USA and the UK. The number of marketable domains grew to over 3.6 million (prior year: 1.5 million).

### Outlook

In view of the ongoing positive development of the segment and the growing German and European online advertising markets, we expect further encouraging growth in the remaining months of the current fiscal year.

#### Financial figures Online Marketing segment



## Assets, liabilities, financial position and profit or loss

### Earnings: strong growth in sales and earnings

The United Internet Group can look back on a successful first six months of 2007. There was significant year-on-year growth in all key figures, both for the Group as a whole and for its two segments. Sales revenues grew by 27.1 % to € 698.0 million (prior year: € 549.2 million). This was due to very strong organic growth in the Product and Online Marketing segments, where we benefited from growing customer figures and a booming advertising market. The Product segment made the largest contribution toward sales growth: sales in this segment benefited from the dynamic growth of broadband contracts with stronger customer retention, successful customer acquisition in national and international target markets in webhosting and fast growing advertising and e-commerce revenues in our portal business. In our broadband segment, strong growth in sales resulted from the fact that more and more of our new DSL customers and our existing base subscribed not only to our DSL tariff, but also to network connections, internet telephony and additional services such as security packs and video-on-demand. This enabled us to combine stronger customer ties with additional revenues.

Consolidated gross margin fell from 42.6% in the previous year to 40.6% for the period under review. The main reason was the strong growth in new DSL customers and the changed product mix: we achieved a further increase in new DSL customers in the first half of 2007, whereby DSL offers higher revenues but a lower gross margin in comparison to other products, such as webhosting or portal. More decisive, however, is that the contribution margin per customer has improved in our DSL business.

Due to our strong customer growth and the higher costs associated with stronger customer retention when acquiring new customers, sales and marketing expenses grew strongly from € 105.1 million to € 116.5 million. As a result of the strong increase in sales revenues, however, their proportion fell to 16.7 % (prior year: 19.1 %). As in previous years, customer acquisition costs are directly expensed. Administrative expenses grew more slowly than sales, from € 32.7 million (5.9 %) to € 40.1 million (5.7 %).

EBITDA of continued operations grew by 43.0 % to € 158.9 million (prior year: € 111.1 million), while EBT also improved strongly by 39.6 %, from € 87.3 million to € 121.9 million. This figure includes a positive one-off effect from the Online Marketing segment of € 7.4 million. United Internet AG thus once again displayed both high profitability and strong growth in the first half of 2007.

### Financial position: strong cash flow

Despite high cash expenses for new DSL customer acquisition, cash flow from operating activities grew from € 81.4 million last year to € 103.0 million, thus underlying the strong cash generation of our business. Net cash flow from operating activities fell from € 130.3 million last year to € 124.1 million as a result of an increase in trade payables as of the balance sheet date last year. In terms of investment activity, € 92.9 million was spent last year for the acquisition of UK webhosters Fasthosts, while in the period under review there were proceeds of € 86.9 million from the sale of twenty4help. Investments in intangible assets and property, plant and equipment rose to € 23.5 million (prior year: € 17.0 million) as a result of increased business and mainly reflect the continuing organic growth of our Product segment. A total of € 29.1 million was used for the purchase of further shares in affiliated companies (prior year: no use of funds). On balance, therefore, a total of € 27.6 million was provided from investment activities. The dominant factors in cash flow from financing activities (total cash outflow € 159.4 million, prior year: € 31.9 million) was the cash outflow for the acquisition of treasury shares amounting to € 92.5 million (prior year: € 4.7 million), the dividend payment (€ 42.5 million, prior year: € 15.6 million) and the repayment of loans (€ 25.2 million, prior year: € 11.5 million).

#### Quarterly development United Internet Group in € million

	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q2 2006
Sales	295.2	329.7	336.9	361.1	288.8
EBITDA	66.1	44.0	63.4	95.5	60.3
EBT	53.1	30.9	50.1	71.8	48.1

## Assets and liabilities: increase in equity

In the first-half of 2007, the change in asset structure was significantly influenced by the strong earnings of the United Internet Group. Despite the fact that treasury shares are deducted from equity capital (€ 172.1 million, prior year: € 79.6 million), the Group's equity ratio rose to 43.0 % (December 31, 2006: 40.9 %). The consolidated balance sheet total remained almost unchanged at € 822.1 million (December 31, 2006: € 819.5 million), of which € 390.9 million was goodwill (December 31, 2006: € 373.7 million). As of the balance sheet date, intangible assets amounted to € 134.4 million (December 31, 2006: € 147.4 million) and resulted mainly from company acquisitions. These will be mostly amortized over the coming years and offset from tax, resulting in a reduction in both earnings and tax payments. Due to the strong inflow of cash from operating activities, net bank borrowing of the United Internet Group was further reduced to € 68.7 million (December 31, 2006: € 86.0 million) – despite the purchase of treasury shares and further shares in affiliated companies and the dividend payment.

