AdLINK GROUP

Annual Report 2006

AdLINK at a Glance

Key figures according to IFRS		2006	2005	Change in %
Financial figures				
Sales	EURm	177.5	98.3	80.6
Gross margin	%	25.6	23.7	8.0
EBITDA	EURm	22.5	7.0	221.4
EBT	EURm	18.7	3.6	419.4
Earnings per share	EUR	0.47	0.04	1,075
Balance sheet figures				
Current assets	EURm	48.4	42.5	13.9
Non-current assets	EURm	102.8	64.0	60.6
Shareholders' equity	EURm	38.2	25.4	50.4
Balance sheet, total	EURm	151.3	106.6	41.9
Key capital market data				
Year-end share price	EUR	13.79	4.26	223.7
Year-high share price	EUR	18.70	4.35	329.9
Year-low share price	EUR	4.31	1.63	164.4
Number of shares at year-end		25,914,900	25,851,945	0,2
Market capitalization at year-end	EURm	357.4	110.1	224.6
Free float	%	19.9	17.4	14.5

Contents

AdLINK Internet Media AG is Europe's leading independent network for digital marketing solutions. The Group comprises specialists in the business fields of Display Marketing, Affiliate Marketing, Domain Marketing, Direct and Dialogue Online Marketing as well as E-Mail Marketing, which all enjoy top positions in their market segments. With local offices in nine European countries and the USA, as well as cooperation partners in Latin America, Asia and South America, AdLINK Internet Media AG offers its clients a global network for brand advertising and performance-based direct marketing. The high reach and outstanding quality of the AdLINK Group's network offers clients the benefit of managing their national and international campaigns centrally via a single contact partner.

Foreword

Guy Challen

Chief Financial Officer

Guy Challen has over 25 years of experience in the finance divisions of various industrial sectors. Mr. Challen has been CFO of the AdLINK Group since the beginning of 2003 and played a major role in the company's consolidation. Before joining AdLINK's management team, Mr. Challen was CFO of Omnikey AG, a manufacturer of smart card readers. Prior to this, he worked as Financial Controller at Controlware and Dresser-Rand.

DEAR SHAREHOLDERS AND ALL INTERESTED IN ADLINK,

The online advertising market continued to grow in 2006 — revenues in Europe were up by 28 %, and in Germany by as much as 59 %. AdLINK Internet Media AG was able to benefit more than proportionately from this growth: our sales revenue increased by 80.5 %, from EUR 98.3 million to EUR 177.5 million, in the past fiscal year. We raised earnings before taxes from EUR 3.6 million in 2005 to EUR 18.7 million in 2006. Earnings per share amounted to EUR 0.47, compared with EUR 0.04 in the previous year.

One reason for this strong sector growth is the continuing spread of high-performance broadband internet connections. At the same time, the number of internet users is also increasing — due in part to the widespread introduction of flat rates — as is the amount of time they are spending online. The growing popularity of online shopping has also led to strong growth in B-to-C revenues — a significant part of which is reinvested in online advertising. Thanks to broadband, more data-intensive and effective advertising formats can now be used with moving images and Flash animations. Tools for planning, tracking, reporting and optimizing online campaigns are also becoming more powerful and clearly differentiating themselves from classic advertising – due to the interactive nature and direct measurability of the internet. Online advertising therefore offers advertisers a clear added value and its share of the total advertising market will continue to grow. The tremendous untapped potential becomes apparent if one compares online advertising's share of the total advertising pie with online usage as a proportion of total media usage: the forecast for Germany of 7.8 % of the advertising market in 2006 (without posters) is only about half the online share of daily media consumption of 14.6 %.

In addition to this booming market, there are further reasons for the success of our company: firstly, we have restructured our traditional business in the Display Marketing segment, and secondly we have greatly improved our market standing with the integration of the brands affilinet and Sedo, which we acquired in 2005.

As one of Europe's leading online marketing brands, AdLINK's new Display Marketing concept targets major business partners with its AdLINK SELECT and AdLINK TARGET products. The premium portfolio AdLINK SELECT enables our clients to place their national and pan-European brand campaigns on our TOP websites — and all with a single booking. The AdLINK TARGET network offers customers the possibility to target specific internet user groups with the aid of targeting tools — either via the entire network or via our topic channels. The acquisition of affilinet GmbH and Sedo GmbH in 2005 expanded our business model by adding the Affiliate Marketing and Domain Marketing segments. Following their successful integration into the AdLINK Group, both companies made decisive contributions to our success in 2006. affilinet offers companies a high-reach online sales channel, while Sedo is the specialist for secondary trading of internet domains and domain marketing. With the integration of affilinet and Sedo, our sales departments can now offer a much wider spectrum of online marketing opportunities from a single source.

Whereas we are already well positioned in Europe in our Display Marketing segment, we continue to drive our international expansion in the Affiliate and Domain Marketing segments. Following the acquisition of the French affiliate supplier Cible-Click in late 2005 and the organic launch of activities in Great Britain in early 2006, we are now represented on Europe's leading advertising and e-commerce markets for the first time in the Affiliate Marketing segment. With Virgin Holidays, Fly ThomasCook, Masterfoods, Prizee and Renault, we were able to gain major program suppliers in both countries. In our Domain Marketing segment, we are currently represented by our offices in Germany and the USA. Due to the nature of the domain marketing business model, it is not absolutely necessary to operate offices in all our markets. With the aid of native speakers at its two locations in Germany and the USA, Sedo serves customers in over 200 nations. In the third quarter of 2006, the company's technical platform was made IDN-compliant (IDN = Internationalized Domain Names) so that Asian domains can now be easily processed.

Stéphane Cordier

Chief Executive Officer

Stéphane Cordier has been CEO of AdLINK since 2002 with responsibility for the company's European media business. Prior to this, he was Vice President of European Media at DoubleClick Inc. – whose media business we took over in 2002. Before entering the online advertising market, Stéphane Cordier worked for Ziff-Davis France, which publishes various internet and PC magazines.

Marc Stilke

Chief Operating Officer

and Speaker of the Board

Marc Stilke started his career at Bertelsmann and Lycos Europe, where he was responsible for the European portal business. He joined United Internet AG in 2004 as head of the Online Marketing division. Marc Stilke has been Speaker of the Management Board of AdLINK Internet Media AG since 2005 and is responsible for the Affiliate Marketing and Domain Marketing segments.

These developments illustrate that we are on the right path. By expanding our portfolio, and thus our business relations, we can intensify our customer relationships and continue to outpace the market. This growth and the related economies of scale have helped us achieve a strong position in a highly competitive market. This success was also honored by the capital market in 2006, as reflected by the 220 % growth in our share price.

Experts and market researchers predict that this dynamic growth in the global online advertising market will continue in the coming years. The growing household penetration of the internet, the increased everyday use of the medium, the fast spread of broadband internet connections and the new advertising formats they enable will make online advertising more and more attractive. Against this backdrop and with the AdLINK Group's presence on the major European markets and in the USA, as well as our strong networks in all business segments, we are excellently placed on the market and aim to continue outpacing the overall sector while raising both revenues and earnings.

We would like to thank all employees, clients and business partners for their support and trust in the past year. We look forward to the coming challenges and expect to maintain our encouraging progress in the coming years. We trust you will continue to accompany us along this path.

Montabaur, April 2007

Marc Stilke

Stéphane Cordier

Guy Challen

Report of the Supervisory Board for Fiscal Year 2006

The members of the Supervisory Board are:
- Michael Scheeren, qualified banker, 49 (chair)
- Norbert Lang, qualified banker, 45 (deputy chair)
- Andreas Gauger, qualified merchant, 39

The Supervisory Board of AdLINK Internet Media AG fulfilled its statutory consultation and control duties during the period under review. We regularly advised the Management Board and monitored their management of the Company. We were directly involved in all decisions of fundamental significance for the Company. The Management Board provided us with regular and comprehensive reports, both written and oral, about all relevant questions concerning corporate planning and strategic development, as well as the progress of business, the status of the Company, the exposure to risks and the Company's risk management system. Moreover, the Management Board presented the Supervisory Board with a comprehensive report every quarter about the state of business, the development of sales and earnings, and the position of the Company and its business policy. The reports were made available to all members of the Supervisory Board. On the basis of these reports on AdLINK Internet Media AG, the Supervisory Board was able to monitor all important business transactions and to provide advice where necessary. The chairman of the Supervisory Board was also kept regularly informed by the Management Board on all business activities and gave advice on questions of business policy. The Supervisory Board held four meetings during fiscal year 2006, which were each attended by all members — with one exception for health reasons. In addition, further resolutions were adopted by means of circular written consent. For example, on June 12, 2006 the purchase of a domain portfolio was approved, on October 8, 2006 the purchase of the remaining shares (25 %) in CibleClick Performances SA and on November 10, 2006 the acquisition of 23% of shares in Sedo GmbH. The Supervisory Board, consisting of three members, did not form any committees. The Supervisory Board is not aware of any conflict of interest of any of its members.

