6-Month Report

2012

united internet

Selected key figures acc. to IFRS

(Without special items)

	2012 January – June	2011 January – June
Established business fields		
Sales in € million	1,148.8	1,004.3
EBITDA* (Earnings before interest, taxes, depreciation and amortization) in € million	221.3	181.6
EBIT* (Earnings before interest and taxes) in € million	177.6	141.2
New business fields		
Sales in € million	14.7	5.1
EBITDA in € million	–72.7	–5.5
EBIT in € million	–73.9	–6.0
Total		
Sales in € million	1,163.5	1,009.4
EBITDA* in € million	148.6	176.1
EBIT* in € million	103.7	135.2
EBT* (Earnings before taxes) in € million	95.8	127.9
EPS (Earnings per share) in €	0.32	0.41
Employees at end of June (number)	5,972	5,204
Share price at end of June (Xetra) in €	13.55	14.50

Quarterly development in € million (key figures including new business fields)

	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q2 2011
Sales	527.7	557.0	576.9	586.6	510.8
EBITDA*	85.0	78.9	70.5	78.1	85.6
EBIT*	63.6	52.4	48.3	55.4	64.9
EBT*	66.0	40.4	44.4	51.4	63.1

* Positive special items Q2 2011 (Versatel): EBITDA and EBIT effect: € 24.8 million; EBT effect: € 16.3 million; EPS effect: € 0.07
Negative special items Q2 2012 (Sedo impairment): EBIT, EBT effect: € 46.3 million; EPS effect: € 0.24
(Possible addition differences due to rounding effects.

Development of customer contracts in million

	June 30, 2012	June 30, 2011
Customer contracts, total	11.28	10.16
Access contracts, total	4.38	3.79
of which DSL complete (ULL)	2.61	2.41
of which Mobile Internet	1.06	0.48
of which narrowband / T-DSL / R-DSL	0.71	0.90
Applications contracts, total	6.90	6.37
of which “domestic”	3.98	3.79
of which “foreign” “	2.92	2.58
Ad-financed accounts, total	31.1	28.5

Content

Dear shareholders, employees and business associates of United Internet,

In its operating business, United Internet AG can look back on a successful first six months 2012. We succeeded in raising sales and customer contract figures to new all-time highs and – adjusted for special items – significantly increased earnings in our established business fields. At the same time, we invested large sums in the development of our new business fields.

Specifically, we raised consolidated sales to the new record level of € 1,163.5 million in the first six months of 2012 – representing a year-on-year increase of 15.3%. Sales in our established business fields rose by 14.4% to € 1,148.8 million. In addition, there were sales in our new business fields of € 14.7 million (prior year: € 5.1 million). There was also strong growth in customer contracts: with the addition of 610,000 new contracts to 11.28 million, we easily exceeded the corresponding growth figure for the first six months of 2011 (400,000 new contracts).

Earnings in the first half of 2011 and the first half of 2012 were influenced by various special items. Whereas in the previous year, there was a positive effect on consolidated earnings from the sale of our Versatel shares in the second quarter of 2011 (EBITDA and EBIT effect: € 24.8 million, EBT effect: € 16.3 million, EPS effect: € 0.07), there was a negative effect on earnings in the second quarter of 2012 from impairment charges, as the United Internet subsidiary Sedo Holding AG recognized impairment on goodwill in its half-year figures for 2012. These impairment charges were necessitated in particular by a significant change in expectations regarding the company's Domain Parking business. United Internet AG included the impairment in its consolidated financial statements on the level of the Applications segment. The non-cash-effective extraordinary impairment charges amounted to € 46.3 million.

In our operating business, i.e. without consideration of special items, we succeeded in raising earnings significantly in our established business fields during the first six months of 2012. Earnings before interest, taxes, depreciation and amortization (EBITDA) grew by 21.9%, from € 181.6 million last year to € 221.3 million, while earnings before interest and taxes (EBIT) improved by 25.8%, from € 141.2 million last year to € 177.6 million.

As previously announced, we used this positive earnings development in established business fields for the strong development of new business fields. In the first six months of 2012, we focused on the international marketing campaign for the 1&1 MyWebsite, and the development of De-Mail applications. In line with planning, we expensed EBIT-effective start-up losses of € 73.9 million (prior year: € 6.0 million) for these activities in the first six months of 2012. These start-up losses result mainly from high expenditures for marketing the 1&1 MyWebsite in seven European nations and the USA, and are part of our planned start-up losses for new business fields in 2012.

As a result of these start-up losses, there was an expected overall decline in key earnings figures compared to the same period last year. Without consideration of special items, EBITDA amounted to € 148.6 million (prior year: € 176.1 million) and EBIT to € 103.7 million (prior year: € 135.2 million).

In our “Access” segment, the number of fee-based contracts grew by 300,000 in the first six months of 2012 to reach 4.38 million as of June 30, 2012. In our Mobile Internet business, we were able to activate 270,000 new customer contracts and thus raise the total number of customers to 1.06 million. We also achieved growth in complete DSL contracts (of particular importance for us), adding a further 100,000 customers to reach a total of 2.61 million. As expected, however, the number of customer contracts for those business models gradually being phased out (narrowband, T-DSL and R-DSL) continued to fall (-70,000 customer relationships). As a result of the encouraging development in customer figures, sales of our “Access” segment grew strongly by 16.3% to € 764.0 million in the first six months of 2012. Despite greatly increased costs for new customer acquisition (+300,000 contracts in the first half of 2012 compared to +160,000 in the same period last year), there was strong year-on-year growth in EBITDA of 35.0% to € 88.4 million (prior year: € 65.5 million) and in EBIT of 47.1% to € 75.0 million (prior year: € 51.0 million).

In our “Applications” segment, the number of fee-based contracts world-wide grew by 310,000 to 6.90 million in the first six months of 2012. The success of our international expansion campaign is documented by the contribution to contract growth from abroad, where we added 190,000 new contracts to reach a total of 2.92 million. In the field of Business Applications, we added 240,000 new contracts (of which over 130,000 contracts for our 1&1 MyWebsite, compared to 40,000 last year) to reach a total of 4.91 million. The number of Consumer Application contracts grew by 70,000 to 1.99 million contracts, while our ad-financed accounts rose by 100,000 to 31.1 million. Thanks to this strong customer growth, sales in the “Applications” segment also rose by 13.4% to € 399.3 million in the first six months of 2012. In the established business fields of our “Applications” segment, sales were up 10.9% to € 384.6 million. In addition, there was also revenue from new business fields of € 14.7 million (prior year: € 5.1 million). Without consideration of goodwill impairment of Sedo, EBITDA in the established business fields of our “Applications” segment rose from € 116.9 million last year to € 131.3 million, while EBIT improved from € 91.1 million last year to € 101.1 million. These strong earnings in our established business enabled us to make planned investments in new business fields and bear EBIT-effective start-up losses of € 73.9 million (prior year: € 6.0 million). As a result of these start-up losses, there was an expected year-on-year decline in segment EBITDA to € 58.6 million (prior year: € 111.4 million) and in segment EBIT to € 27.2 million (prior year: € 85.1 million).

With the exception of Sedo Holding AG, all business divisions of United Internet AG are developing in line with plans. Against this backdrop, we can confirm our guidance for operating business and expects full-year sales to grow by around 15% to approx. € 2.4 billion. The number of new customers added in 2012 is expected to rise to approx. 1.2 million, compared to 910,000 in the previous year. Despite start-up costs in new business fields of around € 120 million, EBIT before special items is expected to remain at around the prior-year figure of € 250 million. Due to extraordinary non-cash-effective impairment of Sedo goodwill amounting to € 46.3 million, expected EBIT will be reduced to approx. € 200 million. EPS 2012 will amount to around € 0.58 (after approx. € 0.42 start-up losses in new business fields and after approx. € 0.24 Sedo impairments).

For 2013, we expect further strong earnings growth with an EPS of around € 1.00 – € 1.10 (after approx. € 0.30 – € 0.40 start-up losses in new business fields).

We are well placed for the next steps in our corporate development and optimistic about the remaining months of our current fiscal year. In view of the success already achieved in the first half of 2012, we would like to express our gratitude to all employees for their dedicated efforts, and thank our shareholders for their continued trust in the United Internet Group.

Montabaur, August 14, 2012

Ralph Dommermuth

Management Report

Group management report for the first six months of 2012

Economic environment

IMF sees signs of weakness in global upturn

The International Monetary Fund (IMF) believes that the global economy is in danger of losing further momentum. Already fragile, the global economic upswing showed further signs of weakness over the past three months. The main reasons for this negative development are renewed tensions on the financial markets and the sovereign debt crisis of the Euro zone.

Against this backdrop, the IMF now anticipates global economic growth of 3.5% this year in its July forecast – 0.1 percentage points less than in April. For the Euro zone, the IMF continues to forecast a decline in output of 0.3% for 2012. As for Germany, the Fund confirmed its previous growth forecast of 1.0%.

This pessimistic outlook for the world's economy was made shortly after fiscal policy was relaxed in the Euro zone, the UK and China – which was already seen as a sign of growing concern with regard to global economic prospects.

Business climate in the German high-tech industry still good

In spite of the international debt crisis, business confidence among small to mid-size companies in the IT sector remains firm. This was the finding of a recent survey among mid-size suppliers of ICT products and services conducted by industry association BITKOM. 71% of small to mid-size ICT companies reported sales growth (compared to last year) in the second quarter of 2012. Although BITKOM's SME barometer fell by seven points from its earlier record level to 57 points, it remains high. Demand from professional users for new IT solutions is particularly strong. Many IT projects currently involve topics such as cloud computing, business intelligence and the integration of mobile end-user devices into corporate IT environments.