## Investments

In addition to its core brands, United Internet also holds investments in other companies. Whereas fun communications GmbH (United Internet share: 33.33 %, since July 10, 2007: 49 %) and NT plus AG (40.23 %) posted positive operating results in the period under review, our latest investment, Bigpoint, is still in the start-up phase. After acquiring a 12.51 % stake in the company in late December 2006, we hold a call option to acquire a further 12.52 % of shares by the end of 2007.

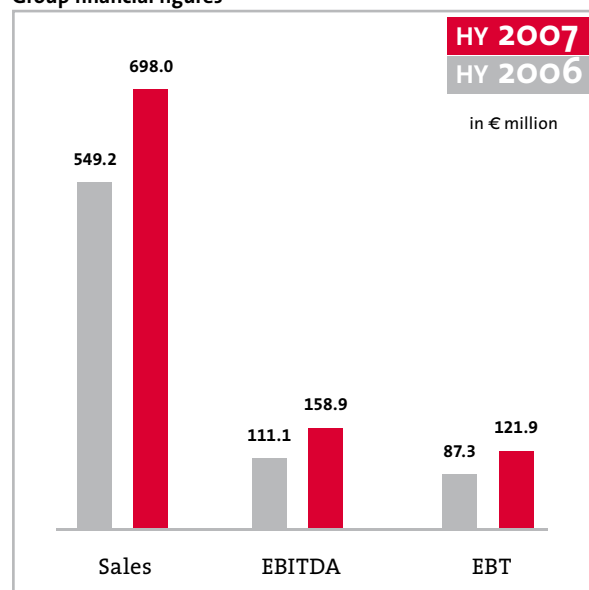
## Risk report

United Internet AG attaches high priority to its holistic risk management system, which goes above and beyond the statutory requirements. Our monitoring system identifies, classifies and evaluates risks using standard procedures and defining clear responsibilities throughout the Group. We not only regard efficient and forward-looking risk management as an important tool to anticipate dangerous developments, but as an important and value-adding responsibility.

During the first half of 2007, the overall risk situation remained mostly unchanged from the risk report provided as part of the annual financial statements 2006. There were no risks which directly jeopardized the continued existence of United Internet in the first half of 2007, neither from individual risks nor from the overall risk situation.

The launch of all-inclusive packages in the second half of 2007 may lead to new risks for the Group. This is due in part to the trend toward an increasing credit risk, as all-inclusive customers no longer undergo the credit assessment process conducted by Deutsche Telekom. United Internet AG attempts to limit this risk by introducing its own credit assessment process. The credit assessment process will be conducted in cooperation with external service providers and can be adapted flexibly to changing market conditions. Moreover, it is feasible that due to the dependency on pre-suppliers and their network topology, newly acquired customers may suffer delays in connection times, thus incurring greater expenses for United Internet AG. To minimize risks, United Internet AG monitors the processes with its pre-suppliers in order to recognize risks at an early stage and to take corrective measures.

Group financial figures



Due to United Internet's ongoing strict alignment as an Internet Service Provider, the major risks for the Company's future assets, liabilities, financial position and profit or loss focus on the areas of supplier dependency, technology and software systems, and competition. The risk management culture we have introduced enables us to proactively counter such risks. We judge the probability of such adverse developments as low to limited.

## Subsequent events

There were no further major events subsequent to the reporting period which had a significant impact on the business development of United Internet.

## Opportunities and outlook

### Outlook for 2007 remains positive

The positive economic development forecast by many economists for 2007 was confirmed in the first half of 2007 – globally, as well as in Europe and Germany. The opinion of many market experts indicates that there will be no significant change to this positive development until the end of the year.

### High market growth for DSL, webhosting and online marketing

According to the survey "Germany Online 4", the trend toward broadband connections is set to continue. The number of broadband connections will grow to 21 million in 2010 and to over 27 million by 2015, so that almost 70% of all German households will have broadband connections by this time.

Dynamic growth in the fields of webhosting and online advertising is also being forecast by independent market experts.

Tier 1 Research expects the global hosting market to grow by 10 % in 2007, while Gartner and IDC predict annual growth rates as high as 15 % and 16 % until 2010, respectively.

JupiterResearch forecast growth of 18 % to € 5.9 billion for the European advertising market in 2007, while eMarketer expects sales to grow in Western Europe alone by 25 % to € 5.4 billion. Despite a leap in sales of 84 % to € 1.9 billion, there is still no end in sight for growth on the German online advertising market. The online marketing circle of the German Digital Economy Association (Bundesverband Digitale Wirtschaft) expects a further increase of 33 % to € 2.5 billion in 2007.