Meeting on March 22, 2006:
This Supervisory Board meeting was mainly concerned with the presentation and discussion of the annual financial statements and the consolidated financial statements for fiscal year 2005 of AdLINK Internet Media AG, as well as the combined management report for fiscal year 2005 and the audit reports and explanations of the chief auditor. In the presence of the appointed chief auditor, Ernst & Young AG Wirtschaftsprüfungsgesellschaft, the audited annual financial statements for 2005 of AdLINK Internet Media AG and the audited consolidated financial accounts according to IFRS were approved. The invitation and agenda for the Annual Shareholders' Meeting in June and the remuneration report of the chairman of the Supervisory Board was discussed with the Management Board and adopted. The target achievement of the Management Board in the past year was agreed and the payment of the variable remuneration elements approved. We also discussed the current business situation, especially progress in the Affiliate Marketing segment. Moreover, the Management Board proposed launching advertising activities and expanding the existing personnel development programs. We approved both these proposals. We also discussed strategic options with regard to our technology partners and possible improvement potential.

Meeting on June 12, 2006:
Following the Annual Shareholders' Meeting in Frankfurt am Main, we discussed the financial statements for the first quarter of 2006 and the current and future business situation of our subsidiaries. The main area of focus was the progress of our organic growth abroad. The Management Board informed us about the implementation of the concept for the Display Advertising segment adopted in the previous year. The Management Board also proposed the launch of a new product to expand the Company's business model and close a strategic gap in our product portfolio. The product is an action-based "cost-per-lead" advertising format with a very transparent billing model. The Management Board was instructed to continue its plans. Moreover, the Management Board informed us about the development of its personnel development programs. An additional program for managers and the introduction of expert circles to optimize internal know-how transfer were adopted. The Management Board also reported on investor roadshows conducted in the second quarter of 2006.

Meeting on August 2, 2006:
The main topic of this meeting was the Company's interim report as of June 30, 2006. The Management Board reported on current and planned future activities, especially plans for the second half of 2006. The main focus was on the operational progress in the Affiliate Marketing segment. The proposal to acquire the remaining 25 % of shares in CibleClick Performances SA was discussed. The Management Board presented its marketing concept. These were discussed in detail and approved.

Meeting on November 22, 2006:
In addition to the Management Board's presentation of the quarterly report as of September 30, 2006, and the current business situation, the further strategy of the AdLINK Group and the development of individual markets was discussed. In accordance with our corporate governance guidelines, we discussed the evaluation of the Supervisory Board efficiency report without the Management Board. The schedule for 2007 was adopted. The annual declaration of compliance with the German Corporate Governance Code were also adopted. It was further decided to discuss and adopt the annual budget for 2007 in January 2007 following further strategic considerations.

The Annual Shareholders' Meeting of AdLINK Internet Media AG in June 2006 elected Ernst & Young AG Wirtschaftsprüfungsgesellschaft, based in Eschborn/Frankfurt am Main, as auditors for the fiscal year 2006. Ernst & Young audited the accounting system, the annual financial statements of AdLINK Internet Media AG, the consolidated financial statements according to IFRS and the combined management report for AdLINK Internet Media AG and the Group for the fiscal year 2006. As part of its audit of the annual financial statements, Ernst & Young also audited and analyzed key aspects of the Company's risk management system. The auditor awarded an unqualified certificate in each case.

The Supervisory Board satisfied itself as to the independence of the auditors and received a written declaration to this end.
The aforementioned annual financial statement documents and the auditor's report were presented to all members of the Supervisory Board in due time. The chief auditor attended the relevant meeting of the Supervisory Board on March 28, 2007, where he answered the Supervisory Board's questions and gave further explanations where necessary. Following its own inspection, the Supervisory Board came to the conclusion that the annual financial statements, the combined management report, the consolidated financial statements and the auditor's report gave no cause for objections. With a resolution on March 28, 2007, the Supervisory Board approved the annual financial statements of AdLINK Internet Media AG, as prepared by the Company on March 4, 2007 and the consolidated annual financial statements according to IFRS for fiscal 2006, as prepared by the Company on March 4, 2007. The annual financial statements are therefore adopted pursuant to Sec. 172 AktG. The disclosures acc. to Secs. 289 (4), 315 (4) German Commercial Code (HGB) are included in the management report. We have examined and approved these disclosures and explanations, which we believe to be complete.

The Supervisory Board would like to thank the Management Board and all employees for their commitment and hard work in fiscal 2006.

Montabaur, March 28, 2007
For the Supervisory Board

Michael Scheeren
Chairman

Corporate Governance Report

AdLINK Internet Media AG's corporate governance is based on internationally and nationally recognized standards of sound and responsible management. We regard corporate governance as a key responsibility, which applies to all divisions of our company. In accordance with Sec. 3.10 of the German Corporate Governance Code, the Management Board and Supervisory Board have prepared the following joint report concerning the corporate governance of AdLINK Internet Media AG:

MANAGEMENT AND CORPORATE STRUCTURE

In accordance with its legal status, AdLINK Internet Media AG operates a dual management and monitoring structure comprising two corporate bodies: the Management Board and the Supervisory Board. The third body is the Shareholders' Meeting. All three bodies are committed to serving the company's interests. The Supervisory Board is elected by the Shareholders' Meeting and currently consists of three members. The Supervisory Board is elected for a period of five years. Members of the Supervisory Board and Management Board should generally not be older than 70. The Supervisory Board monitors and advises the Management Board in the management of the company. The Supervisory Board regularly discusses business development, planning, strategy and its implementation. It examines the quarterly reports and approves annual budgets as well as the annual financial statements of the parent company and the group. In doing so, it also takes the reports of the company's external auditors into account. Its responsibilities also include appointing members of the Management Board and determining their remuneration.

The Management Board is the body charged with managing the group's operations and consists of three persons. It manages operations in accordance with its legal and statutory obligations as well as the rules of procedure approved by the Supervisory Board. It is responsible for preparing the quarterly and annual financial statements as well as for appointing key managers within the company. Decisions of fundamental importance require the approval of the Supervisory Board. The Annual Shareholders' Meeting is the body which formulates and expresses the interests of the company's shareholders. It involves our shareholders in the company's fundamental decision-making processes. Each share entitles the owner to one vote. All shareholders who register in time and are listed in the Share Register on the day of the Annual Shareholders' Meeting are entitled to attend. Shareholders may also exercise their voting rights at the Annual Shareholders' Meeting by means of a proxy appointed by the Company.

FINANCIAL DISCLOSURES

AdLINK Internet Media AG provides its shareholders with four reports each fiscal year on the company's business development and its financial and earnings position. The publication dates of these reports are stated in a binding financial calendar, which the company posts on its website and publishes in accordance with statutory regulations. The Management Board regularly informs investors, analysts and the press about the Company's financial results. In addition, any information which might affect the share price is published in the form of ad-hoc announcements. As part of our investor relations activities, the Company's management regularly meets with analysts and institutional investors. We also hold analyst and press conferences following the publication of our semi-annual and annual figures. Our website offers access to financial information and further economically relevant information about the AdLINK Group.

RISK MANAGEMENT

The Management Board is responsible for the internal monitoring and risk management system as well as for the evaluation of its effectiveness. Principles, guidelines, processes and responsibilities are defined and established in such a way that they guarantee correct and prompt accounting of all business transactions, facilitate early identification of risks and supply a constant flow of reliable information about the company's financial situation for internal and external purposes. The various components of our established risk management culture are designed to recognize business risks at an early stage, to control such risks and to secure the company's business objectives; they cannot, however, prevent such risks completely and do not therefore offer absolute protection against loss or fraudulent actions.

ACCOUNTING AND AUDITING

The Group's accounts are drawn up according to the principles of the International Financial Reporting Standards (IFRS), whereas the annual financial statements of the parent company — relevant for all tax matters — are drawn up according to the rules of the German Commercial Code (HGB). The annual financial statements for the parent company and the group are audited by independent auditors. The respective auditing company is selected by the Annual Shareholders' Meeting. The auditing company Ernst & Young AG Wirtschaftsprüfungsgesellschaft was appointed to audit the annual financial statements for fiscal year 2006. The Supervisory Board issues the auditing mandate, determines auditing focal points, approves the auditing fee and examines the independence of the auditors.

REMUNERATION REPORT

The Supervisory Board is responsible for determining the remuneration of Management Board members. The remuneration received by the members of the Management Board of AdLINK Internet Media AG is performance-oriented and consists of fixed and variable elements. In addition, there is a component providing long-term incentives in the form of convertible bonds. The amount of these remuneration components is regularly reviewed. The fixed component is paid monthly as a salary. The size of the variable component is dependent upon the attainment of certain fixed financial objectives identified at the beginning of the year and mainly related to the sales and earnings figures. Depending on the attainment of targets, the Chairman of the Supervisory Board determines the variable component, which is limited to a certain maximum amount. There is no subsequent amendment of performance targets. There is no guaranteed minimum payment of the variable remuneration component.

Total remuneration paid to the members of the Management Board for fiscal year 2006 amounted to EUR 926k (prior year: EUR 778k). Of this total, the fixed sums amounted to EUR 443k (prior year: EUR 398k), the variable sums to EUR 305k (prior year: EUR 198k) and remuneration components providing long-term incentives to EUR 178k (prior year: EUR 182k).