According to the results of the quarterly business confidence survey, business was best for mid-size suppliers of software and IT services: 74% of companies interviewed achieved year-on-year revenue growth in the second quarter of 2012. For manufacturers of IT hardware, the figure was 58%.

Companies are particularly upbeat about their prospects for the year as a whole. Almost three quarters of mid-size IT companies (74%) expect revenue growth in 2012.

Business development of the Group

Overview of United Internet

United Internet AG is the leading European internet specialist with over 11.2 million fee-based customer contracts and around 31 million ad-financed free accounts. The operating activities of United Internet AG are divided into the segments “Access” and “Applications”.

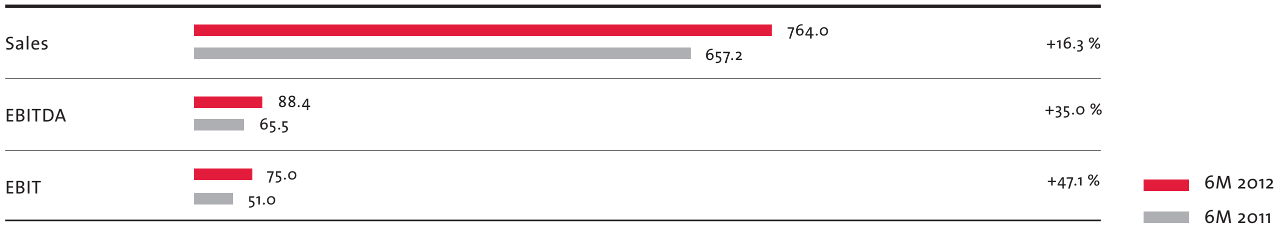
The “Access” segment comprises the company’s fee-based landline and mobile access products, including the respective applications (such as home networks, online storage, telephony or entertainment). United Internet operates exclusively in Germany in this segment, where it is one of the leading providers. The company remains independent of network providers by purchasing standardized network services from various pre-service providers. These are then enhanced with end-user devices, self-developed applications and services from the company’s own “Internet Factory” in order to differentiate them from the competition. Access products are marketed by the strong brands GMX, WEB.DE and 1&1, which enable the company to offer a comprehensive range of products to a mass market while also targeting specific customer groups.

The “Applications” segment comprises United Internet’s application business – whether ad-financed or via fee-based subscriptions. These applications include home pages and e-shops, Personal Information Management applications (e-mail, to-do lists, appointments, addresses), group work, online storage and office software. The applications are developed by the company’s “Internet Factory” or in cooperation with partner firms and operated at the company’s data centers. In its “Applications” segment, United Internet is active on the international market and enjoys leading positions in Germany, France, the UK, Spain, Austria, Switzerland and the USA. In late 2010 / early 2011, the company also launched operations in Poland and Canada and entered the Italian market in May 2012. Applications are marketed to specific target groups via the differently positioned brands GMX, WEB.DE, 1&1, united-domains, Fasthosts and InterNetX. United Internet also offers its customers performance-based advertising and sales platforms on the internet via Sedo and affilinet.

Development of “Access” segment

As a result of its dynamic customer growth, “Access” segment sales grew strongly by 16.3% to € 764.0 million in the first six months of 2012. Despite greatly increased costs for new customer acquisition (+300,000 contracts in the first half of 2012 compared to +160,000 in the same period last year), there was year-on-year growth in EBITDA of 35.0% to € 88.4 million (prior year: € 65.5 million), while EBIT rose by 47.1% to € 75.0 million (prior year: € 51.0 million). All customer acquisition costs, as well as costs for the migration of resale DSL connections to complete packages (ULL = Unbundled Local Loop), continue to be charged directly as expenses.

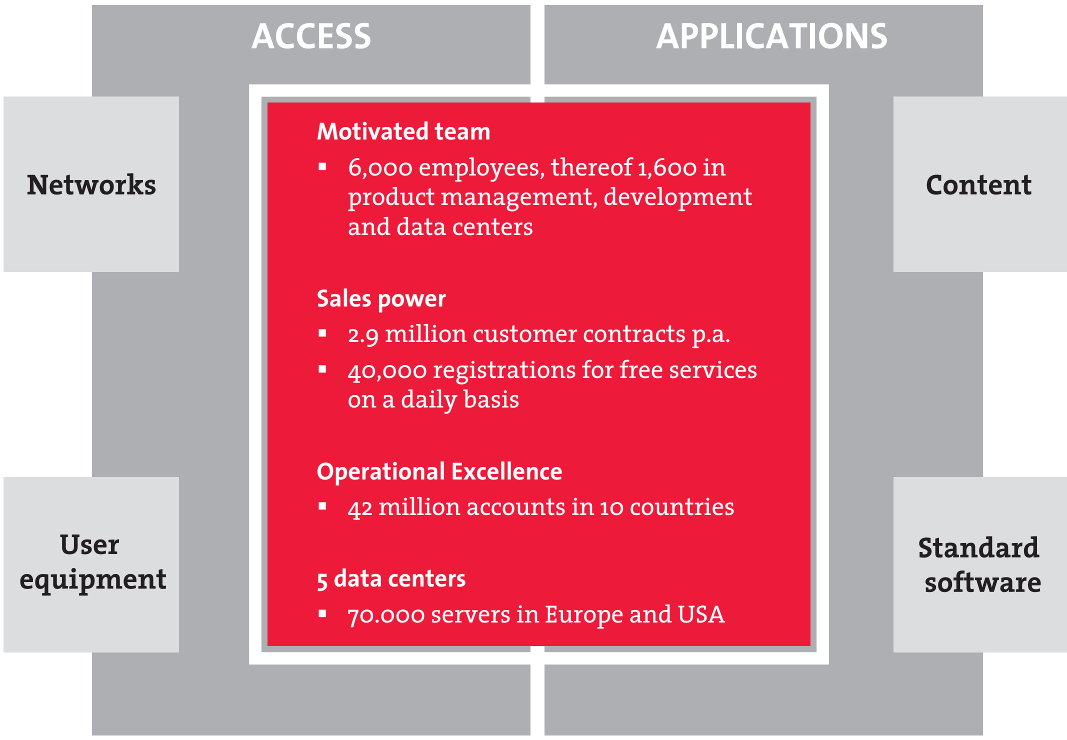
Financial figures for “Access” segment in € million



Quarterly development in € million

	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q2 2011
Sales	351.0	359.8	375.6	388.4	336.0
EBITDA	43.6	43.2	41.3	47.1	34.4
EBIT	36.2	35.0	34.8	40.2	27.2

UNITED INTERNET – THE "INTERNET FACTORY"



The number of fee-based contracts in this segment grew by 300,000 in the first six months of 2012 to reach a total of 4.38 million as of June 30, 2012. In its Mobile Internet business, the segment activated 270,000 new customer contracts and thus raised the total number of contracts to 1.06 million. There was also growth in complete DSL contracts (of particular importance for the segment) with the addition of a further 100,000 contracts to reach a total of 2.61 million. As expected, however, the number of customer contracts for those business models gradually being phased out (narrowband, T-DSL and R-DSL) continued to fall in the first six months of 2012 (-70,000 customer relationships).

Development of customer contracts in the first six months of 2012

"Access" customer contracts	Dec. 31, 2011	June 30, 2012	Change
Access, total	4.08 million	4.38 million	+ 300,000
of which Mobile Internet	0.79 million	1.06 million	+ 270,000
of which DSL complete (ULL)	2.51 million	2.61 million	+ 100,000
of which narrowband / T-DSL / R-DSL	0.78 million	0.71 million	– 70,000

Development of customer contracts in the second quarter of 2012

"Access" customer contracts	Mar. 31, 2012	June 30, 2012	Change
Access, total	4.24 million	4.38 million	+ 140,000
of which Mobile Internet	0.94 million	1.06 million	+ 120,000
of which DSL complete (ULL)	2.58 million	2.61 million	+ 30,000
of which narrowband / T-DSL / R-DSL	0.72 million	0.71 million	– 10,000

Product highlights in the first six months of 2012

In the period under review, the main focus was on implementing the 1&1 Principle launched in late 2011 (as a further development of the DSL quality drive) and launching the "1&1 Tablet Flat" tariff in the Mobile Internet business:

- **The 1&1 Principle:** The 1&1 Principle is the logical continuation of the quality drive we already introduced in Germany in 2009. With the 1&1 Principle, customers are given clear performance promises. The most important new features are the overnight delivery of hardware, a one-month test phase for all products, and on-site, next-day replacement of faulty equipment. This enables United Internet's 1&1 brand to clearly differentiate itself from the competition, strengthens the benefits of online business over bricks-and-mortar operations, and setting new standards in service quality and customer satisfaction. Implementing the 1&1 Principle involved optimizing a number of internal processes, investing in customer care services and improving other procedures.
- **1&1 Tablet Flat:** Tablet PCs are the latest trend. According to sector association BITKOM, approx. 2.1 million units were sold in Germany alone during 2011 – corresponding to year-on-year sales growth of 162%. To enable customers to get maximum use of their tablets, also while on the road, 1&1 launched its "1&1 Tablet Flat" tariff in February 2012. The "1&1 Tablet Flat" offers unlimited mobile surfing with bandwidth of up to 14,400 kBit/s together with a new tablet device starting from 0 €.