### Sustained growth expected in all segments

In our Product segment we are confident that our international expansion strategy will continue to make good progress and that we can maintain our dynamic growth. In our DSL business we expect the all-inclusive packages launched in July 2007 will help us generate strong growth in the second half of 2007 and thus achieve our annual target of 500,000 new DSL customers. In total, we expect dynamic growth in all product lines. Owing to the tremendous reach of its portals, its innovative advertising technology and the expected market growth, our portal marketing company United Internet Media can also look forward to continued success in fiscal 2007.

The same applies to our Online Marketing segment, which in contrast to the Product segment only markets third-party websites and domains. Due to the positive development of this segment and the strong ongoing growth of the online advertising market, we expect further strong increases in sales and earnings.

# Consolidated Financial Statements January to June 2007

## Balance Sheet in €k

ASSETS	June 30, 2007		December 31, 2006	
<b>Current assets</b>				
Cash and cash equivalents	24,810	3.0 %	32,723	4.0 %
Accounts receivable and other assets	97,673	11.9 %	120,920	14.8 %
Inventories	13,097	1.6 %	16,797	2.0 %
Prepaid expenses	20,163	2.5 %	19,522	2.4 %
Other assets	14,537	1.8 %	17,705	2.2 %
	<b>170,280</b>	<b>20.7 %</b>	<b>207,667</b>	<b>25.3 %</b>
<b>Non-current assets</b>				
Equity investments	20,860	2.5 %	11,006	1.3 %
Other financial assets	31,393	3.8 %	3,695	0.4 %
Property, plant and equipment	67,611	8.2 %	66,296	8.1 %
Intangible assets	134,374	16.3 %	147,370	18.0 %
Goodwill	390,899	47.5 %	373,687	45.6 %
Deferred tax asset	6,678	0.8 %	9,811	1.2 %
	<b>651,815</b>	<b>79.3 %</b>	<b>611,865</b>	<b>74.7 %</b>
<b>Total assets</b>	<b>822,095</b>	<b>100.0 %</b>	<b>819,532</b>	<b>100.0 %</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable, trade	157,597	19.2 %	163,330	19.9 %
Liabilities due to banks	42,300	5.1 %	16,140	2.0 %
Advance payments received	5,753	0.7 %	5,440	0.7 %
Accrued taxes	31,061	3.8 %	25,743	3.1 %
Deferred revenue	100,562	12.2 %	92,520	11.3 %
Other accrued liabilities	1,699	0.2 %	1,699	0.2 %
Other liabilities	54,338	6.6 %	50,510	6.2 %
	<b>393,310</b>	<b>47.8 %</b>	<b>355,382</b>	<b>43.4 %</b>
<b>Non-current liabilities</b>				
Convertible bonds	512	0.1 %	876	0.1 %
Liabilities to banks	51,224	6.2 %	102,579	12.5 %
Deferred tax liability	21,777	2.6 %	21,769	2.7 %
Deferred revenue	0	0.0 %	1,756	0.2 %
Other liabilities	2,182	0.3 %	2,155	0.3 %
	<b>75,695</b>	<b>9.2 %</b>	<b>129,135</b>	<b>15.8 %</b>
<b>Total liabilities</b>	<b>469,005</b>	<b>57.0 %</b>	<b>484,517</b>	<b>59.1 %</b>
<b>Equity</b>				
Capital stock	250,477	30.5 %	250,235	30.5 %
Additional paid-in capital	157,365	19.1 %	156,447	19.1 %
Accumulated profits	95,482	11.6 %	-6,014	-0.7 %
Treasury stock	-172,074	-20.9 %	-79,561	-9.7 %
Revaluation reserves	8,955	1.1 %	1,373	0.2 %
Currency translation adjustment	750	0.1 %	930	0.1 %
	<b>340,955</b>	<b>-</b>	<b>323,410</b>	<b>-</b>
<b>Minority interests</b>	<b>12,135</b>	<b>1.5 %</b>	<b>11,605</b>	<b>1.4 %</b>
<b>Total equity</b>	<b>353,090</b>	<b>43.0 %</b>	<b>335,015</b>	<b>40.9 %</b>
<b>Total liabilities and equity</b>	<b>822,095</b>	<b>100.0 %</b>	<b>819,532</b>	<b>100.0 %</b>