The cash remuneration paid to Mr. Stéphane Cordier amounted to EUR 314k (prior year: EUR 257k), of which EUR 149k (prior year: EUR 160k) was fixed and EUR 165k (prior year: EUR 97k) variable. Mr. Marc Stilke received remuneration of EUR 269k (prior year: EUR 192k), of which EUR 180k (prior year: EUR 124k) was fixed and EUR 89k (prior year: EUR 68k) variable. In the case of Mr. Guy Challen, the cash remuneration of EUR 165k (prior year: EUR 147k) consisted of a fixed element of EUR 114k (prior year: EUR 114k) and a variable element of EUR 51k (prior year: EUR 33k). In addition to cash remuneration, the Supervisory Board resolved in previous years to issue convertible bonds to members of the Management Board as remuneration components providing long-term incentives.

In fiscal year 2004, an option agreement was concluded between Mr. Stéphane Cordier and United Internet AG. Under the provisions of this agreement, Mr. Cordier has the right to acquire 400,000 shares of AdLINK Internet Media AG from the United Internet AG, divided into four options of 100,000 shares. The fair value amounts to EUR 1.36 per share, whereby 25 % of shares cannot be acquired before July 1, 2004, 50% not before March 30, 2005, 75 % not before March 30, 2006 and 100 % not before March 30, 2007. The options may only be exercised in full. Partial exercise is not possible. A final maturity date was not agreed. Remuneration based on the fair value of the 400,000 options at their date of issuance amounted to EUR 136k in fiscal year 2006.

In fiscal year 2005 a convertible bond with a nominal amount of EUR 40k was issued to Mr. Stilke. The conversion price corresponds to the arithmetic mean of the share price of AdLINK Internet Media AG in the last five trading days before the convertible bonds are issued, plus a premium of 20 %. Mr. Stilke did not convert any options in fiscal year 2006.

In fiscal year 2004 the Supervisory Board approved the issue of convertible bonds amounting to EUR 170k to Mr. Challen, based on a resolution adopted by the Annual Shareholders' Meeting in 2000. The fair value of the convertible bond, which bears interest of 3.5% and is fully paid, amounts to EUR 1.23. The convertible bond has a final maturity date of January 1, 2009. Remuneration based on the fair value of the 170,000 options at their date of issuance amounted to EUR 42k in fiscal year 2006.

The members of the Supervisory Board receive compensation consisting of a fixed element and a variable element which depends on the Company's success. The fixed remuneration for an ordinary member of the Supervisory Board amounts to EUR 7,500 per full fiscal year. The chairman of the Supervisory Board receives double the amount. The variable element for each member of the Supervisory Board, including the chairman, amounts to EUR 250 for every EUR 0.01 of earnings per share, as disclosed in the Company's consolidated financial statements according to IFRS, which exceeds a minimum amount of EUR 0.11 per share. The minimum amount increases annually by 10 %, beginning in fiscal year 2006. The variable remuneration element is limited to EUR 5,000 per Supervisory Board member.

The chairman of the Supervisory Board, Michael Scheeren, received total remuneration of EUR 20k (prior year: EUR 15k). Of this total EUR 15k (prior year: EUR 15k) was fixed and EUR 5k variable (prior year: EUR 0k). The two other members of the Supervisory Board, Norbert Lang and Andreas Gauger waived their remuneration rights, as they sit on the Management Boards of companies belonging to the United Internet Group. There are no convertible bond programs for members of the Supervisory Board.

Shareholdings and Subscription Rights

	Shareholding (units)	Bezugsrechte (units)
Management Board		
Guy Challen	0	136,000
Stéphane Cordier	0	400,000
Marc Stilke	0	400,000
Supervisory Board		
Norbert Lang	30,850	-
Andreas Gauger	1,000	-
Michael Scheeren	72,656	-

STOCK-BASED COMPENSATION

AdLINK Internet Media AG operates various stock-based compensation programs which aim to enhance the loyalty of its managers and enable them to participate in the company's success. These programs are based on convertible bonds which can be exchanged for shares and which are covered in capital stock by the respective amounts of conditional capital. One convertible bond can be exchanged for one share, or in some cases for ten shares. On issuance of the convertible bond, the respective employee pays the company the nominal value of the convertible bond. This amount accrues interest during the period of the program. The strike price is the share price at the time of issuance. After expiry of certain minimum retention periods and — in some cases — the achievement of exercise hurdles, employees can exchange their convertible bonds for company shares. Should they decide to buy the share, they must pay the difference between the strike price and nominal value of the convertible bond. The difference between the strike price and the share's prevailing market price represents a taxable gain for employees. The convertible bonds have a maturity of no more than six years.

As of December 31, 2006, AdLINK Internet Media AG had issued a total of 778,000 convertible bonds. This corresponds to 3.04 % of capital stock. The average strike price is EUR 3.08. Detailed information on the company's various stock-based compensation programs is provided in the notes to the consolidated financial statements in this annual report.

ANNUAL DECLARATION OF CONFORMITY ACC. TO SEC. 161 AKTG

On June 12, 2006 the fifth version of the German Corporate Governance Code was completed and published by the government's electronic Federal Gazette on July 24, 2006. The Management Board and Supervisory Board of AdLINK Internet Media AG submitted their annual declaration of conformity acc. to Sec. 161 AktG on November 22, 2006. The declaration of conformity was published under www.adlink.net, Investors, Corporate Governance.

The corporate governance principles of AdLINK Internet Media AG are anchored in the company's statutes (including its articles and rules of procedure), and thus our current and expected future behavior, differ in certain aspects from the recommendations of the German Corporate Governance Code, in the version dated June 12, 2006:

D&O Deductibles
Should a company take out a so-called D&O insurance policy (directors and officers' liability insurance) for its Management Board and Supervisory Board, the German Corporate Governance Code recommends that a suitable deductible be agreed. AdLINK Internet Media AG does not have any arrangement for deductibles and does not plan to change its current D&O policies.

Audit Committee
The German Corporate Governance Code recommends that the Supervisory Board set up an Audit Committee which, in particular, should handle issues of accounting and risk management, the necessary independence required of the auditor, the

issuing of the audit mandate to the auditor, the determination of auditing focal points and the fee agreement. The Supervisory Board of AdLINK Internet Media AG currently consists of three members: in addition to their other duties, the members also deal as a group with the above-mentioned topics. The Supervisory Board's rules of procedure state that such a (separate) Audit Committee should only be formed if there are more than three members of the Supervisory Board.

Supervisory Board Remuneration
The German Corporate Governance Code recommends that the compensation of Supervisory Board members should also take into account the exercising of the chair and deputy chair positions in the Supervisory Board as well as the chair and membership in committees. In the case of AdLINK Internet Media AG only the chair position in the Supervisory Board is considered — as long as the Supervisory Board consists of no more than three members and no committees are formed.

Directors' Dealings
According to Sec. 15a≠ of the German Securities Trading Act (Wertpapierhandelsgesetz - WpHG), AdLINK Internet Media AG is obligated to immediately publish all security transactions made by members of the Company's Management Board and Supervisory Board, as well as by other managers and certain closely related persons — after corresponding notification by the persons mentioned — if the total value of the purchase or sale transactions exceeds EUR 5,000 within one calendar year. Moreover, the German Corporate Governance Code recommends that the respective details are included in the Corporate Governance Report. In accordance with Sec. 15 WpHG, AdLINK Internet Media AG publishes all security transactions made by members of the Company's Management and Supervisory Boards, as well as by other managers and certain closely related persons — after corresponding notification. No additional publication is made in the Corporate Governance Report.

Montabaur, March 2007

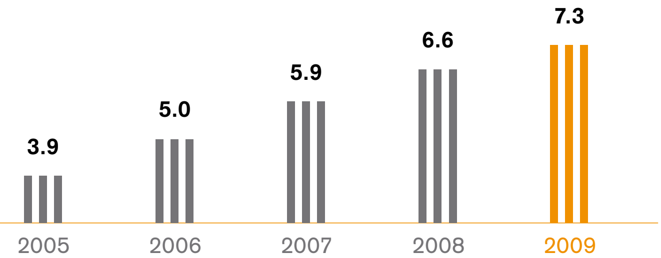
For the Management Board	For the Supervisory Board
Guy Challen	Michael Scheeren

AdLINK GROUP

The internet has developed into an attractive medium for advertisers. The importance of online marketing is growing from year to year. According to the figures of Jupiterresearch, the European advertising market reached a volume of EUR 5 billion in 2006. This corresponds to year-on-year growth of 28 %.

The specialists for online marketing

European online advertising market in EUR billion



Source: Jupiterresearch 2006

The number of internet users is growing – as is the time they spend online. One reason for this trend is the continued spread of fast broadband connections. Broadband has enabled the increasing use of highly effective online advertising formats with moving images and flash animations. Due to the interactivity and direct measurability of the internet, online campaigns can easily differentiate themselves from classic advertising. The tools used for planning, tracking, reporting and optimizing these campaigns are also becoming increasingly powerful. Online advertising thus provides advertisers with a clear added value. The sector is making very encouraging progress. Its share of total advertising spend will therefore continue to grow.