Outlook

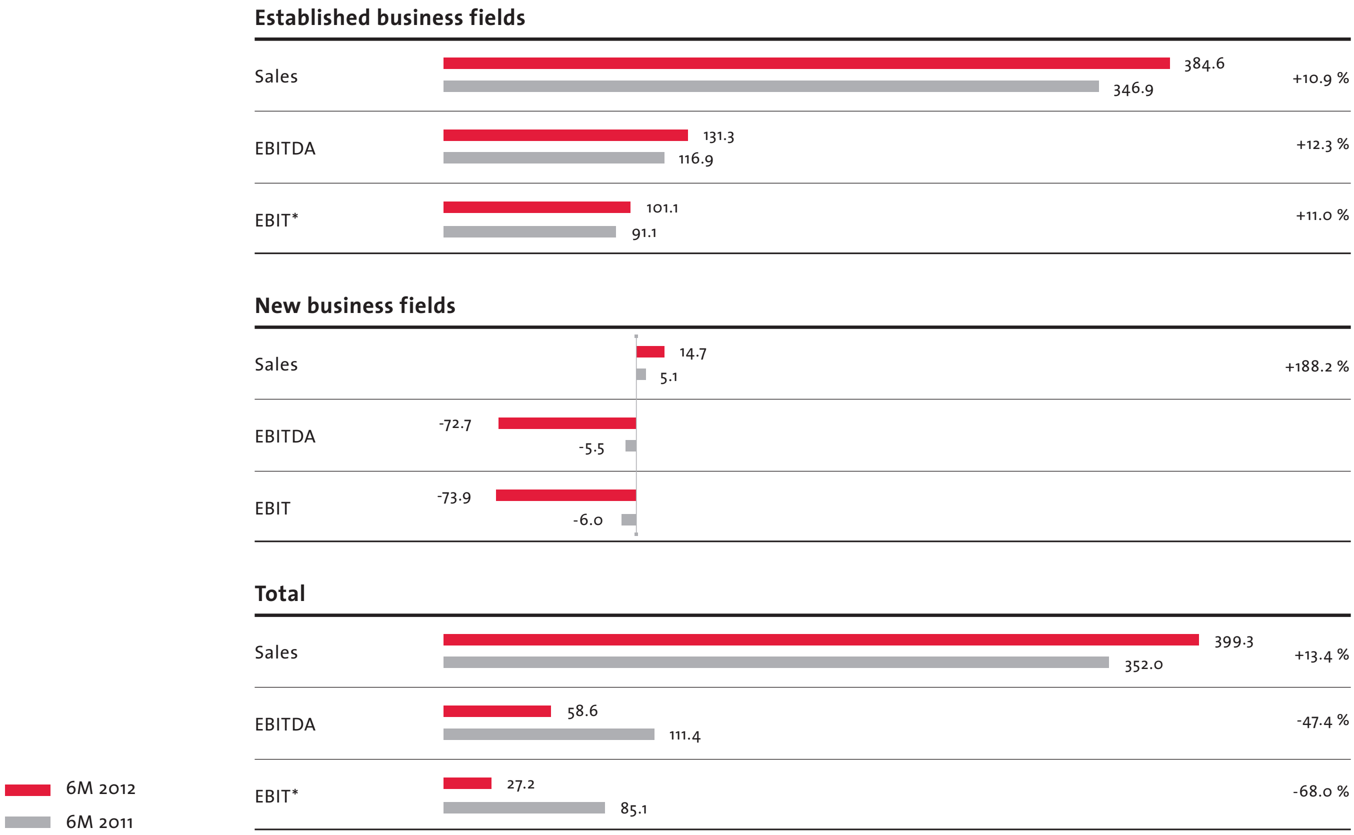
Thanks to its transparent and flexible product strategy offering excellent value for money and a variety of optional applications, United Internet sees good opportunities to enhance customer retention and achieve a further increase in average revenue per contract in its Access business. In particular, contract growth in this segment is expected to result from the migration of customers to complete DSL packages (ULL) – regarded as essential for improving customer retention – as well as from the marketing of Mobile Internet products.

Development of “Applications” segment

Thanks to strong customer growth, sales in the “Applications” segment also rose by 13.4% to € 399.3 million in the first six months of 2012. In the segment’s established business fields, sales grew by 10.9% to € 384.6 million. In addition, there was revenue from new business fields of € 14.7 million (prior year: € 5.1 million).

Earnings before interest, taxes, depreciation and amortization (EBITDA) in the established business fields – without consideration of non-cash-effective extraordinary goodwill impairment of Sedo Holding AG – rose by 12.3% from € 116.9 million last year to € 131.3 million, while earnings before interest and taxes (EBIT) improved by 11% from € 91.1 million last year to € 101.1 million. These strong earnings in established business fields enabled United Internet to make planned investments in new business fields (especially in the international marketing campaign for 1&1 MyWebsite and the development of De-Mail applications) and bear EBIT-effective start-up losses of € 73.9 million (prior year: € 6.0 million). As a result of these start-up losses, there was an expected year-on-year decline in segment EBITDA to € 58.6 million (prior year: € 111.4 million) and in segment EBIT to € 27.2 million (prior year: € 85.1 million).

Financial figures for “Applications” segment in € million – without special items



Quarterly development in € million (key figures including new business fields – without special items)

	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q2 2011
Sales	176.7	197.1	201.2	198.1	174.7
EBITDA	41.6	30.4	30.7	27.9	52.5
EBIT*	27.6	12.3	14.9	12.3	39.1

* Negative special items Q2 2012 (Sedo impairment charges): EBIT effect: € 46,3 million

In addition to high investments for the establishment of new business fields, the "Applications" segment also invested heavily in customer growth during the period under review. As a result, the number of fee-based contracts world-wide grew by 310,000 to 6.90 million. The success of the international expansion campaign is documented by the contribution to contract growth from abroad: 190,000 new contracts were added to reach a total of 2.92 million. The segment continued to drive international expansion with its launch in Italy in May 2012. In the field of Business Applications, 240,000 new contracts were added (of which over 130,000 contracts for the 1&1 MyWebsite, compared to 40,000 last year) to reach a total of 4.91 million. The number of Consumer Application contracts grew by 70,000 to 1.99 million contracts. Ad-financed accounts rose by 100,000 to 31.1 million.

Development of customer contracts in the first six months of 2012

"Applications" customer contracts	Dec. 31, 2011	June 30, 2012	Change
Total fee-based contracts	6.59 million	6.90 million	+ 310,000
of which "domestic"	3.86 million	3.98 million	+ 120,000
of which "foreign"	2.73 million	2.92 million	+ 190,000
Ad-financed accounts	30.8 million	31.1 million	+ 300,000

Development of customer contracts in the second quarter of 2012

"Applications" customer contracts	Mar. 31, 2012	June 30, 2012	Change
Total fee-based contracts	6.75 million	6.90 million	+ 150,000
of which "domestic"	3.92 million	3.98 million	+ 60,000
of which "foreign"	2.83 million	2.92 million	+ 90,000
Ad-financed accounts	31.0 million	31.1 million	+100,000

Product highlights in the first six months of 2012

In the period under review, activities focused on the migration of some 15 million active users to the new WEB.DE mailboxes – in the field of Consumer Applications – and the roll-out of new Dynamic Cloud Servers in the field of Business Applications:

- **New WEB.DE mailboxes:** In January 2012, WEB.DE conducted one of the biggest migrations in German internet history. Around 15 million users received a new home for their e-mails: the new WEB.DE mailbox. It features a clear design and simple navigation, while the WEB.DE online storage facility offers secure space in the cloud for personal data. Important documents, photos or other files can be safely stored here. They can subsequently also be accessed on the move via any internet-capable PC or dedicated app. The WEB.DE MailCheck, a browser extension for Internet Explorer and Mozilla Firefox, also offers users fast mailbox log-in, secure encryption and immediate notification of new e-mails received. With its integrated phishing filter, MailCheck also provides added security while surfing outside the mailbox.

- **1&1 Dynamic Cloud Server:** In March 2012, 1&1 made its Dynamic Cloud Server significantly more flexible. All relevant features, such as the CPU (processor) and RAM (memory) can be booked exactly according to the number of hours required. For small and mid-size companies, the change means they can administer their IT needs even more efficiently. That reduces costs – and strengthens their competitive standing. The 1&1 Dynamic Cloud Server offers users a virtual server environment with full root access. This allows users to adapt the basic settings according to their specific requirements. It is also possible to swap between Linux and Windows operating systems.
- **1&1 launches De-Mail for business clients:** As of late April, 1&1 business clients can register their desired name for the use of De-Mail. They have the possibility to reserve a De-Mail address based on their current .de domain – i.e. "MyFirm.de" will be joined by "MyFirm.de-mail.de". De-Mail enables private and business users to send or receive messages and documents in a secure, confidential and verifiable way. De-Mail's integration in existing e-mail environments makes sending and receiving even easier.
- **WEB.DE offers German data security and entry-level tariffs for online storage:** Skydrive from Microsoft, iCloud from Apple, Google Drive or newcomer Dropbox – many of these so-called cloud products for Internet data storage originate in the USA. However, over 68% of all German Internet users are wary of storing their private data with US companies. This was the finding of a recent survey conducted by Convios Consulting GmbH. As of June 2012, WEB.DE offers such users a variety of tariff alternatives which comply with Germany's strict data protection laws.

Outlook

With its strong and specialized brands, a steadily growing portfolio of cloud applications, and existing relations with millions of small businesses, freelancers and private users, United Internet is well positioned to utilize the opportunities offered by cloud computing. In 2012, the company intends to tap the opportunities offered by launching its Business Applications in new foreign markets (especially via the international rollout of its 1&1 MyWebsite). In the field of Consumer Applications, the main focus will be on entering the field of legally secure email communication with the German De-Mail system.