# Consolidated Financial Statements January to June 2007

## Income Statement in €k

	2007		2006	
	January - June		January - June	
Sales	697,994	100.0 %	549,173	100.0 %
Cost of sales	-414,582	-59.4 %	-315,379	-57.4 %
<b>Gross profit</b>	<b>283,412</b>	<b>40.6 %</b>	<b>233,794</b>	<b>42.6 %</b>
Selling expenses	-116,477	-16.7 %	-105,147	-19.1 %
General administrative expenses	-40,067	-5.7 %	-32,665	-5.9 %
Other operating income	16,507	2.4 %	1,810	0.3 %
Amortization of intangible assets resulting from company acquisitions	-11,249	-1.6 %	-10,420	-1.9 %
Amortization of goodwill	-9,373	-1.3 %	0	0.0 %
<b>Operating result</b>	<b>122,753</b>	<b>17.6 %</b>	<b>87,372</b>	<b>15.9 %</b>
Interest and similar expenses	-1,309	-0.2 %	-778	-0.1 %
Result from associated companies	497	0.1 %	688	0.1 %
<b>Pre-tax result</b>	<b>121,941</b>	<b>17.5 %</b>	<b>87,282</b>	<b>15.9 %</b>
Income taxes	-44,222	-6.3 %	-34,944	-6.4 %
<b>Net income before minority interests</b>	<b>77,719</b>	<b>11.1 %</b>	<b>52,338</b>	<b>9.5 %</b>
Result from discontinued operations	68,248	9.8 %	3,297	0.5 %
<b>Net income (after discontinued operations)</b>	<b>145,967</b>	<b>21.0 %</b>	<b>55,635</b>	<b>10.0 %</b>
Minority interests	-1,955	-0.3 %	-2,699	-0.5 %
<b>Net income attributable to shareholders of United Internet AG</b>	<b>144,012</b>	<b>20.6 %</b>	<b>52,936</b>	<b>9.6 %</b>
Result per share (in €)				
- basic	0.60		0.21	
- diluted	0.59		0.21	
thereof result per share (in €) from continued operations				
- basic	0.32		0.20	
- diluted	0.31		0.20	
thereof result per share (in €) from discontinued operations				
- basic	0.28		0.01	
- diluted	0.28		0.01	
Weighted average shares (in million units)				
- basic	239.65		249.06	
- diluted	241.04		251.74	

# Consolidated Financial Statements January to June 2007

## Income Statement in € million

	Q1 2007 Jan. - March	Q2 2007 April - June	Q2 2006 April - June
Sales	336.9	361.1	288.8
Cost of sales	-200.7	-213.9	-167.0
<b>Gross profit</b>	<b>136.2</b>	<b>147.2</b>	<b>121.8</b>
Selling expenses	-61.3	-55.2	-51.1
General administrative expenses	-18.8	-21.3	-17.7
Other operating income	0.0	16.5	0.4
Amortization of intangible assets resulting from company acquisitions	-5.6	-5.6	-5.3
Amortization of goodwill	0.0	-9.4	0.0
<b>Operating result</b>	<b>50.5</b>	<b>72.2</b>	<b>48.1</b>
Interest and similar expenses	-0.8	-0.5	-0.5
Result from associated companies	0.4	0.1	0.5
<b>Pre-tax result</b>	<b>50.1</b>	<b>71.8</b>	<b>48.1</b>
Income taxes	-19.2	-25.0	-19.4
<b>Net income before minority interests</b>	<b>30.9</b>	<b>46.8</b>	<b>28.7</b>
Result from discontinued operations	68.3	0.0	1.5
<b>Net income (after discontinued operations)</b>	<b>99.2</b>	<b>46.8</b>	<b>30.2</b>
Minority interests	-0.6	-1.4	-1.4
<b>Result per share (in €)</b>			
- basic	0.41	0.19	0.12
- diluted	0.41	0.18	0.12
<b>thereof result per share (in €) from continued operations</b>			
- basic	0.13	0.19	0.11
- diluted	0.13	0.18	0.11
<b>thereof result per share (in €) from discontinued operations</b>			
- basic	0.28	0.00	0.01
- diluted	0.28	0.00	0.01

# Consolidated Financial Statements January to June 2007

## Statement of Changes in Shareholder's Equity in €k

	Capital stock		Additional paid-in capital	Accumulated profit/loss
	Share	€k	€k	€k
<b>Balance as of December 31, 2005</b>	<b>62,275,201</b>	<b>62,275</b>	<b>238,506</b>	<b>-2,822</b>
Capital increase in return for stock	186,825,603	186,826	-85,928	-100,898
Employee stock ownership programme AdLINK			174	
Employee stock ownership programme United Internet			563	
Treasury stock				
Dividend payment				-15,569
Currency translation adjustment				
Net income 2006				52,936
Dividend payment				-180
<b>Balance as of June 30, 2006</b>	<b>249,100,804</b>	<b>249,101</b>	<b>153,315</b>	<b>-66,533</b>
<b>Balance as of December 31, 2006</b>	<b>250,235,176</b>	<b>250,235</b>	<b>156,447</b>	<b>-6,014</b>
Exercise of conversion rights	241,372	242	276	
Employee stock ownership programme AdLINK			107	
Employee stock ownership programme United Internet			535	
Revaluation surplus Goldbach				
Treasury stock				
Dividend payment				-42,516
Currency translation adjustment				
Net income 2007				144,012
Increase in shareholdings				
<b>Balance as of June 30, 2007</b>	<b>250,476,548</b>	<b>250,477</b>	<b>157,365</b>	<b>95,482</b>