The AdLINK Group as an independent specialist for the aggregation and marketing of high-quality websites.

Today's online advertising market can be divided as follows: internet giants like Yahoo!, Google or MSN are generalists in the online marketing business and are active in (nearly) all business fields. Then there are the specialists, which focus on specific areas of online marketing.

There are currently two identifiable strategies for the marketing of online advertising space: firstly, portals such as WEB.DE or GMX and the online editions of major publishers, which only market their own websites. Secondly, independent marketers like the AdLINK Group, which specialize in marketing third-party websites. This alignment is particularly beneficial to our successful positioning in the young and highly promising business fields of Affiliate Marketing and Domain Marketing.

Our specialization provides us with a number of significant advantages over the competition:

- Independence in the composition of our portfolio / network.
- Better targeting due to the free choice of websites from a widely varied pool of publishers.
- High reach of special-interest topics.
- Good exportability of our business model: cooperation with domestic and international publishers rather than in-house content creation for each country.
- Scalable business with high level of automation.
- Thanks to content aggregation, advertisers can book, control and monitor their national and international campaigns via a single interface — offering genuine "one-stop-shopping".

Three strong brands in three business fields

AdLINK Internet Media AG unites three key areas of online marketing under a single roof. In our traditional Display Marketing segment, we are represented by the AdLINK brand, in Domain Marketing by the Sedo brand and in Affiliate Marketing by the affilinet brand. The synergy effects resulting from the close cooperation of three specialists under a single corporate roof are an inherent part of our growth strategy. With the integration of Sedo and affilinet, the two brands have gained access to AdLINK's pan-European sales organization and almost 4,000 advertising clients.

The business mode of AdLINK Internet Media AG:

In turn, the strong AdLINK brand can now offer customers a much wider range of online marketing services from a single source while at the same time benefiting from the strong growth of success-based marketing formats. As a result, we can help optimize the total advertising spend of our clients on their digital marketing mix and offer the best-possible return on their marketing investment.

AdLINK Internet Media AG is represented in key areas of online marketing, is strongly positioned in the field of online advertising — both in terms of products and geographical presence — and can thus participate in the most important and profitable growth segments of the online advertising market.

AdLINK GROUP
AdLINK MEDIA

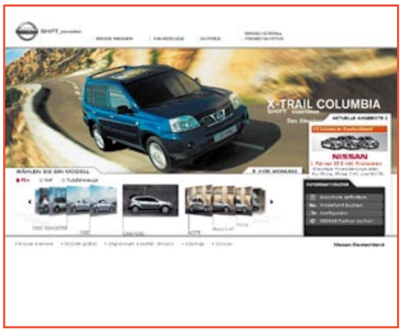
AdLINK Media is Europe's leading independent online marketer

In its Display Marketing segment, AdLINK Media is the brand for branding, image and response. The segment's trump card is its advertising network of top-quality, high-reach websites. Popular, highly frequented sites, such as MTV, expedia.de or ADAC, commission AdLINK to professionally market their advertising space. Over 4,000 national and international advertising clients, including Panasonic, Beiersdorf, BASF, Nokia, DELL and Hewlett Packard, book this ad space to build and enhance their brands. In total, AdLINK Media's network reaches over 68 million users throughout Europe and generates some 6.8 billion page impressions per month.

AdLINK Media offers its network to advertisers and agencies via three products: for branding activities, AdLINK Select offers advertising on our highest-turnover TOP websites with high reach statistics and brand awareness. AdLINK Audience is also a branding product and focuses on high-reach, topic-based websites which appeal to specific target groups. Both products are invoiced on a pay-per-view basis (CPM = cost per thousand contacts). In the case of AdLINK Response, advertisers are billed purely according to performance, i.e. on a pay-per-click basis. AdLINK Response is our channel for the sale of products or the generation of qualified customer contacts. In other words, this solution converts viewing contacts into (potential) new customers. Both AdLINK Media and the publishers/website owners participate in the revenues generated by the marketing of websites.

The Japanese company Nissan, which has advanced to become the world's fourth largest auto manufacturer since its strategic alliance with Renault in 1999, decided to run a high-reach branding campaign for the launch of its new micro-van "Note" on the ViaMichelin website – one of the most popular online service portals for travelers. In addition to its much honored route planner, interactive maps, auto magazine and expert travel hints, the site also offers the company's leading restaurant and hotel guide. This provides an ideal environment for Nissan, which aims to position the "Note" as both family-friendly and suited to long-distance traveling.

In addition to the standard Flash Layer and superbanner advertising formats, an advertorial campaign was selected. This ad package comprises a microsite, home page and magazine teasers and inclusion in the newsletter. The microsite offers a wealth of interesting information about the Nissan Note and was integrated into the auto magazine – giving it more editorial character. The site could also be opened in a separate window by clicking on the standard advertising formats. A teaser was also integrated into the home page, which reached over 2.2 million impressions during the campaign period in April 2006. Auto-interested internet users also received detailed information on the handy vehicle via the ViaMichelin newsletter, which was mailed to 133,684 subscribers.



AdLINK GROUP
AdLINK MEDIA

Website owners

- Optimizing income
- Marketing of content/space
- Indirect access to advertising industry and ad technology

advertising network (Aggregation)

Planning, Matching, Reporting, Optimizing, Marketing

Advertisers

- Controllable and measurable ROI
- Independent consulting
- One-stop booking
- Accurate reach of target groups

Winning the Formula 1 World Championship in 2006 was one of the greatest sporting successes the renown French auto manufacturer Renault had ever achieved. It was decided that the title should be used to enhance the company's image. The aim was to transfer such positive motor racing attributes as high-tech, speed etc. to Renault's various brands and models. AdLINK Media's online advertising strategy was to focus on websites combining a strong auto affinity with a high reach. Using the leaderboard, overlayer and MPU formats, advertising was placed on selected auto-based websites of the AdLINK Media network. This guaranteed high awareness, great efficiency and maximum reach. The highly successful campaign ran for nine weeks in the UK, France, Spain, Italy and Germany, and achieved a total of 48 million page impressions.

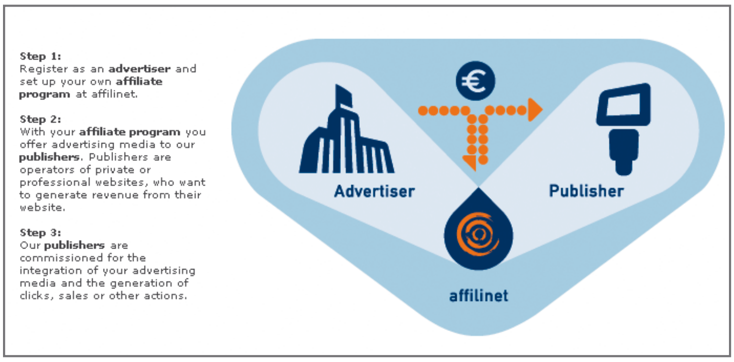
affilinet – a leading brand in German affiliate marketing

Performance-based marketing is becoming ever more important. Affiliate marketing, i. e. marketing with the aid of online partnerships, is one of the biggest growth drivers at present. We serve this market via our affilinet brand. The business is based on our highly automated quality platform www.affili.net — a meeting place for suppliers of affiliate programs and website owners. The affiliate network currently comprises 4.9 billion ad impressions per month, with 400,000 registered publishers and over 1,200 affiliate programs.

affilinet acts as a mediator between the affiliate program operators — or advertisers — and their website partners — or publishers. Advertising of the program operators is placed on the publishers' websites. Publishers can choose from over 1,200 programs on offer, depending on their attractiveness and/or affinity with the website's content. affilinet provides the advertiser with a tool to administer and distribute its advertising, which the publisher then places on his website. By targeting potential customers via the corresponding websites, the advertiser is able to build up a virtual online sales network across a wide variety of websites.

affilinet handles tracking, administration and payment management and receives part of the advertising revenue on a success-oriented basis — i. e. pay-per-click, pay-per-lead or pay-per-sale. The publisher also receives a share of the revenue for the provision of advertising space and can thus generate income from his website. Advertisers such as ADAC, Otto, eBay and O2 achieve considerable marketing success from the combination of high reach, flexibility and excellent service.

With its acquisition of CibleClick, a leading French network, and its entry into the UK market, affilinet is represented on Europe's three most important e-commerce markets.



Full service for advertisers – program management with affilinet

AdLINK GROUP affilinet

Website owners (Affiliates)

- Optimizing income
- Process and cost control
- In-depth reporting
- Indirect access to advertising industry and ad technology

Network of partner sites and partner programs

Quality control, consulting, tracking, payment, reporting

Advertisers

- Controllable and measurable ROI
- High precision concerning target groups
- Process and cost control
- Lasting sales channel

The musicload.de portal of Deutsche Telekom AG launched its public affiliate program with affilinet in September 2006. affilinet's account management was entrusted with such critical tasks in program management as publisher acquisition and communication, publisher support and concept, as well as the design of the affiliate program. affilinet thereby supports the development of affiliate marketing know-how within the company and guarantees optimum success — thanks to its efficient use of all program options.