Result of operations, financial position and net assets of the Group

Consolidated earnings

United Internet can look back on a successful first six months of 2012. Consolidated sales of United Internet AG grew by 15.3% in the period under review, from € 1,009.4 million in the previous year to € 1,163.5 million. In its "Access" segment, sales rose by 16.3% from € 657.2 million last year to € 764.0 million, and in the "Applications" segment sales increased by 13.4% from € 352.0 million last year to € 399.3 million.

Despite increased purchases of pre-services in the Access segment as a result of strong customer growth (+300,000 contracts in the period under review compared to +160,000 in the previous year) and the complete recognition of smartphone subsidies for the fast growing Mobile Internet business with a corresponding effect on earnings (+270,000 contracts in the period under review compared to +210,000 in the previous year), consolidated gross margin rose from 33.2% in the previous year to 33.7%.

Due in particular to the international advertising campaign for the 1&1 MyWebsite, sales and marketing expenses rose from € 150.4 million (14.9% of sales) last year to € 232.2 million (20.0% of sales) in the period under review. There was a less than proportionate increase in administrative expenses from € 46.4 million (4.6% of sales) last year to € 52.5 million (4.5% of sales).

Earnings in the first half of 2011 and the first half of 2012 were influenced by various special items. Whereas in the previous year, there was a positive effect on consolidated earnings from the sale of Versatel shares (EBITDA and EBIT effect: € 24.8 million, EBT effect: € 16.3 million, EPS effect: € 0.07), there was a negative effect on earnings in the second quarter of 2012 from impairment charges, as the United Internet subsidiary Sedo Holding AG recognized impairment on goodwill in its half-year figures 2012. These impairment charges were necessitated in particular by a significant change in expectations regarding the company's Domain Parking business. United Internet included the impairment in its consolidated financial statements on the level of the Applications segment (non-cash-effective extraordinary impairment charges: EBIT, EBT effect: € 46.3 million; EPS effect: € 0.24).

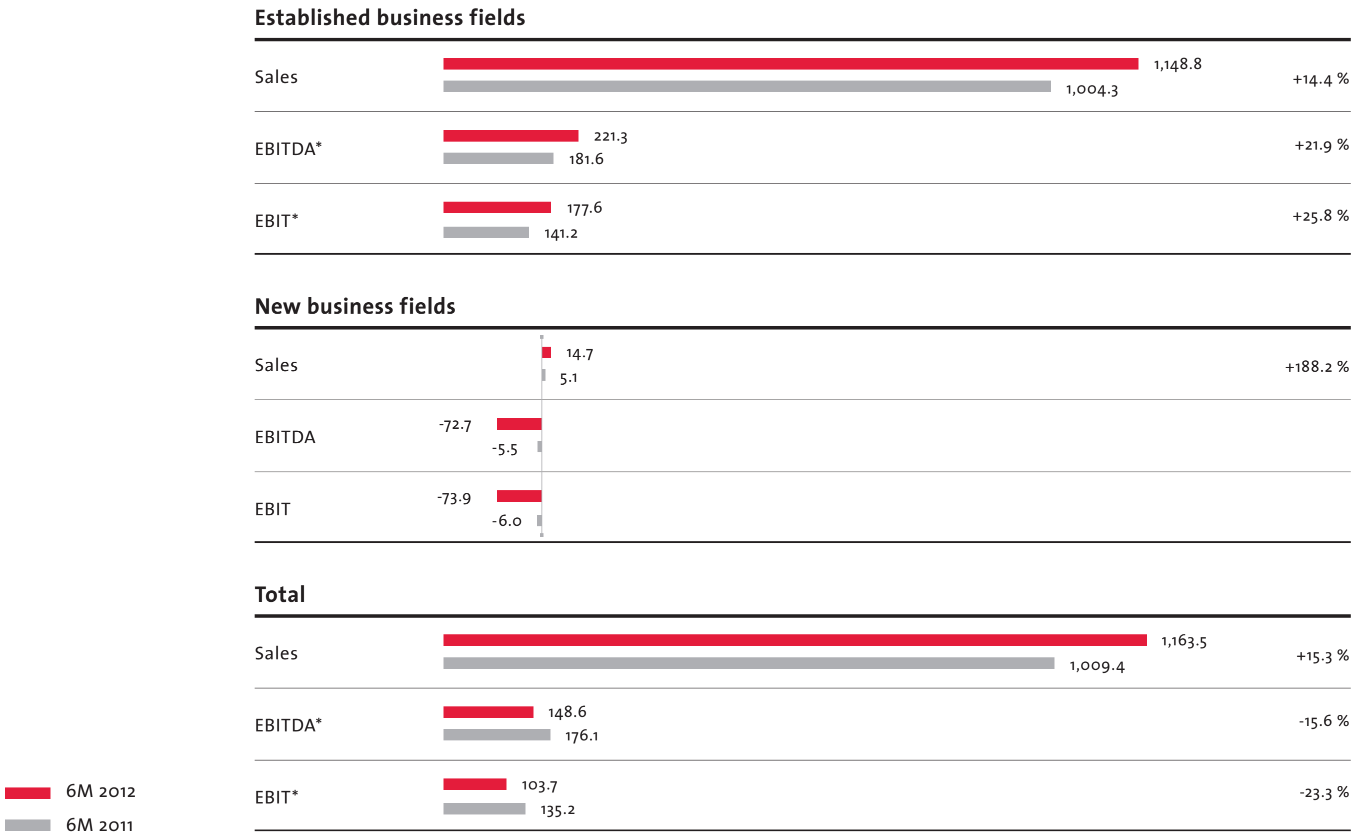
In its existing business fields, United Internet succeeded in raising earnings significantly during the first six months of 2012. Without consideration of the special items stated above, earnings before interest, taxes, depreciation and amortization (EBITDA) grew by 21.9%, from € 181.6 million last year to € 221.3 million, while earnings before interest and taxes (EBIT) improved by 25.8%, from € 141.2 million last year to € 177.6 million.

As previously announced, this positive earnings development in established business fields was used to invest heavily in the development of new business fields. In the first six months of 2012, the main focus was on the international marketing campaign for the 1&1 Do-It-Yourself Homepage, and the development of De-Mail applications. In line with planning, United Internet AG expensed EBIT-effective start-up losses of € 73.9 million (prior year: € 6.0 million) for these activities in the first six months of 2012. These start-up losses result mainly from high expenditures for marketing the 1&1 MyWebsite in seven European nations and the USA, and are part of the company's total start-up losses planned for new business fields in 2012.

As a result of these start-up losses, there was an expected overall decline in key earnings figures (adjusted for special items) compared to the same period last year. EBITDA amounted to € 148.6 million (prior year: € 176.1 million) and EBIT to € 103.7 million (prior year: € 135.2 million).

Including special items, the key earnings figures were all down significantly on the previous year: EBITDA totaled € 148.6 million (prior year: € 200.9 million), EBIT € 57.5 million (prior year: € 160.0 million), EBT € 49.5 million (prior year: € 144.2 million) and EPS € 0.08 (prior year: € 0.48).

Group financial figures in € million – without special items



Quarterly development in € million (key figures including new business fields – without special items)

	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q2 2011
Sales	527.7	557.0	576.9	586.6	510.8
EBITDA*	85.0	78.9	70.5	78.1	85.6
EBIT*	63.6	52.4	48.3	55.4	64.9
EBT*	66.0	40.4	44.4	51.4	63.1

* Positive special items Q2 2011 (Versatel): EBITDA and EBIT effect: € 24.8 million; EBT effect: € 16.3 million
Negative special items Q2 2012 (Sedo impairment): EBITDA, EBIT, EBT effect: € 46.3 million

Cash flow, investment and finance

Due in particular to the recognition of start-up losses in the new business fields (€ 73.9 million compared to € 6.0 million in the previous year), operative cash flow fell from € 127.3 million to € 95.2 million and net cash inflows from operating activities from € 125.0 million to € 107.8 million.

Net cash outflows from investing activities amounted to € 14.9 million in the period under review (prior year: € 1.6 million). This resulted mainly from expenses of € 20.9 million for investments in intangible assets and property, plant and equipment as well as payments of € 6.6 million for loans issued. These outflows were offset by inflows of € 10.3 million from proceeds received for the disposal of associated companies (sale of investments belonging to the EFF funds). In the previous year, investments in intangible assets and property, plant and equipment amounted to € 19.9 million. These outflows were offset by inflows of € 6.0 million from the disposal of financial assets (sale of investments belonging to the EFF funds) and of € 12.2 million from proceeds received for the disposal of companies (repayment of vendor loan by Hi-media).

Net cash flow for financing activities in the first six months of 2012 was dominated by an outflow for the redemption of loans totaling € 31.4 million and the dividend payment of € 58.1 million. In the previous year, net cash flow for financing activities was heavily influenced by a cash outflow of € 155.5 million for the purchase of treasury shares and of € 42.0 million for the dividend payment, as well as an opposing cash inflow of € 67.9 million from the assumption of loans.

Assets and equity

The Group's balance sheet total fell from € 1.187 billion as of December 31, 2011 to € 1.143 billion as of June 30, 2012.

Non-current assets fell from € 868.7 million as of 31 December 2011 to € 815.8 million, while goodwill included in this item was reduced from € 401.3 million to € 358.3 million. The main reason for this decline were non-cash-effective extraordinary impairment charges of Sedo Holding AG, stated in the consolidated financial statements of United Internet AG at € 46.3 million.