Treasury stock €k	Revaluation reserve €k	Currency translation €k	Total €k	Minority interests €k	Total equity €k	Total net income attributable to shareholders of United Internet AG	
						€k	Minority interests €k
0	892	1,111	299,962	8,528	308,490	57,608	2,214
			0		0		
			174		174		
			563		563		
-4,674			-4,674		-4,674		
			-15,569		-15,569		
		-89	-89		-89	-89	
			52,936	2,699	55,635	52,936	2,699
			-180		-180		
-4,674	892	1,022	333,123	11,227	344,350	52,847	2,699
-79,561	1,373	930	323,410	11,605	335,015	113,575	6,954
			518		518		
			107		107		
			535		535		
	7,582		7,582		7,582	7,582	
-92,513			-92,513		-92,513		
		-180	-42,516		-42,516		
			-180		-180	-180	
			144,012	1,955	145,967	144,012	1,955
				-1,425	-1,425		
-172,074	8,955	750	340,955	12,135	353,090	151,414	1,955

# Consolidated Financial Statements January to June 2007

## Cash Flow Statement in €k

	2007 January - June	2006 January - June
<b>Cash flow from operating activities</b>		
Net income (from continued operations)	77,730	52,338
Net income (from discontinued operations)	68,248	3,297
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
<b>Amortization (from continued operations)</b>		
Depreciation and amortization	15,532	13,288
Amortization of intangible assets resulting from company acquisitions	11,249	10,420
Goodwill amortization	9,373	0
<b>Amortization (from discontinued operations)</b>		
Depreciation and amortization	0	2,464
Compensation expenses from employee stock option plans	642	737
Results of associated companies consolidated using the equity method	-597	-688
Distributed profits of associated companies	666	559
Income from deconsolidation of affiliated companies	-65,794	0
Non-cash result from contribution of assets	-16,808	0
Change in deferred taxes	2,672	-850
Non-cash expenses / income	0	-123
<b>Operative cash flow</b>	<b>103,003</b>	<b>81,442</b>
<b>Change in assets and liabilities</b>		
Change in receivables and other assets	4,184	5,141
Change in inventories	3,094	73
Change in deferred expenses	-1,834	-817
Change in accounts payable, trade	-1,746	37,452
Change in advance payments received	313	276
Change in other accrued liabilities	0	1,125
Change in accrued taxes	6,578	11,856
Change in other liabilities	752	-16,823
Change in deferred income	9,709	10,562
<b>Change in assets and liabilities, total</b>	<b>21,050</b>	<b>48,845</b>
<b>Cash flow from operating activities</b>	<b>124,053</b>	<b>130,287</b>
<b>Cash flow from investing activities</b>		
Capital expenditure for intangible assets and property, plant and equipment	-23,452	-17,044
Investments in other financial assets	-36	0
Payments of loans granted	-43	-91
Disposal of assets	172	980
Purchase of shares in associated companies	-6,856	0
Purchase of further shares in affiliated companies	-29,094	0
Proceeds from deconsolidation of affiliated companies	86,873	0
Acquisition cost, net of acquired cash	0	-92,932
<b>Cash flow from investment activities</b>	<b>27,564</b>	<b>-109,087</b>
<b>Cash flow from financing activities</b>		
Capital increase	242	0
Purchase of treasury stock	-92,513	-4,674
Change in bank liabilities	-25,195	-11,538
Dividend payment	-42,516	-15,569
Minority interests	0	-180
Capital increase	835	61
Additional payments for the exercise of convertible bonds	-203	-19
<b>Cash flow from financing activities</b>	<b>-159,350</b>	<b>-31,919</b>
Net decrease in cash and cash equivalents	-7,733	-10,719
Cash and cash equivalents at the beginning of fiscal year	32,723	36,177
Change in currency translation adjustments	-180	-89
<b>Cash and cash equivalents at the end of period</b>	<b>24,810</b>	<b>25,369</b>

### 1 Information on the company

United Internet AG is a service company operating in the telecommunication and information technology sector with registered offices at Elgendorfer Strasse 57, 56410 Montabaur, Germany. The company is registered at the district court of Montabaur under HR B 5762.