The musicload.de program offers a very attractive commission model for the affiliate music business. The publisher receives 4 % per sale and a fixed amount of EUR 1 per new customer lead. In addition, a successful promotion campaign was run offering double publisher commissions in January 2006. As a result, both the number of publisher applications for the musicload affiliate program and the number of clicks were doubled.

The use of innovative and creative advertising supports the success of the program. Publisher can place, e. g. albums, singles and charts on their sites or even radio stations and thus link directly from their current play list to the respective title on musicload.de. Thanks to professional support and intensive publisher contacts offered by affilinet, musicload.de was able to achieve encouraging sales growth and success with its affiliate program.

Sedo is the global market leader in domain trading

The Sedo brand represents the AdLINK Group's Domain Marketing segment. Sedo offers a range of services relating to domains: including domain parking, appraisals, transfers and marketing. The www.sedo.com platform currently offers some 6.6 million domains for sale. In its domain marketing business, Sedo markets some of these unused domains to advertisers. The number of domains "parked" with Sedo is growing rapidly: from just 50,000 in 2003, to 400,000 at year-end 2004, to over 1 million at year-end 2005 to 2.6 million domains available for marketing today.

Sedo utilizes the domain provided by its owner to place topic-related advertising on the website. Sedo automatically allocates advertising links to suitable domain names from its portfolio, then presents the links in a standardized layout on the previously content-free domain and can thus display advertising to the relevant target groups on the domains administered (or "parked") by Sedo. Revenues are generated from advertising links placed on domains temporarily or permanently at Sedo's disposal, i. e. parked. Revenues are invoiced on a pay-per-click basis.

Sedo participates on a success-oriented basis in the revenues generated from marketing, i. e. part of the fee for displaying advertising on the parked domains is withheld by Sedo, and the rest is transferred to the domain's owner.

At its Sedo.de/Sedo.com websites, the domain exchange Sedo provides a multi-lingual platform for domains to be bought and sold. Particularly attractive, high-quality domains are featured in the "Top domains" category. The so-called "Showcase" section offers domain sellers the possibility to gain preferential placement of their domains. Sedo also offers services such as domain name and portfolio appraisals, as well as a transfer and escrow service for technically correct and safe domain transfers. A further area of activity is domain brokerage: Sedo helps interested parties acquire their desired domain, even if it is not on offer, by contacting the owner and negotiating on behalf of the customer (who remains anonymous).

AdLINK GROUP
sedo

Domain owners

- Optimizing income
- Process and cost control
- Access to advertising industry

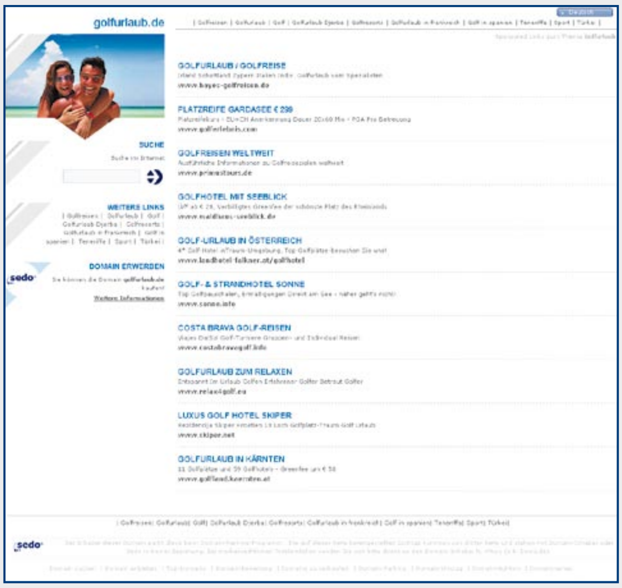
Domain aggregation

Automated Marketing

Matching, tracking, reporting

Advertisers

- Controlable and measurable ROI
- High precision concerning target groups
- Process and cost control



One of the most important products is domain parking: in order to bridge the time until a domain is actually sold, owners can park domains for free. This enables them to earn money while also receiving detailed statistics, which can later be used in negotiations. In the case of good generic domain names, customers can earn up to several hundred euros per month.

If a user visits the website "golfurlaub.de", for example, the related "sponsored links" on the subject of golf and golfing holidays are displayed. Advertising partners, such as TUI, Steigenberger and Expedia, place targeted advertising, via a provider, on unused domains. If the user clicks on one of the topic-related advertising links, he arrives at the advertiser's website and receives further information on the desired product. In return, the domain owner and Sedo receive an agreed amount for each click. Domain parking is a profitable and free service for all domain owners with inactive domains — after all, some 50 % of all global domains are still unused.

The AdLINK Internet Media AG share made good progress in fiscal year 2006, reflecting the Company's successful business development.

Share as of December 31, 2006

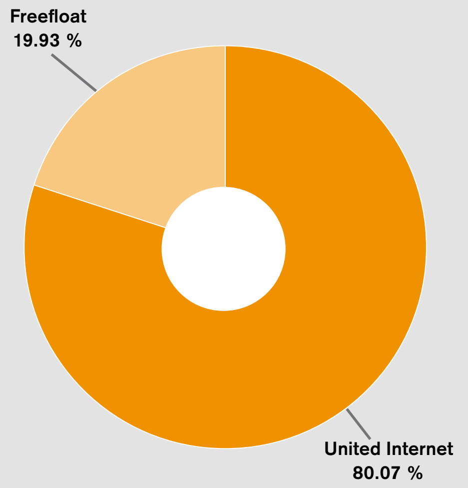
	2006	2005
Market capitalization	357.4 EUR million	110.1 EUR million
Year-end	13.79 EUR	4.26 EUR
Number of shares	25,914,900	25,851,945
Year-high	18.70 EUR	4.35 EUR
Year-low	4.31 EUR	1.63 EUR
Free float	19.93 %	17.42 %

ISIN	DE 000 549 015 5
WKN	549 015
Tickersymbol	LKI

Shareholdings and subscription rights of AdLINK Management Board and Supervisory Board as of December 31, 2006

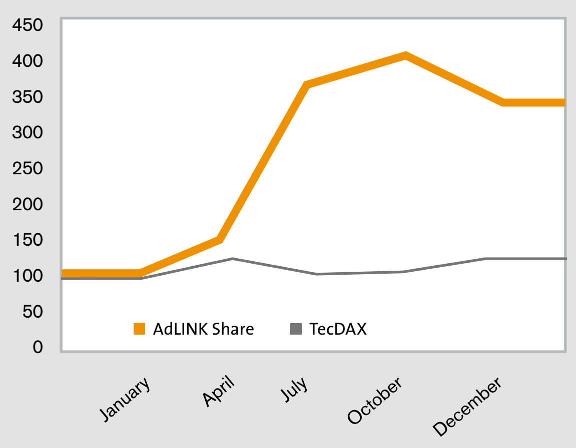
	Shareholdings (in units)	Subscription rights (in units)
Management Board		
Guy Challen	0	136,000
Stéphane Cordier	0	400,000
Marc Stilke	0	400,000
Supervisory Board		
Andreas Gauger	1,000	–
Norbert Lang	30,850	–
Michael Scheeren (Chair)	72,656	–

Shareholder structure



Development 2006 indexed

in %



The AdLINK share

SHARE PRICE DEVELOPMENT

The AdLINK Internet Media AG share made good progress in fiscal year 2006. The share price rose from EUR 4.26 at year-end 2005 to EUR 13.79 at year-end — corresponding to a performance of 224 %. Over the same period, the comparative TecDAX index grew by just 25 %.

PRIME STANDARD

On June 1, 2006 AdLINK Internet Media AG was accepted into the Prime Standard segment of German stock exchange operator "Deutsche Börse". The Prime Standard segment is particularly attractive for companies aiming to present themselves to international investors. By changing from the General Standard to the Prime Standard segment, we hope to raise the liquidity of our share and offer the capital market even greater transparency. A Prime Standard listing is also the prerequisite for inclusion in one of the selection indices of "Deutsche Börse".

ANNUAL SHAREHOLDERS' MEETING

AdLINK Internet Media AG closed its fiscal year 2005 with the Annual Shareholders' Meeting on June 12, 2006 in Frankfurt. 86.94 % of the Company's capital stock was represented for all resolutions requiring voting. The various items on the agenda were all adopted with majorities of 99%. Important resolutions included the purchase and sale of treasury shares, amendments to the articles pursuant to the German Act of Corporate Integrity and Modernization of Rescission Right (Gesetz zur Unternehmensintegrität und Modernisierung des Anfechtungsrechts — UMAG) and approval of the profit transfer agreement between AdLINK Internet Media AG and affilinet GmbH.

INVESTOR RELATIONS

The Company's management team and Investor Relations department provided the capital market with regular and comprehensive information in 2006. Information was distributed via the quarterly and annual reports, as well as press and analyst conferences. Meetings were held with German and international investors at the Company's headquarters. Investors were also contacted during roadshows held in Germany, France, the UK and Scandinavia.