At € 66.4 million, cash and cash equivalents remained largely unchanged (€ 64.9 million as of December 31, 2011). Net bank liabilities fell from € 459.7 million to € 426.8 million.

The number of treasury shares held by United Internet AG as of June 30, 2012 amounted to 21,014,663.

After deduction of these treasury shares, the Group's equity ratio amounted to 10.5% as of June 30, 2012 (compared to 13.0% as of December 31, 2011).

Share and dividend

The Annual Shareholders' Meeting of United Internet AG on May 31, 2012 voted to accept the proposal of the Management Board and Supervisory Board to pay a dividend of € 0.30 per share. The total dividend payment of € 58.1 million was made on June 1, 2012.

The United Internet AG share closed on June 30, 2012 – and thus after the dividend payment – at € 13.55 and was 1.8% below its closing price on December 31, 2011 (€ 13.80).

Employees

At the end of June 2012, United Internet employed a total of 5,942 people (December 31, 2011: 5,593), of which 1,331 were employed outside Germany (December 31, 2011: 1,218). In the first six months of 2012, total headcount therefore rose by 379 employees or 6.2%.

Risk report

The risk policy of United Internet AG is based on the objective of maintaining and sustainably enhancing the company's value by utilizing opportunities while at the same time recognizing and managing risks from an early stage in their development. The risk management system of United Internet AG regulates the responsible handling of those uncertainties which are involved with economic activity. This is achieved by establishing group-wide risk management, systematically dealing with potential risks, and promoting a risk-oriented approach throughout the entire organization.

In the first six months of 2012, the overall risk situation remained mostly stable compared with the risk report provided in the annual financial statements 2011. From the current perspective, the major operating risks for the company's present and future assets, liabilities, financial position and profit or loss focus on the threat potential of the internet, the use of hardware and software systems, market regulation, competition and data protection. With the further expansion of its risk management system, United Internet counters these risks and seeks to limit them to a minimum by implementing specific measures, wherever sensible.

There were no risks which directly jeopardized the continued existence of United Internet in the period under review, neither from individual risk positions nor from the aggregated overall risk situation.

Due in particular to the European debt crisis, the global economic climate deteriorated further in the first six months of 2012. This debt crisis has gradually developed into a banking crisis and a general loss of trust which is being felt more and more in the real economy. The Euro zone itself is affected most by this crisis. The so-called "Euro crisis" represents an increasingly significant risk for the development of the European and global economies and is thus also a considerable risk factor with regard to consumer behavior, bank lending and state fiscal policy. The Management Board and Supervisory Board are continually monitoring the risks arising from this economic environment with the aid of scenario analyses in order to take any necessary counter-measures as swiftly as possible. From the current perspective, there are no significant risks for United Internet from this situation.

Subsequent events

There were no significant events subsequent to the balance sheet date which may have resulted in a different representation of the Company's assets, financial position and earnings or affected the company's accounting and reporting.

Forecast report

Economic prospects

Signs of a further weakening in global economic growth over the past three months led the International Monetary Fund (IMF) to downgrade expectations slightly in its updated World Economic Outlook. According to the latest IMF forecast, the global economy will grow by 3.5% this year and 3.9% in the next – around 0.1 percentage points less in 2012 and around 0.2 points less in 2013 than forecast in April.

With regard to the Euro zone, the IMF continues to expect a mild recession this year with a decline in output of 0.3%. For the coming year, the IMF forecast is around 0.2 percentage points down on its previous outlook with expected growth of 0.7%.

Germany is among those countries for which the IMF has upgraded its 2012 growth forecast considerably – by 0.4 percentage points to 1.0%. For 2013, the Fund's forecast of 1.4% (previously 1.5%) is slightly less optimistic than in April.

These IMF forecasts presuppose that measures introduced in the Euro zone will be sufficient to reduce the burden on crisis-hit countries.

Market / sector expectations

Despite the European finance and banking crisis, the global ICT market continues to enjoy stable growth. Global revenue this year is expected to rise by 5.1% to € 2.57 trillion. The two major segments, Information Technology and Telecommunications, are both growing strongly at 5%. There are considerable regional differences in market development, though. In the emerging economies, the sector is booming while in Western Europe it is largely stagnant or even in decline. These are the findings of the European Information Technology Observatory (EITO) in its latest publication "ICT Market Report 2012/13".

The emerging nations will already account for more than a quarter (27%) of global ICT demand this year. By the year 2020, their share is expected to be almost 50%. The Chinese market, for example is likely to grow by 12% to € 220 billion this year. Western Europe is the region with the slowest growth: ICT revenue is expected to rise by just 1.2% to € 617 billion – providing there is no further escalation of the Euro crisis.

In Germany, the market for IT, telecommunications and digital entertainment electronics is expected to pass the € 150-billion-mark for the first time in 2012. BITKOM anticipates growth of 1.6% to € 151 billion. The IT sector is likely to lead the overall market with growth of 3.1% to € 72.4 billion. Following a difficult year in 2011, the telecommunications sector is due to grow again in 2012 – by 0.6% to € 66.1 billion. Thanks to major sports events like the soccer European Championships or the Olympic Games, which regularly boost TV sales, the situation in the entertainment electronics market is likely to become increasingly stable and shrink by just 0.9% to € 12.5 billion.

Of particular importance to United Internet are the German broadband and mobile internet market in the subscription-financed segment "Access" and the cloud computing market and online advertising market in the subscription- and ad-financed segment "Applications".

Growth in German broadband market primarily qualitative

FIn view of the comparatively high level of household coverage of almost 70% already achieved – and the trend toward mobile internet – experts continue to forecast only moderate growth for the German broadband market (fixed line-based). The sector association BITKOM, for example, forecasts revenue growth of 2.2% to € 13.9 billion in 2012 for broadband internet connections.

Revenue growth for broadband internet connections (fixed-line) in Germany

	2011	2012e	Growth
Sales in € billion	13.6	13.9	2.2 %

Source: BITKOM

Dynamic growth in German mobile internet market

All experts continue to predict dynamic growth for the mobile internet market. Following market growth of 16.0% to € 7.5 billion in 2011, BITKOM also expects growth of 12.0% to € 8.4 billion in 2012. This growth will be driven above all by low – and thus for the consumer attractive – prices, as well as by the boom in smartphones and tablet PCs, as well as their respective applications. BITKOM forecasts sales growth of 35% to 15.9 million sold smartphones in 2012, as well as increased sales of 29% to 2.7 million sold tablets.

Revenue growth for mobile internet market in Germany

	2011	2012e	Growth
Sales in € billion	7.5	8.4	12.0 %

Source: BITKOM

Megatrend cloud computing

For many experts and the press in general, cloud computing is currently the most hyped topic in the business. In a survey published in June 2010, IDC (International Data Corporation) forecasts that the cloud market will triple in volume from 2009 to 2013 to a total of USD 44.9 billion. Based on a study of the Experton Group, the sector association BITKOM expects consumer and business cloud sales in Germany to grow by around 47% to € 5.3 billion in 2012 and reach € 17.1 billion by 2016. Average annual growth of 37% is predicted.

Revenue growth for cloud computing in Germany (B2B and B2C)

	2011	2012e	Growth
Sales in € billion	3.6	5.3	47.2 %

Source: BITKOM

Growth in German online advertising market

Online advertising activities continued to be dominated by a marked propensity to invest in 2011. As a result, the internet was able to maintain its position as the second most important medium in the media mix. In spite of the difficult economic environment and the uncertain development of the Euro crisis, the Online Marketing Group (Online-Vermarkterkreis - OVK) forecasts growth for 2012 of up to 11%.

Growth of German online advertising market

	2011	2012e	Growth
Gross advertising spend in € billion	5.7	6.3	10.5 %

Source: BVDW / OVK

Expectations for the company

Forecasts for 2012 and 2013
With the exception of Sedo Holding AG, all business divisions of United Internet AG are developing in line with plans. Against this backdrop, United Internet can confirm its guidance for operating business and expects full-year sales to grow by around 15% to approx. € 2.4 billion. The number of new customers added in 2012 is expected to rise to approx. 1.2 million, compared to 910,000 in the previous year. Despite start-up costs in new business fields of around € 120 million, EBIT before special items is expected to remain at around the prior-year figure of € 250 million. Due to extraordinary non-cash-effective impairment of Sedo goodwill amounting to € 46.3 million, expected EBIT will be reduced to approx. € 200 million. EPS 2012 will amount to around € 0.58 (after approx. € 0.42 start-up losses in new business fields and after approx. € 0.24 Sedo impairments).

For 2013, United Internet expects further strong earnings growth with an EPS of around € 1.00 – € 1.10 (after approx. € 0.30 – € 0.40 start-up losses in new business fields).

Forward-looking statements and forecasts
This Management Report contains forward-looking statements based on current expectations, assumptions, and projections of the Management Board of United Internet AG and currently available information. These forward-looking statements are subject to various risks and uncertainties and are based upon expectations, assumptions, and projections that may not prove to be accurate. United Internet does not guarantee that these forward-looking statements will prove to be accurate and does not accept any obligation, nor have the intention, to adjust or update the forward-looking statements contained in this report.