### 2 Significant accounting, valuation and consolidation principles

The condensed consolidated interim report for the first half-year 2007 was prepared in accordance with IAS 34 "Interim Financial Reporting".

A condensed reporting format was chosen for the presentation of this consolidated interim report, as compared with the consolidated financial statements. For this reason, it is to be read in connection with the consolidated financial statements as of December 31, 2006. The accounting and valuation principles applied in the consolidated financial statements as of December 31, 2006 were adopted without change for the preparation of this consolidated interim report.

The application of new or revised IFRS standards and interpretations had no significant effect on the Group's assets, financial position and earnings.

This consolidated interim report was not audited according to Sec. 317 HGB nor reviewed by an auditor.

The consolidated interim report includes all subsidiaries and associated companies.

#### Changes in the reporting unit

Due to the sale of twenty4help, the prior-year figures of the income statement are adjusted in accordance with IFRS 5. Revenues and expenses of the discontinued business segment are no longer included in the respective items and the business segment is disclosed separately with its result after taxes. The comparative balance sheet figures as of December 31, 2006 and the cash flow statement remain unchanged. Revenues of the sold business segment amounted to € 23.2 million in the first quarter of 2007 and € 47.9 million in the first half-year 2006. Earnings after tax of this business segment amounted to € 2.5 million in the first quarter of 2007 and € 3.3 million in the first half-year 2006. In accordance with IFRS 5, there was no scheduled depre-

ciation or amortization of intangible assets or property, plant and equipment in the first quarter of 2007.

The result from discontinued operations in the first quarter of 2007 comprises earnings after taxes of EUR 2.5 million and income from the sale of shares amounting to EUR 65.8 million.

Cash inflows less sales costs and transferred cash and cash equivalents amounted to EUR 86.9 million.

Due to the non-cash contribution of AdLINK Internet Media AG's 50 % shareholding in AdLINK Internet Media AG Switzerland and 30 % shareholding in AdLINK Internet Media GmbH Austria to Goldbach Media AG, these shareholdings are no longer disclosed under the item "Equity investments". The prorated results of the two companies up to the time of their disposal are included in the consolidated interim report according to the equity method.

In return for this non-cash contribution, AdLINK Internet Media AG received 19.4 % of shares in Goldbach Media AG. Following the IPO of Goldbach, this shareholding was reduced to 14.99 %. This shareholding is disclosed under the item "Other financial assets". In accordance with IAS 39, initial recognition was made at acquisition cost, which corresponds to the fair value of the given compensation.

United Internet has acquired a 12.51 % shareholding in Bigpoint GmbH (formerly: e-sport GmbH), Hamburg. It was further agreed that United Internet might acquire a further 12.52 % of shares by the end of 2007 by means of a call option and then hold 25.03 % of shares. The acquisition of shares occurred as part of a capital increase of the company. The respective anti-trust authorities approved the share acquisition on February 5, 2007.

The closure proceedings initiated in fiscal year 2006 for the operations of AdLINK Internet Media APS, Copenhagen / Denmark, were completed in the first quarter of 2007.

Effective January 1, 2007, Schlund + Partner AG, Karlsruhe, and Alturo GmbH, Zweibrücken, were merged into 1&1 Internet AG, Montabaur.

The consolidated group remains otherwise unchanged from the consolidated financial statements as at December 31, 2006.

## Explanations of balance sheet items

Specific explanations are only given for those items which display material changes in the amounts presented as compared with the last consolidated financial statements.

### 3 Equity investments

Equity investments as of June 30, 2007 comprise NT plus, fun and Bigpoint. Additions mainly result from the acquisition of shares in Bigpoint. Disposals result from the non-cash contribution of shares in AdLINK Austria and AdLINK Switzerland to Goldbach.

The following table gives an overview of the development of equity investments:

	2007 €k
Carrying amount at the beginning of the fiscal year	11,006
Additions	13,106
Adjustments	
– Dividends	–666
– Shares in result	497
Disposals	–3,082
	<b>20,860</b>

### 4 Other financial assets

The increase in other financial assets results mainly from the disclosure of shares in Goldbach. In accordance with IAS 39, these shares are classified as available-for-sale financial assets.

	2007 €k
Initial valuation of shares in Goldbach	19,890
Disposal value of equity investments	–3,082
<b>Result from company transaction</b>	<b>16,808</b>
Ancillary acquisition costs	51
<b>Addition from initial valuation</b>	<b>19,941</b>
Subsequent valuation acc. to IAS 39	7,729
<b>Balance sheet carrying amount</b>	<b>27,670</b>

### 5 Property, plant and equipment, intangible assets and goodwill

A total of € 23,452k was invested in property, plant and equipment and intangible assets during the interim reporting period. Investments focused mainly on the further network and infrastructure expansion.