Online advertising is a fast growing sector. The AdLINK Group participates in this growth. We achieved a clearly positive result with a pre-tax margin of 10,5 %.

Management Report

The online advertising market enjoyed widespread growth again in 2006. Jupiterresearch calculates growth of 28 % to EUR 5 billion for the European advertising market. Strong growth of 59 % to EUR 1.65 billion is also forecast by the German Digital Economy Association (Bundesverband Digitale Wirtschaft) for the German online advertising market in 2006. And the tremendous untapped potential becomes apparent if one compares online advertising's share of the total advertising pie with online usage as a proportion of total media usage: the forecast for 2006 of 7.8 % of the advertising market (without posters) is only about half the online share of daily media consumption of 14.6 %.

ECONOMIC ENVIRONMENT

Following strong growth in the first half of 2006, the German Digital Economy Association was forced to make a strong upward correction to its revenue forecast for the German online advertising market in 2006. Classic online advertising easily outstripped the ambitious forecasts for the segment with gross growth of 69 % in the first six months. The forecast for the year as a whole was thus raised to EUR 785 million (+47 %) — and corrected again in January 2007 to EUR 903.1 million. The forecast for the affiliate network segment (+48 %) was confirmed after reviewing the first six months. The year's conservative, yet still quite exceptional, growth forecast of 80 % for the search word marketing segment was upheld. In total, the three segments mentioned will achieve revenues of EUR 1.65 billion in 2006. This figure does not include sales income from online classified ads, especially for cars, real estate and jobs.

In the field of search word marketing — the fastest growing segment at plus 80 % — advertising customers are allocated special areas on the hit pages of search engines. The advertising customer only advertises if an internet user searches for a specified term. In a fully automatic auction process, advertising customers bid for the top advertising positions on the hit pages. Payment is made for each click on the — comparatively short — text ads.

Affiliate networks (+48 %) offer advertising customers the possibility to place their ads on a wide variety — often hundreds — of web pages with lower reach figures (so-called affiliates). This form of online advertising, often associated with the term "long-tail marketing", is invoiced almost exclusively on the basis of sales generated by clicks on the respective online advertising. For the user, affiliate marketing often looks no different to classic online advertising — so-called display ads are used in both cases, i.e. horizontal banner ads in the upper side, vertical skyscrapers mostly on the right, or rectangles in the middle surrounded by editorial content.

Classic online advertising (+47 %) also includes sponsoring and microsites, as well as sophisticated Flash layers, often with multimedia elements and superimposed over the advertising area.

Online advertising is also being used increasingly by companies who did not hitherto advertise online: around 5.5 % of advertising spending in the first half of 2006 was made by companies investing for the first time in online advertising. The highest proportion of new customers came from the service (35 %) and finance (22 %) sectors. Closer examination of the statistics reveals that the biggest online advertiser in the first half of 2006 was a major discount grocery. This is an absolute first and illustrates how online advertising is becoming increasingly attractive for companies not previously regarded as having an affinity for online business. According to Nielsen Media Research, the online medium is used mainly in connection with other media: 37 % of advertisers use the medium in this way (together with other media), 35 % use only online communication and 24 % advertise exclusively in online and print media.

Experts regard the rapid spread of broadband connections, such as DSL, the growing intensity of usage and greater acceptance of e-commerce as the main reasons for this dynamic growth. The internet is now fully accepted as a market place

Management Report

and information medium. Companies are therefore more willing to devote an ever larger proportion of their advertising budgets to online activities. In addition to direct product sales, attention is now turning to the field of branding. The internet is being used increasingly to build brands. Furthermore, the effectiveness of online advertising is constantly improving, thanks to the development of optimization and targeting technologies as well as the introduction of improved formats. The ease with which advertising success can be measured on the internet and the resulting possibilities for optimization mean that online advertising has tremendous potential compared with classic advertising media.

2006 was a successful year for our company. The market grew strong, and we took our chance of an above-average participation.

Economic growth provides further momentum to the expansion of online advertising
2006 was a good year for the global economy, with growth in the USA, Europe and Germany. According to estimates of the International Monetary Fund (IMF), the global economy grew by 5.1 % in 2006. The IMF forecasts growth of over 2.5 % for the Euro zone. The Federal Statistics Office calculates that the German economy grew by 2.5 % in 2006 — the highest rate since 2000.

Despite double-digit growth in exports, the major growth impetus came from domestic demand in the past year. This growth was led by companies, which invested 7.3 % more in capital goods than in the previous year and thus reached levels not seen since German reunification. Consumer spending was also up with growth of 0.6 %. According to calculations of the International Labor Organization, the number of unemployed fell by 460,000 to 3.4 million as a consequence of this economic upturn.

Favorable environment for AdLINK Internet Media AG
Such economic conditions will favor further strong growth of our sector and of our company. Even our direct market environment looks extremely promising: internet acceptance is now strong among those target groups who were not originally open to new technology, and the spread of broadband connections and increasing use of flat rates have improved the quality and intensity of usage even more. From the advertisers' point of view, the more people using the internet and the more time they spend on it, the more attractive the medium becomes. And the better the technology, the more interesting, varied and effective the formats will be — enabling advertisers to reach their target groups as efficiently as possible. These growing user figures, the spread of broadband and favorable forecasts, for e-business for example, have all positively impacted the online advertising industry and will continue to do so in future.

BUSINESS DEVELOPMENT

Strong growth and expansion of our business model
2006 was a successful year for our business and a year of strategic expansion for our business fields. The market grew strongly, and yet we still outpaced it with growth of 81 % in sales revenues. Pre-tax earnings were up 419 % and we achieved an EBT margin of 10.5 %.

We have realigned our business fields and given them a wider strategic base: in early 2006 we implemented a new concept for our traditional AdLINK MEDIA (Display Advertising) segment, which aims to enhance success with our most important business partners — major websites and advertisers. We now offer our customers two different advertising networks: AdLINK SELECT and AdLINK TARGET. AdLINK SELECT is a premium portfolio of hand-picked, brand-name websites with leading reach statistics and high-quality, original content. All of these websites feature our new and innovative AdLINK Brandsense advertising formats, with which our customers can run simple, high-reach and highly effective brand campaigns; both in Germany and throughout Europe. This is the first time that our advertising customers have been able to combine such European reach with high-quality content environments in a single booking. AdLINK TARGET is a network which enables our customers to reach some 70 million internet users around Europe with a variety of targeting options: topic-based, socio-demographic, regional or behavior-oriented.

At the same time, the integration of Sedo, affilinet and Cible-Click in the fast-growth segments of online advertising, such as domain and affiliate marketing, has given us a broader base and enables us to offer all major online advertising and marketing services from a single source.

Our philosophy has remained unchanged though: the customer — whether website owner or advertiser — is at the center of everything we do. We help website owners to maximize their revenues from online marketing and advertisers to get the most for their budgets.

Important developments and events during the fiscal year included:

- **Strong increase in sales and earnings**

In the period under review, we increased sales by 81 % over the previous year to EUR 177.5 million. Earnings before tax grew by 419 % to reach EUR 18.7 million (prior year: EUR 3.6 million).

- **Increased stake in our subsidiaries**

After raising its stake in French affiliate marketer CibleClick to 100 % on October 20, 2006 (for EUR 3.6 million from company funds), AdLINK raised its shareholding in Sedo GmbH, Cologne, on November 20, 2006, from 52.14 % to 75.94 %. The purchase price of EUR 34.5 million was financed through borrowing. Sedo's founders will remain significant shareholders and continue to manage the company. In addition to the acquisition contracts, a profit transfer agreement between AdLINK and Sedo was also concluded, with effect from January 1, 2007.

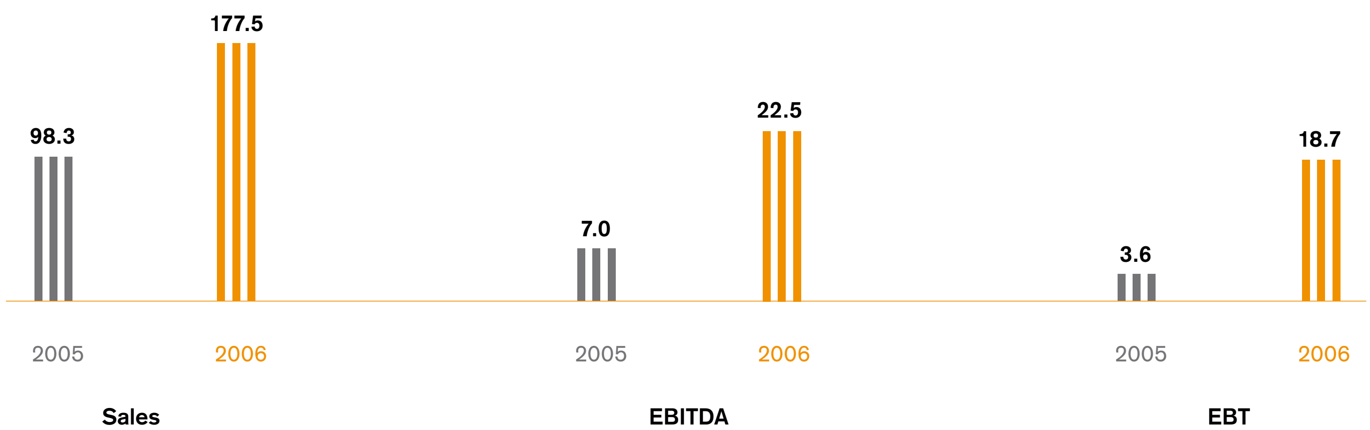
- **net:dialogs launched as an independent full-service offer**

In late 2006 we launched net:dialogs GmbH on the advertising market as a full-service agency specializing in direct and dialogue-based online marketing. net:dialogs aims to focus on the design and implementation of complete communication campaigns for effective and measurable contact with specified target groups in all digital media. The services and solutions for media agencies range from online brand advertising, to address and profile data generation, online questionnaires, digital vouchers, opt-in e-mail programs and integrated customer relationship systems (eCRM). Using specialized, web-based net:dialogs software, customers also have the possibility to use the entire international marketing network of the AdLINK Group.