Financial Statements

Balance Sheet

as of June 30, 2012 in €k

	June 30, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	66,419	64,867
Accounts receivable and other assets	108,876	106,702
Inventories	21,993	16,720
Prepaid expenses	53,347	43,094
Other financial assets	72,801	83,287
Other non-financial assets	2,677	3,632
	326,113	318,302
Non-current assets		
Shares in associated companies	23,022	33,559
Other financial assets	114,560	102,594
Property, plant and equipment	104,388	110,922
Intangible assets	169,647	187,377
Goodwill	358,269	401,295
Deferred tax asset	46,939	32,962
	816,825	868,709
Total assets	**1,142,938**	**1,187,011**

	June 30, 2012	December 31, 2011
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade accounts payable	207,303	228,981
Liabilities due to banks	93,366	125,152
Advance payments received	10,247	9,077
Accrued taxes	23,146	21,914
Deferred revenue	150,529	138,789
Other accrued liabilities	1,710	1,874
Other financial liabilities	79,214	51,748
Other non-financial liabilities	19,863	19,843
	585,378	597,378
Non-current liabilities		
Liabilities due to banks	399,828	399,441
Deferred tax liabilities	9,708	9,262
Other liabilities	28,544	26,177
	438,080	434,880
Total liabilities	**1,023,458**	**1,032,258**
Equity		
Capital stock	215,000	215,000
Additional paid-in capital	22,482	21,199
Accumulated profit	139,459	185,065
Treasury stock	–268,066	–270,751
Revaluation reserves	24,761	18,276
Hedging reserves	–6,710	–4,380
Currency translation adjustment	–17,210	–19,287
Equity attributable to shareholders of the parent company	**109,716**	**145,122**
Non-controlling interests	9,764	9,631
Total equity	**119,480**	**154,753**
Total liabilities and equity	**1,142,938**	**1,187,011**

Income Statement

from January 1 to June 30, 2012 in €k

	2012 January – June	2011 January – June
Sales	1,163,545	1,009,391
Cost of sales	–771,858	–674,285
Gross profit	**391,687**	**335,106**
Selling expenses	–232,227	–150,356
General administrative expenses	–52,487	–46,419
Other operating income / expenses	4,039	28,946
Amortization of intangible assets resulting from company acquisitions	–7,291	–7,291
Amortization of goodwill	–46,268	0
Operating result	**57,453**	**159,986**
Financial result	–3,473	–5,312
Results from associated companies	–4,480	–10,503
Pre-tax result	**49,500**	**144,171**
Income taxes	–33,972	–41,947
Net income	**15,528**	**102,224**
Attributable to		
- non-controlling interests	317	456
- shareholders of United Internet AG	15,211	101,768

	2012 January – June	2011 January – June
Result per share of shareholders of United Internet AG (in €)		
- basic	0.08	0.48
- diluted	0.08	0.47
Weighted average shares (in million units)		
- basic	193.79	213.58
- diluted	195.32	215.49
Statement of comprehensive income		
Net income	15,528	102,224
Results directly included in equity		
- currency translation adjustment	2,069	–5,458
- Market value changes of available-for-sale financial instruments after taxes financial instruments after taxes	6,508	8,686
- Market value of hedging instruments after taxes	–2,330	0
- Change in associated companies after taxes not affecting net income	–23	–288
	6,224	2,940
Total net income	**21,752**	**105,164**
Attributable to		
- non-controlling interests	309	471
- shareholders of United Internet AG	**21,443**	**104,693**

Cash Flow

from January 1 to June 30, 2012 in €k

	2012 January – June	2011* January – June
Cash flow from operating activities		
Net income	15.528	102.224
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization		
Depreciation and amortization of intangible assets and property, plant and equipment	37,608	33,625
Amortization of intangible assets resulting from company acquisitions	7,291	7,291
Amortization of goodwill	46,268	0
Compensation expenses from employee stock option plans	1,284	1,244
Results of at-equity companies	4,480	10,503
Distributed profit of associated companies	0	730
Income from deconsolidation of affiliated companies	0	–1,995
Income from deconsolidation of associated companies	–4,105	–17,525
Change in deferred taxes	–13,532	–1,982
Non-cash expenses / income	420	–6,863
Operative cash flow	**95,242**	**127,252**
Change in assets and liabilities		
Change in receivables and other assets	9,266	–890
Change in inventories	–5,273	–2,087
Change in deferred expenses	–10,253	–2,559
Change in trade accounts payable	–21,678	–16,368
Change in advance payments received	1,170	419
Change in other accrued liabilities	–165	–978
Change in accrued taxes	1,232	1,200
Change in other liabilities	28,623	11,220
Change in deferred income	9,666	7,770
Change in assets and liabilities, total	**12,588**	**–2,273**
Cash flow from operating activities	**107,830**	**124,979**

	2012 January – June	2011* January – June
Cash flow from investing activities		
Capital expenditure for intangible assets and property, plant and equipment	–20,943	–19,855
Purchase of further shares in affiliated companies	–607	0
Purchase of shares in associated companies	0	–2,260
Payments from deconsolidation of financial assets	960	6,040
Investments in other financial assets	–1,388	–25
Payments of loans granted	–6,636	0
Payments from disposal of assets	2,297	2,263
Income from deconsolidation of associated companies	10,260	0
Refunding from shares in associated companies	413	0
Income from deconsolidation of companies	0	12,195
payments from other financial assets	696	0
Cash flow from investment activities	**–14,948**	**–1,642**
Cash flow from financing activities		
Purchase of treasury stock	0	–155,496
Repayment / taking out of loans	–31,399	67,913
Dividend payments	–58,132	–42,000
Dividend payments to non-controlling interests	–1,139	–907
Cash flow from financing activities	**–90,670**	**–130,490**
Net increase/decrease in cash and cash equivalents	2,212	–7,153
Cash and cash equivalents at beginning of fiscal year	64,867	96,091
Currency translation adjustments of cash and cash equivalents	–660	–2,171
Cash and cash equivalents at end of period	**66,419**	**86,767**

* Adjusted

Changes in Shareholders’ Equity

from January 1 to June 30, 2012 in €k

	Capital stock		Additional paid-in capital	Accumulated profit	Capital stock	
	Share	€k	€k	€k	Share	€k
Balance as of January 1, 2011	**240,000,000**	**240,000**	**41,649**	**326,663**	**20,563,522**	**–240,977**
Net income				101,768		
Other net income						
Total net income				**101,768**		
Issue of treasury shares				–3,727	–305,616	3,727
Cancellation of treasury shares	–15,000,000	–15,000	–23,502	–140,035	–15,000,000	178,537
Purchase of treasury shares					12,211,766	–155,496
Employee stock ownership programme Sedo Holding			–231			
Employee stock ownership programme United Internet			1,535			
Dividend payments				–42,000		
Balance as of June 30, 2011	**225,000,000**	**225,000**	**19,451**	**242,669**	**17,469,672**	**–214,209**
Balance as of January 1, 2012	**215,000,000**	**215,000**	**21,199**	**185,065**	**21,225,158**	**–270,751**
Net income				15,211		
Other net income						
Total net income				**15,211**		
Ausgabe von eigenen Anteilen				–2,685	–210,495	2,685
Employee stock ownership programme Sedo Holding			4			
Employee stock ownership programme United Internet			1,279			
Dividend payments				–58,132		
Distribution of profits						
Balance as of June 30, 2012	**215,000,000**	**215,000**	**22,482**	**139,459**	**21,014,663**	**–268,066**

Revaluation reserve	Hedging-reserve	Currency translation	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
€k	€k	€k	€k	€k	€k
25,442	**0**	**–20,038**	**372,739**	**9,684**	**382,423**
			101,768	456	102,224
8,398		–5,473	2,925	15	2,940
8,398	**0**	**–5,473**	**104,693**	**471**	**105,164**
			0		0
			0		0
			–155,496		–155,496
			–231	–60	–291
			1,535		1,535
			–42,000		–42,000
33,840	**0**	**–25,511**	**281,240**	**10,095**	**291,335**
18,276	**–4,380**	**–19,287**	**145,122**	**9,631**	**154,753**
			15,211	317	15,528
6,485	–2,330	2,077	6,232	–8	6,224
6,485	**–2,330**	**2,077**	**21,443**	**309**	**21,752**
			0		0
			4	1	5
			1,279		1,279
			–58,132		–58,132
			0	–177	–177
24,761	**–6,710**	**–17,210**	**109,716**	**9,764**	**119,480**

Notes

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

As was the case with the consolidated financial statements as of December 31, 2011, the interim report of United Internet AG as of June 30, 2012 complies with the Inter-national Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the EU.

The condensed consolidated interim report for the period from January 1, 2012 to June 30, 2012 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, and is thus to be read in conjunction with the consolidated financial statements as of December 31, 2011. With the exception of the mandatory new standards described below, the ac-counting and valuation principles applied in the condensed consolidated interim re-port generally comply with the methods applied in the previous year.

Mandatory adoption of new accounting standards

Initial application of the amended standard IAS 12 *"Income Taxes" – Deferred Tax: Recovery of Underlying Assets* issued by the IASB in December 2010 (January 1, 2012) as well as the amendments to IFRS 1 *"First-time Adoption of International Financial Reporting Standards" – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (July 1, 2011) had no impact on the accounting and valuation methods applied in the consolidated financial statements. The two amendments have not yet been endorsed by the EU.

The Group will implement any amendments to its disclosures on transfers of financial assets necessitated by the amendment to IFRS 7 *"Financial Instruments: Disclosures" – Disclosures – Transfers of Financial Assets* as published by the IASB on October 7, 2010 (July 1, 2011) in its consolidated financial statements as of December 31, 2012.

Use of estimates and assumptions

The preparation of the condensed consolidated interim report requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, the uncertainty associated with these assumptions and estimates could lead to results which require material adjustments to the carrying amount of the asset or liability affected in future periods.