The increase in goodwill of € 27,212k results from the sale of further shares in affiliated companies. Amortization on goodwill of AdLINK amounting to € 9,373k had a contrary effect. The further disposal amounting to € 627k resulted from the deconsolidation of twenty-4help.

Goodwill is presented for each business segment of United Internet:

	2007 €k	2006 €k
Product segment	305,969	305,969
Outsourcing segment	0	627
Online-Marketing segment	84,930	67,091
	<b>390,899</b>	<b>373,687</b>

### 6 Liabilities due to banks

The decrease in non-current liabilities due to banks results from the repayment of a revolving syndicated loan. As of June 30, 2007 the non-utilized part of this loan still available to United Internet AG until October 12, 2008 amounts to € 75.0 million.

The increase in current liabilities due to banks results mainly from the utilization of credit lines by AdLINK. Terms ending in May 2007 amounting to € 40.0 million were extended until May 2008. As of June 30, 2007, unutilized credit lines amounting to € 35.0 million were available to AdLINK.

Terms of working capital loans to United Internet AG ending in April 2007 amounting to € 25.0 million were extended at € 15.0 million until June 2008, terms ending in June 2007 amounting to € 15.0 million were extended until June 2008 and terms ending in September 2007 amounting to € 25.0 million were extended until September 2008.

## 7 Other current liabilities

Other current liabilities consist mainly of liabilities due to the tax office, salary and social security liabilities and purchase price installments for the acquisition of investments.

## 8 Accrued taxes

The increase in tax accruals resulted from the increased tax result.

## 9 Deferred income

Deferred income consists mainly of advance customer payments for services which will not be rendered until the following months.

## 10 Capital stock

Through partial use of conditional capital, the capital stock of the Company was increased in the first half of 2007 by € 241,372, from € 250,235,176 to € 250,476,548, by issuing 241,372 new, nopar registered shares for cash contribution. The cash contribution represented the conversion of convertible bonds in the first half of 2007 issued under the Company's employee stock ownership plan.

As of June 30, 2007 the Company held 14,881,018 treasury shares. The average purchase cost per share amounted to € 11.56.

The dividend payment for the fiscal year 2006 amounting to EUR 4.5 million was made on May 31, 2007.

## 11 Revaluation reserves

The increase in revaluation reserves amounting to € 7,582k resulted from the subsequent valuation of shares in Goldbach. Profits and losses from subsequent valuation to fair value are recognized directly in equity capital at net value, i. e. less deferred taxes.

# Explanations of income statement items

## 12 Personnel expenses

In the first half of 2007, personnel expenses amounted to € 70,793k (prior year: € 58,531k). At the end of June 2007, United Internet employed a total of 3,556 people, of which 769 were employed outside Germany. The number of employees at the end of June 2006 amounted to 2,895, of which 459 were employed outside Germany.

## 13 Depreciation and amortization

Depreciation and amortization of intangible assets and property, plant and equipment amounted to € 15,532k in the first half of 2007 (prior year: € 13,288k).

Amortization of capitalized goodwill resulting from business combinations amounted to € 11,249k (prior year: € 10,420k).

Total depreciation and amortization thus amounted to € 26,781k in the first half of 2007 (prior year: € 23,708k).

## 14 Goodwill amortization

Due to unscheduled developments, organizational and structural changes were introduced at CibleClick France and AdLINK UK. As a consequence, the goodwill values were subjected to impairment tests. In connection with these impairment tests, the goodwill of CibleClick France was written down by € 7,662k and that of AdLINK UK by € 1,711k in the first half of 2007.

## 15 Other operating income / expenses

In the first half of 2007, other operating income / expenses were strongly influenced by the one-off book profit of AdLINK amounting to € 16,808k in connection with the contribution of shares to Goldbach. We refer in this matter to our explanations under "Other financial assets".

## 16 Transactions with related parties

United Internet AG is subject to significant influence, as defined by IAS 24, from Mr. Ralph Dommermuth, the major shareholder, as well as from the members of the Management Board and Supervisory Board.

There is no change in the circle of related parties as compared with the consolidated financial statements as at December 31, 2006. The number of shares in United Internet AG, as well as the members of the Management Board and Supervisory Board, is shown in the following table:

Shareholdings (units)	June 30, 2007
<b>Management Board</b>	
Ralph Dommermuth	88,000,000
Norbert Lang	576,128
<b>Supervisory Board</b>	
Kurt Dobitsch (Chairman)	-
Bernhard Dorn	-
Michael Scheeren	700,000

United Internet's premises in Montabaur are leased from Mr. Ralph Dommermuth. The resulting rent expenses are customary and amounted to € 779k in the first half of 2007.