- **New type of sales channel for affiliate marketing with contextual targeting**

In September 2006 we unveiled “affilimatch” — a new type of advertising service which benefits both advertisers and our publishers. With the aid of affilimatch, we are able to automatically place advertisers' products on those websites within the affiliate network which are best suited to the topic. This contextual targeting tool displays up-to-date and context-related products on the pages of our publishers. This happens automatically with “affilimatch”, unlike classic affiliate marketing where publishers have to choose individual products themselves.

Key figures in EUR million



• **Domain parking: SedoPro voted best parking program**
In November 2006 our leading position in domain marketing was underlined at the T.R.A.F.F.I.C. conference in Miami, USA. Our "SedoPro" product was voted best domain parking program. It offers professional domain owners the best possibility to earn money with unused domains without any effort. SedoPro is specially designed for domain owners with a top-quality domain portfolio. The principle is both simple and impressive: Sedo displays advertising related to the domain name and the domain owners receive a share of the advertising income generated. Registering for domain parking is free of charge for our customers. The attraction of the domain exchange is also reflected by the increasing number of domain transactions: for example, Sedo brokered the biggest sale of its five-year history with the internet address "vodka.com" for $ 3 million.

AdLINK MEDIA is Europe's leading independent online network
The backbone of our business is an advertising network of selected websites offering tremendous reach. In Display Marketing (without cooperation partners) this network enables us to reach over 68 million users in all relevant European markets and to market some 6.8 billion page impressions per month. Space on these pages is booked by domestic and international advertising customers, who use the network for branding activities or the direct sale of products (Display Marketing).

With Sedo.com we run the world's leading domain trading platform
Sedo operates the global domain trading platform sedo.com which currently offers some 6.6 million domains. Sedo is thus the global market leader in the trading of "second-hand" internet addresses. Sedo also enables domain owners to "park" their unused domains, i.e. these addresses are marketed by Sedo to advertisers on behalf of their owners. Sedo participates in any revenues generated from marketing the domains. Domain parking is equally interesting for domain owners and advertisers, as the automated process offers domain owners added value in the form of additional advertising revenue, while advertisers only pay for contacts actually established. Sedo serves customers in over 200 countries from its facilities in Germany and the USA.

Leading German affiliate network
A quality network for affiliate program operators and website owners to market products online is the basis of affilinet's business. affilinet boasts a network of over 400,000 websites, more than 1,200 affiliate programs, over 4.9 billion page impressions per month, high service quality and a flexible and user-friendly product. In Germany, affilinet is the leader in its segment. We are also active in affiliate marketing in the UK and France, thus covering Europe's most important nations for marketing and e-commerce.

International presence established
With its AdLINK, Sedo and affilinet brands, the AdLINK Group operates its own offices in eight European nations: in Belgium, Germany, France, the UK, Italy, the Netherlands, Spain and Sweden. In addition, Sedo is represented in the USA by its own office. Via joint ventures or licensed companies, we are also active in Switzerland, Austria and Norway. Even in those countries where we have no local offices, our cooperation partners provide customers with an extensive network for brand advertising, success-based direct marketing and e-mail marketing, e. g. in Turkey, Asia and South America. Due to the business model of domain marketing, it is not absolutely necessary to operate our own offices in every market. Sedo already serves customers in over 200 countries via native speakers operating from our two facilities in Germany and the USA. In the third quarter, our technical platform was made IDN-compliant (IDN = Internationalized Domain Names) so that Asian domains can now be easily processed. For our customers, this strong international presence offers the advantage of being able to plan, book and control their international campaigns centrally via a single contact partner. Companies such as Panasonic, Beiersdorf, BASF, Nokia, DELL and Hewlett Packard use the AdLINK Group's networks for their online campaigns — due in part to the international character of the networks.

Further improvement in key indicators
Our healthy financial figures result to some extent from the positive development of the AdLINK Group's reach. The monthly page impressions of our AdLINK Media network, for example, increased from 5.6 billion in 2005 to 6.8 billion in the period under review. In total, the advertising network registers some 68.9 million unique visitors per month throughout Europe. The number of advertising customers grew from 3,970 in 2005 to 4,300 in 2006. The Domain Marketing segment also made encouraging progress: the number of domains on offer climbed from 3 million at year-end 2005 to 6.6 million at the close of 2006. Of this total, 2.66 million domains (prior year: 780,000) were available for marketing. The number of registered domain vendors grew during the period under review from 350,000 to 440,000. The most important figures for Affiliate Marketing are the number of affiliated websites, the number of affiliate

programs and the number of page impressions per month. All of these figures were up strongly over the previous year: the number of affiliated websites grew from 292,000 to 404,000, affiliate programs were up from 774 to 1,244 and monthly page impressions increased from 3.3 billion to around 4.9 billion.

Employees

Success made possible by skilled and motivated staff

On December 31, 2006 headcount amounted to 400 (prior year: 267). Of this total, 204 were employed outside Germany (prior year: 149). The strong increase in headcount resulted in part from the international expansion of our affiliate and domain marketing segments, as well as from the dynamic growth of the Group as a whole. Personnel expenses grew by 46 % to EUR 22,7 million (prior year: EUR 15,6 million).

The success of advertising services in the online sector depends to a large extent on the skills and motivation of your employees. In order to maintain a high level of expertise among AdLINK Group staff and permanently adapt to market requirements, we attach great importance to personnel development and training activities. We therefore offer staff a variety of training and development programs, including sales techniques, team building, change management and communication.

Principles of Management Board and Supervisory Board remuneration

The Supervisory Board is responsible for determining the remuneration of Management Board members. The remuneration received by the members of the Management Board of AdLINK Internet Media AG is performance-oriented and consists of fixed and variable elements. In addition, there is a component providing long-term incentives in the form of convertible bonds. The amount of these remuneration components is regularly reviewed. The fixed component is paid monthly as a salary. The size of the variable component is dependent upon the attainment of certain fixed financial objectives identified at the beginning of the year and mainly related to the sales and earnings figures. Depending on the attainment of targets, the Chairman of the Supervisory Board determines the variable component, which is limited to a certain maximum amount. There is no subsequent amendment of performance targets. There is no guaranteed minimum payment of the variable remuneration component. In addition to cash compensation, Management Board members received convertible bonds as a long-term incentive component.

The good financial figures are the result of the positive development of the AdLINK Group's reach.

The members of the Supervisory Board receive remuneration consisting of a fixed element and a variable component based on the company's economic success. Each ordinary member of the Supervisory Board receives a fixed amount of EUR 7,500 per full fiscal year. The chairman of the Supervisory Board receives twice this amount. In addition to this fixed amount, each Supervisory Board member (including the chairman) receives a variable amount based on the Company's performance. The variable amount for each member of the Supervisory Board, including the Chairman, amounts to EUR 250 for every cent of the IFRS-based consolidated earnings per share of AdLINK Internet Media AG, which exceeds a minimum amount of EUR 0.11. The minimum amount increases annually by 10 %, beginning in fiscal year 2006. The variable remuneration element is limited to EUR 5,000 per Supervisory Board member.

RESULT OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

Sales up 81 %

In its fiscal year 2006, the AdLINK Group achieved significant growth in sales and earnings. The Group profited from the premium strategy launched in previous years in its Display Marketing segment as well as from a widening of its business model with the addition of the Affiliate and Domain Marketing segments. This strong growth was accompanied by a positive market development, based mainly on two effects: firstly, the volume of the European advertising market as a whole grew, as did the proportion of spending on online advertising. This represents a continuation of the trend that online advertising's share of total spending reflects the strong increase in internet usage. At the same time, improved targeting technologies improved efficiency and greater use of performance-based products enhanced the acceptance of online advertising. We believe these trends will continue in the coming years. The AdLINK Group therefore achieved strong organic growth in 2006, which was bolstered further by the acquisition of CibleClick in late 2005 and the companies Sedo and affilinet, which were only

Management Report

consolidated in 2005 from April 1 onward. Sales revenues grew by 80.6 % from EUR 98.3 million in 2005 to EUR 177.5 million in 2006. Based on pro-forma sales revenues of EUR 122.3 million for 2005 (with full inclusion of Sedo and affilinet, acquired in April 2005, and CibleClick, acquired in late 2005), there was organic sales growth of 45 %. In the AdLINK Media segment, sales grew by 27 %, from EUR 52.9 million to EUR 67,0 million, in the Affiliate Marketing segment by 144 %, from EUR 28.1 million to EUR 68,6 million, and in the Domain Marketing segment by 142 %, from EUR 17.3 million to EUR 41.8 million. There was thus encouraging sales growth in all segments during 2006. The proportion of sales generated outside Germany amounted to 44 % (2005: 49 %).