Miscellaneous

The consolidated interim report includes all subsidiaries and associated companies.

The following companies were formed in the reporting period 2012:

- 1&1 Access Holding GmbH
- 1&1 Corporate Services GmbH
- 1&1 Internet Service Holding GmbH
- 1&1 Telecom Holding GmbH

The shares in internetstores AG, Stuttgart (20.0%), were sold in the reporting period 2012.

Otherwise, the consolidated group remained largely unchanged from that stated in the consolidated financial statements as of December 31, 2011.

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

Explanations of items in the statement of comprehensive income

3. Segment reporting

According to IFRS 8, the identification of operating segments to be included in the reporting process is based on the so-called management approach. External reporting should therefore be based on the Group's internal organization and management structure, as well as internal financial reporting to the "Chief Operating Decision Maker". In the United Internet Group, the Management Board is responsible for assessing and controlling the success of the various segments.

January – June 2012

	Access segment €k	Applications segment €k	Head Office / Investments €k	Reconciliation €k	United Internet Group €k
Total revenues	764,471	400,690	2,171	-	-
- thereof internal revenues	438	1,418	1,931	-	-
External revenues	764,033	399,272	240	-	1,163,545
- thereof domestic	764,033	272,500	240	-	1,036,773
- thereof non-domestic	0	126,772	0	-	126,772
EBITDA	88,370	58,611	1,639	0	148,620
EBIT	75,024	–19,147	1,576	0	57,453
Financial result			–1,539	–1,934	–3,473
Result from at-equity companies			–4,505	25	–4,480
EBT			–4,468	53,968	49,500
Tax expense				–33,972	–33,972
Net income					**15,528**
Investments in intangible assets, property, plant and equipment	1,450	19,368	125	-	20,943
Amortization/depreciation	13,346	77,758	63	-	91,167
- thereof intangible assets, property, plant and equipment	13,346	24,199	63	-	37,608
- thereof intangible assets capitalized during company acquisitions	0	7,291	0	-	7,291
- thereof amortization of goodwill	0	46,268	0	-	46,268
Number of employees	1,888	4,054	30	-	5,972
- thereof domestic	1,806	2,805	30	-	4,641
- thereof non-domestic	82	1,249	0	-	1,331

The Management Board of United Internet AG mainly controls operations on the basis of key earnings figures. The Management Board of United Internet AG measures segment success primarily on the basis of sales revenues, earnings before interest, taxes, depreciation and amortization (EBITDA) and the result of ordinary operations (EBIT). Transactions between segments are charged at market prices. Sales revenues outside Germany stated for information purposes are allocated to the country in which the company is domiciled.

The reconciliation of earnings before taxes (EBT) represents the corresponding EBT contribution of the "Access" and "Applications" segments.

Segment reporting of United Internet AG in the reporting period of 2012 and 2011 was as follows:

January – June 2011	**Access segment €k**	**Applications segment €k**	**Head Office / Investments €k**	**Reconciliation €k**	**United Internet Group €k**
Total revenues	657,957	353,061	1,708	-	-
- thereof internal revenues	718	1,054	1,563	-	-
External revenues	657,239	352,007	145	-	1,009,391
- thereof domestic	657,239	244,680	145	-	902,064
- thereof non-domestic	0	107,327	0	-	107,327
EBITDA	65,512	111,407	23,983	0	200,902
EBIT	51,032	85,053	23,901	0	159,986
Financial result			–3,905	–1,407	–5,312
Result from at-equity companies			–10,536	33	–10,503
EBT			9,460	134,711	144,171
Tax expense				–41,947	–41,947
Net income					**102,224**
Investments in intangible assets, property, plant and equipment	2,689	17,133	33	-	19,855
Amortization/depreciation	14,480	26,354	82	-	40,916
- thereof intangible assets, property, plant and equipment	14,480	19,063	82	-	33,625
- thereof intangible assets capitalized during company acquisitions	0	7,291	0	-	7,291
Number of employees	1,716	3,459	29	-	5,204
- thereof domestic	1,645	2,432	29	-	4,106
- thereof non-domestic	71	1,027	0	-	1,098

4. Personnel expenses

Personnel expenses amounted to € 132,060k in the reporting period of 2012 (prior year: € 109,397k). At the end of June 2012, United Internet employed a total of 5,972 people, of which 1,331 were employed outside Germany. The number of employees at the end of June 2011 amounted to 5,204, of which 1,098 were employed outside Germany.

5. Depreciation and amortization

Depreciation and amortization of intangible assets and property, plant and equipment amounted to € 37,608k (prior year: € 33,625k).

Amortization of capitalized intangible assets resulting from business combinations amounted to € 7,291k (prior year: € 7,291k).

Total depreciation and amortization thus amounted to € 44,899k in the reporting period of 2012 (prior year: € 40,916k).

6. Goodwill amortization

In fiscal year 2012, contrary to expectations, the trend toward a downturn in the Domain Parking business became firmer in the second quarter of 2012 in particular. As a consequence, the earnings forecast of the Sedo sub-group was downgraded for fiscal year 2012. In this connection, a non-scheduled impairment test was conducted on June 30, 2012 for the cash-generating unit "Domain Marketing". This impairment test concluded that goodwill was to be written down by € 43,114k (prior year: € 0k).

In addition, the Sedo sub-group detected a need to write down an amount of € 3,154k (prior year: € 0k) for affilinet France. The main reason for this impairment was a further deterioration in earnings of the cash-generating unit "Affiliate Marketing".

The entire goodwill write-downs of the reporting period 2012 thus amounted to € 46,268k (prior year: € 0k). Please refer to Note 10.

7. Other operating expenses / income

In the previous year, other operating income was significantly affected by the disposal of shares held in Versatel AG amounting to € 17,525k (disposal proceeds without call option) and € 7,280k (fair value of call options granted).

Explanations of balance sheet items

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

8. Shares in associated companies

The following table gives an overview of the development of shares in associated companies:

	2012 €k
Carrying amount at the beginning of fiscal year	33,559
Additions	0
Adjustments	
- Dividends	0
- Shares in result	–801
- Impairments	–3,679
- Other	880
Disposals	-6,937
	23,022

Impairments relate to shares held in associated companies by EFF No. 2.

Other adjustments totaling € 880k resulted from profit contributions to associated companies with an investment value of € 0k (€ 904k) and profit contributions recognized directly in equity of associated companies (€ -24k). The negative profit contributions of associated companies with an investment value of € 0k were only considered if the associated companies were provided with long-term loans or if there were credit / liability commitments.

Disposals mainly result from the sale of shares in internetstores AG (€ 6,525k) and from capital repayments of the investment EFF No. 1 (€ 412k).

9. Other financial assets

The development of these shares was as follows:

	Jan. 1, 2012	Amortization of revaluation reserve not recognized in income		Addition	Reclassifi-cation	Disposals	June 30, 2012
		Additions	Recycling				
	€k	€k	€k	€k	€k	€k	€k
Goldbach shares	14,957			1,994		530	16,421
Hi-media shares	10,464			–994			9,470
Afilias shares	7,936						7,936
freenet shares	38,143			5,607			43,750
Portfolio companies of EFF No. 3	11,205					–960	10,245
Purchase price receivable	9,519					–166	9,353
Others	10,370	8,024			–904	–105	17,385
	102,594	**8,024**	**0**	**6,607**	**–904**	**–1,761**	**114,560**

Additions to other financial assets refer mainly to loans for which the market value coincides with the carrying value.

The subsequent valuation of listed shares in Goldbach, Hi-media and freenet to fair value as of the balance sheet date led to a net increase in the revaluation reserve without recognition in income.

10. Property, plant and equipment, intangible assets and goodwill

A total of € 20,943k (prior year: € 19,855k) was invested in property, plant and equipment and intangible assets during the interim reporting period. Investments continued to focus mainly on the expansion of infrastructure and the data centers.

Goodwill of € 358,269k disclosed as of June 30, 2012 consists solely of assets belonging to the "Applications" segment.

In the reporting period 2012, contrary to expectations, the trend toward a downturn in the Domain Parking business became firmer in the second quarter of 2012 in particular. In this connection, a non-scheduled impairment test was conducted on June 30, 2012 for the goodwill relating to the Sedo sub-group.

In order to test impairment of goodwill, the recoverable amounts of the cash-generating units are measured on the basis of a value-in-use calculation using cash flow forecasts. The value-in-use calculation was based on the respective three-year planning (2012 to 2014) of each cash-generating unit, as approved by management and revised as of the end of the first six months of 2012, as well as a management forecast for 2015. Cash flows of the cash-generating unit Affiliate Marketing expected after the planning period were extrapolated on the basis of a growth rate of 1.0% (balance sheet date December 31, 2011: 1.0%), while in the cash-generating unit Domain Marketing a growth rate of 0% was applied (balance sheet date December 31, 2011: 1.0%). Revenue growth in the planning period 2012 to 2015 was estimated to be within a range of -9% to 20% (balance sheet date December 31, 2011: 6% to 20%). Value-in-use was calculated using a discounted cash flow valuation. The pre-tax discount rates lay between 10% and 14%

(balance sheet date December 31, 2011: 10% to 12%). Calculation of the discount rate takes into account the Group's specific circumstances and is based on its weighted average cost of capital (WACC). WACC considers the cost of both debt and equity finance. The company-specific risk is included by using individual beta factors calculated annually on the basis of freely available market data.