There is a sponsoring contract between United Internet AG and Deutsche Challenge 2007 AG & Co. Management KG, Munich, according to which support is given by United Internet AG as the main sponsor of the "United Internet Team Germany" in the America's Cup 2007. The sole proprietor of Deutsche Challenge 2007 AG & Co. Management KG is Mr. Ralph Dommermuth. The sponsoring expenses in the first half of 2007 amounted to € 5.0 million.

The United Internet Group also exercises material influence on its associated companies. There were no significant transactions in the first half of 2007.

## 17 Subsequent events

Following the approval on July 6, 2007 of the upper house of Germany's parliament ("Bundesrat") for the Corporate Tax Reform 2008, new tax regulations will become effective in Germany as of January 1, 2008. According to IAS 12.47, deferred tax claims and deferred tax liabilities must be valued using the tax rates expected to be valid in the period in which an asset is realized or a debt settled. Those tax rates (and tax regulations) are applied which are valid or announced as of the balance sheet date. The changes in domestic deferred taxes resulting from the reduction of the tax rate will thus not be considered until the third quarter of 2007. No significant effect on the Group's assets, financial position and earnings is expected.

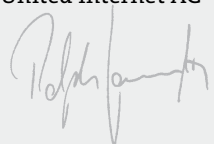
In a contract dated July 10, 2007 United Internet Beteiligungen GmbH increased its shareholding in fun communications GmbH from 33.33 % to 49.0 %.

## 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.

Montabaur, August 10, 2007

United Internet AG



Ralph Dommermuth



Norbert Lang

## United Internet subsidiaries and shareholdings



### Products

1&1 Internet AG	(D)
1&1 Internet Inc.	(USA)
1&1 Internet Ltd.	(UK)
1&1 Internet S.A.R.L.	(F)
1&1 Internet Service GmbH	(D)
1&1 Internet Services Inc.	(RP)
Fasthosts Internet Ltd.	(UK)
GMX GmbH	(D)
GMX Internet Services GmbH	(D)
InterNetX GmbH	(D)
United Internet Media AG	(D)
WEB.DE GmbH	(D)

### Online Marketing

AdLINK Internet Media AG	(D)
AdLINK Internet Media AB	(S)
AdLINK Internet Media B.V.	(NL)
AdLINK Internet Media GmbH	(D)
AdLINK Internet Media Ltd.	(UK)
AdLINK Internet Media N.V.	(B)
AdLINK Internet Media S.A.	(F)
AdLINK Internet Media S.L.U.	(E)
AdLINK Internet Media Srl	(I)
affilinet GmbH	(D)
affilinet Ltd.	(UK)
CibleClick Performances S.A.	(F)
Sedo GmbH	(D)
Sedo LLC	(USA)

#### Management Board:

CEO: Ralph Dommermuth (43), qualified banker  
CFO: Norbert Lang (46), qualified banker

#### Shareholdings:

Bigpoint GmbH	12.51 %
fun communications GmbH	49.00 %
NT plus AG	40.23 %

#### Supervisory Board:

Chairman: Kurt Dobitsch (52), self-employed entrepreneur  
Bernhard Dorn (66), self-employed business leader consultant  
Michael Scheeren (50), qualified banker

This report is available in German and English. Both versions can be downloaded from [www.united-internet.de](http://www.united-internet.de).  
In all cases of doubt, the German version shall prevail.

#### Disclaimer

This Report contains certain forward-looking statements which reflect the current views of United Internet AG's management with regard to future events. These forward looking statements are based on our currently valid plans, estimates and expectations. The forward-looking statements made in this Report are only based on those facts valid at the time when the statements were made. Such statements are subject to certain risks and uncertainties, as well as other factors which United Internet often cannot influence but which might cause our actual results to be materially different from any future results expressed or implied by these statements. Such risks, uncertainties and other factors are described in detail in the Risk Report section of the Reports of United Internet AG. United Internet does not intend to revise or update any forward-looking statements set out in this Report.

## Financial calendar\*

March 30, 2007	Annual financial statements for fiscal year 2006
March 30, 2007	Press and analyst's conference
May 9, 2007	Business figures for the 1st Quarter of 2007
May 30, 2007	Annual Shareholder's Meeting in Frankfurt am Main, Alte Oper
May 31, 2007	Dividend payment for fiscal year 2006
August 10, 2007	Business figures for the 2nd Quarter of 2007
August 10, 2007	Press and analyst's conference
November 7, 2007	Business figures for the 3rd Quarter of 2007

\* Subject to prior change. Updates available at [www.united-internet.com](http://www.united-internet.com) in the Investor Relations section, "Calendar".

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