Domain Marketing

The Sedo sub-group reported a further decline in the revenues and margins of its Domain Parking business. An acceleration of this development in the second quarter of 2012 led Sedo Holding AG to review its parking business, resulting in a significantly more pessimistic assessment of its prospects. The company does not expect any turnaround in future and intends to continue the business on a profitable basis by adapting its structures and using all remaining opportunities. In consideration of this development, planning for the subsequent years was downgraded accordingly. The carrying value of the cash-generating unit thus exceeded the recoverable amount and resulted in an impairment charge of € 43,114k.

Affiliate Marketing

Contrary to original planning, affilinet France failed to achieve a turnaround in the first half of 2012. The results fell short of both planning and the prior-year figures. Revenues were down and there was a decline in the gross margin ratio. In consideration of the first half-year 2012 results and the uncertain market situation due to adverse economic conditions, planning was revised for the subsequent years. The carrying value of the cash-generating unit affilinet France exceeded the recoverable amount and resulted in an impairment charge of € 3,154k. As on December 31, 2011, there was no impairment need for goodwill of affilinet Germany.

Non-controlling interests

Non-controlling interests represent the additional goodwill carried on the level of United Internet AG. This goodwill was tested for impairment at sub-group level. Following the write-downs already made, the recoverable amount of the group of cash-generating units "Non-controlling interests" exceeded the carrying value and there is thus no further impairment need. The management of United Internet AG believes that, on the basis of reasonable judgment, no generally possible change in one of the basic assumptions used to determine the value-in-use of the cash-generating unit "non-controlling interests" could cause the carrying value to significantly exceed its recoverable value.

Goodwill of the Sedo sub-group is allocated to the following cash-generating units or groups of cash-generating units as shown below:

	Before recognition of **impairments** €k	**Impairments** €k	After recognition of **impairments** €k
Domain Marketing	43,114	–43,114	0
Affiliate Marketing	6,054	–3,154	2,900
Non-controlling interests	25,254	0	25,254
Total	**74,422**	**–46,268**	**28,154**

As the figures used in planning are based on numerous assumptions, the calculation of value-in-use depends on discretionary factors.

The impairment test resulted in total impairment charges of € 46,268k. This item is disclosed separately in the income statement.

11. Liabilities due to banks

Bank liabilities result mainly from two syndicated loans (I and II).

Syndicated Loan I was signed on September 14, 2007 and is divided into a Tranche A amounting to € 300 million and a Tranche B of originally € 200 million. Tranche A has a term of five years and is to be redeemed from March 14, 2010 in six equal half-yearly installments. The fifth contractual repayment of € 50 million was made in the first quarter of 2012. As of June 30, 2012, € 50 million has thus been used from Tranche A, which will be redeemed in the third quarter of 2012. Tranche B was a revolving syndicated loan expiring on September 13, 2012, which was prematurely redeemed in connection with the conclusion of a new Syndicated Loan II with a total amount committed of € 480 million.

Syndicated Loan II was concluded on June 7, 2011. The credit line II is divided into a Tranche A amounting to € 120 million and a Tranche B of € 360 million. Tranche A is a bullet loan with a term of five years. Tranche B is a revolving syndicated loan which is also used to refinance Tranche B of the syndicated loan of September 14, 2007. Syndicated Loan II expires on June 7, 2016. As of June 30, 2012, € 120 million have been used from Tranche A and € 210 million from Tranche B.

A promissory note loan ("Schuldscheindarlehen") of € 150.0 million was negotiated on July 23, 2008. The loan was redeemable on maturity and divided into a Tranche A of € 78.0 million with a term until July 23, 2011 and a Tranche B of € 72.0 million with a term until July 23, 2013. Tranche A was redeemed in the third quarter of 2011.

12. Other current financial liabilities

Current financial liabilities consist mainly of marketing and selling expenses, salary liabilities, and liabilities resulting from interest hedging transactions.

13. Other non-current financial liabilities

Non-current financial liabilities result largely from non-controlling interests of the partnerships European Founders Fund No. 2 and European Founders Fund No. 3, liabilities from interest hedging transactions, and the option agreement (put option) for the remaining shares in united-domains AG.

14. Capital stock / Treasury shares

As of June 30, 2012, fully paid capital stock amounted to € 215,000,000 divided into 215,000,000 registered shares each having a theoretical share in the capital stock of € 1.

In the period under review, a total of 210,495 treasury shares were issued to employees as part of United Internet AG's employee stock ownership plans.

As of June 30, 2012, the Company held a total of 21,014,663 treasury shares or 9.77% of current capital stock. Treasury shares reduce equity capital and are not entitled to dividend payments.

15. Reserves

The change in revaluation reserves resulted mainly from the subsequent valuation of shares in Goldbach, Hi-media and freenet. Profits and losses from subsequent valuation to fair value are recognized directly in equity capital at net value, i.e. less deferred taxes. Please see Note 8 for details.

Changes in the fair value of interest swaps concluded as part of cash flow hedges, as well as the opposing deferred taxes on these fair value changes, were recognized in the hedging reserve.

Other items

16. Employee stock ownership plans

The employee stock ownership plans of the United Internet Group employ virtual stock options (so-called Stock Appreciation Rights – SARs). The changes in the virtual stock options granted and outstanding are shown in the following table:

	United Internet AG		Sedo Holding AG	
	SAR	Average strike price (€)	SAR	Average strike price (€)
Outstanding as of December 31, 2011	6,997,250	9.77	90,000	10.49
issued	10,000	13.65	–	–
issued	150,000	13.96	–	–
exercised	–539,350	5.52	–	–
Outstanding as of June 30, 2012	6,617,900	10.22	90,000	10.49

17. 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, 2011.

The number of shares and subscription rights in United Internet AG held directly or indirectly by members of the Management Board and Supervisory Board is shown in the following table:

	June 30, 2012	
	Shares (number)	Subscription rights (number)
Management Board		
Ralph Dommermuth	90,000,000	–
Norbert Lang	524,232	1,200,000
Total	**90,524,232**	**1,200,000**
Supervisory Board		
Kurt Dobitsch (Chairman)	–	–
Kai-Uwe Ricke	–	–
Michael Scheeren	700,000	–
Total	**700,000**	**–**

In connection with the employee stock ownership plan of United Internet AG, Mr. Norbert Lang exercised 200,000 subscription rights in the reporting period 2012. The number of shares held directly or indirectly increased by 81,355 compared to December 31, 2011.

United Internet's premises in Montabaur are leased from Mr. Ralph Dommermuth. The resulting rent expenses are customary and amounted to € 1,413k in the reporting period of 2012 (prior year: € 1,195k).

The United Internet Group can also exert a material influence on its associated companies.

No significant transactions took place.

18. Subsequent events

On July 3, 2012, 100% of shares in Cleafs B.V., Groningen (Netherlands), a company involved in Affiliate Marketing, were acquired. The market value of the compensation (purchase price) is expected to amount to € 500k, whereby € 375k has been paid in cash. The conditional amount dependent on the achievement of agreed operating targets is expected to amount to € 125k.

There were no other significant events subsequent to the balance sheet date which may have resulted in a different representation of the Company's assets, financial position and earnings.

Montabaur, August 14, 2012

The Management Board

Ralph Dommermuth Norbert Lang

Responsibility statement

To the best of our knowledge, and in accordance with the applicable interim reporting principles, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group interim management report 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 in the remaining fiscal year.

Montabaur, August 14, 2012

The Management Board

Ralph Dommermuth

Norbert Lang

Income Statement

Quarterly development in € million

	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q2 2011
Sales	527.7	557.0	576.9	586.6	510.8
Cost of sales	-344.2	-357.2	-380.6	-391.2	-347.2
Gross profit	**183.5**	**199.8**	**196.3**	**195.4**	**163.6**
Selling expenses	-90.0	-116.5	-119.4	-112.8	-70.0
General administrative expenses	-24.9	-31.5	-24.6	-27.9	-24.9
Other operating income / expense	-1.4	7.8	-0.3	4.4	24.6
Amortization of intangible assets resulting from company acquisitions	-3.6	-3.7	-3.7	-3.6	-3.6
Amortization of goodwill	0.0	-3.5	0.0	-46.3	0.0
Operating result	**63.6**	**52.4**	**48.3**	**9.2**	**89.7**
Financial result	1.6	-8.8	-3.9	0.4	-2.8
Amortization of investments	0.0	-6.3	0.0	0.0	0.0
Result from at-equity companies	0.8	3.1	0.0	-4.5	-7.5
Pre-tax result	**66.0**	**40.4**	**44.4**	**5.1**	**79.4**
Income taxes	-21.9	-24.4	-15.2	-18.8	-21.2
Net income	**44.1**	**16.0**	**29.2**	**-13.7**	**58.2**
Attributable to					
- minority interests	0.3	-0.7	0.3	0.0	0.2
- shareholders of United Internet AG	43.8	16.7	28.9	-13.7	58.0
Result per share of shareholders of United Internet AG (in €)					
- basic	0.21	0.10	0.15	-0.07	0.28
- diluted	0.21	0.09	0.15	-0.07	0.28

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This report is available in German and English. Both versions can be downloaded from www.united-internet.com. In all cases of doubt, the German version shall prevail.

Possible addition differences due to rounding effects.

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 Annual 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 16, 2012	Preliminary results 2011
March 29, 2012	Annual financial statements for fiscal year 2011
May 10, 2012	3-Month Report 2012
May 31, 2012	Annual Shareholders' Meeting, Alte Oper Frankfurt/Main
August 14, 2012	6-Month Report 2012
November 22, 2012	9-Month Report 2012

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