During the fiscal year 2006 the AdLINK Group could raise sales and earnings significantly.

In terms of sales, earnings, advertising customers and brokered websites or domains, the AdLINK Group was able to expand its strong market position. AdLINK is thus one of Europe's leading independent online marketers and offers an increasingly full range of online advertising possibilities for the European market.

Pre-tax earnings up to EUR 18.7 million

There was a year-on-year increase in gross margin to 25.6 % (23.7 %). This improvement resulted mainly from a more favorable sales mix. There was a proportionately stronger increase in higher margin sales of performance-based invoicing models in the AdLINK Media and Domain Marketing segments. Economies of scale achieved by higher sales also had a positive impact on earnings. Compared with the increase in revenues, sales expenses grew much more modestly. They amounted to EUR 12.9 million (prior year: EUR 8.6 million), corresponding to 7.3 % of sales revenues (prior year: 8.8 %). The same applies to general and administrative expenses, which fell from 9.7 % of sales in 2005 to 6.4 % in the period under review .

Earnings before taxes (EBT) rose strongly: they increased from EUR 3.6 million in the previous year to EUR 18.7 million in the period under review. This corresponds to a sales margin of 10.5 %, compared with 3.7 % in 2005. Undiluted earnings per share (EPS) grew strongly from EUR 0.04 in 2005 to an undiluted figure of EUR 0.47 in 2006 and thus reflects the strong growth of the entire AdLINK Group. EPS was influenced in 2006 by the capitalization of tax loss carryforwards amounting to EUR 4.5 million. This was carried out in 2006 due to the strong increase in earnings and the profit transfer agreements existing with domestic subsidiaries. The capitalization produced a positive one-off effect on EPS of EUR 0.18. This was partly compensated by a negative one-off effect from a profit transfer agreement concluded between AdLINK and Sedo in connection with the increase in shareholding. Effective from January 1, 2007, the contract guarantees Sedo's minority shareholders fixed annual dividends for the fiscal years 2007 to 2011. According to IFRS accounting, these guaranteed dividends for 2007 and the following years must be accounted for in 2006 and thus reduce EBT by a toal of EUR 1.2 million. Earnings of the period under review also contain amortization of assets capitalized during company acquisitions amounting to EUR 1.8 million (prior year: EUR 0.8 million). The positive contribution to earnings from associated companies amounting to EUR 1.3 million (prior year: EUR 0.5 million) originates mainly from our 50 % interest in AdLINK Switzerland, a joint venture with the Goldbach Media Group.

Total assets reach EUR 151.3 million

The Company's net asset position was strongly influenced in 2006 by increased shareholdings in our existing subsidiaries Sedo and CibleClick. In the 4th quarter of 2006, we increased our share in Sedo GmbH from 52.14 % to 75,94 % for a purchase price of EUR 34.5 million. In addition, we raised our stake in CibleClick Performances S.A. from 71.46 % to 100 %, paying a total of EUR 11.2 million. These investments have strengthened our position in the fast growing Affiliate and Domain Marketing segments. The transactions were paid for mainly from our own funds, as well as by using credit lines with a commercial bank and finance provided by our majority shareholder United Internet AG at normal market conditions. As of December 31, 2006, liabilities to affiliated companies amounted to EUR 48.3 million (prior year: EUR 33.0 million) and liabilities to banks totaled EUR 15.0 million (prior year: EUR 0). On the balance sheet date, cash and cash equivalents amounted to EUR 5.9 million (prior year: EUR 10.8 million).

Due to expansion and the planned future development of our business, we invested more heavily in property, plant and equipment and intangible assets during 2006 with capital expenditures of EUR 1.8 million, compared with EUR 1.1 million in the previous year (+64 %). The growth in business volume and our increased shareholdings resulted in a rise in total assets, from EUR 106.6 million in the previous year to EUR 151.3 million. Due to the acquisitions, the proportion of total assets represented by goodwill grew to 54.9 % or EUR 83.0 million (prior year: 46 % or EUR 48.7 million). In fiscal year 2006, the equity capital of AdLINK Internet Media AG grew to EUR 38.2 million as of the balance sheet date, compared with EUR 25.4 million in the previous year. The Group's equity ratio rose to 25.2 % (prior year: 23.8 %).

Sales and earnings of the parent company

In the period under review, sales revenues of the parent company AdLINK Internet Media AG amounted to EUR 17.0 million (prior year: EUR 11.7 million) and thus grew in line with sales of the Group as a whole. Sales consist mainly of revenues from international campaigns which are centrally billed by AdLINK Internet Media AG, as well as charges and costs allocated to operating subsidiaries. The main influencing factors for the development of sales and earnings of AdLINK Internet Media AG were therefore marketing of international campaigns and the continuation of service agreements with the Group's subsidiaries. Costs for administrative services provided by AdLINK Internet Media AG in the field of finance, legal affairs, human resources, marketing, management, IT, DART system administration/campaign management and product development are allocated to the respective subsidiaries. In 2006, AdLINK Internet Media AG received revenues from allocated direct costs (e.g. DART costs, IT services, travel expenses) amounting to EUR 10,510k (prior year: EUR 7,769k) and from allocated overheads amounting to EUR 3,783k (prior year: EUR 2,865k). In addition, sales revenues from third parties totaled EUR 2,718k (prior year: EUR 1,037k).

Other operating income amounting to EUR 3.8 million (prior year: EUR 0.7 million) resulted mainly from reversals of impairment losses on investments made in previous years. Due to the positive operating development of certain subsidiaries, the original values were reinstated in 2006. Income from investments of EUR 3.96 million (prior year: EUR 1.3 million) resulted mainly from a profit transfer agreement and dividends from subsidiaries and joint ventures. Earnings before taxes (EBT) of AdLINK Internet Media AG amounted to EUR 5.9 million and were thus up strongly on the previous year (EUR -5.1 million).

The balance sheet total rose as a consequence of debt-financed shareholding purchases to EUR 110.7 million (prior year: EUR 60.0 million), whereby investments in affiliated companies increased to EUR 44.8 million (prior year: EUR 41.9 million) and loans to affiliated companies grew to EUR 52.1 million (prior year: EUR 11.5 million). Our net indebtedness to United Internet AG from general loan agreements granted amounted to EUR 47.4 million (prior year: EUR 32.6 million) as of December 31, 2006, while bank loans totaled EUR 15.0 million (prior year: EUR 0). As of the balance sheet date, cash and cash equivalents of AdLINK Internet Media AG amounted to EUR 0.6 million.

Explanation of disclosures acc. to Secs. 289 (4), 315 (4) German Commercial Code (HGB)

The Company's capital stock amounts to EUR 25,914,900 divided into 25,914,900 no-par value shares. There are no other share categories. As far as the Company is informed, United Internet AG, Montabaur, held 20,750,477 shares or 80.07 % of total shares in AdLINK Internet Media AG as of December 31, 2006.

The Management Board is entitled to issue new shares under the following circumstances:

1) The Management Board is authorized, subject to approval by the Company's Supervisory Board, to increase the Company's capital stock on one or more occasions before May 17, 2010 by a total of EUR 12,900,000 by issuing new no-par shares for cash or non-cash contributions (Authorized Capital 2005).

2) Capital stock may be increased conditionally by up to EUR 835,100.00, divided into up to 835,100 no-par value shares. The conditional increase in capital is earmarked for conversion options to be granted to the bearers of convertible bonds, the issue of which was authorized by the Annual Shareholders' Meeting of April 4, 2000. It will only be implemented to the extent that these conversion options are exercised. The shares will participate in profits from the beginning of the fiscal year in which they are created by the exercise of the conversion option. With regard to the members of the Management Board, the Supervisory Board is authorized and, with regard to the other persons entitled to convertible bonds, the Company's Management Board is authorized to define further details of the conditional capital increase and the execution thereof.

3) Capital stock may be increased conditionally by up to EUR 8,000.00, divided into up to 8,000 no-par value shares. The conditional increase in capital is earmarked for conversion options to be granted to the bearers of convertible bonds, the issue of which was authorized by the Annual Shareholders' Meeting of April 4, 2000. It will only be implemented to the extent that these conversion options are exercised. The shares will participate in profits from the beginning of the fiscal year in which they are created by exercise of the conversion option.

4) Capital stock may be increased conditionally by up to EUR 1,250,000.00, divided into up to 1,250,000 no-par value shares. The conditional increase in capital is earmarked for conversion options to be granted to the bearers of convertible bonds. The Annual Shareholders' Meeting of May 17, 2004, authorized the Management Board or Supervisory Board to issue such convertible bonds. It will only be implemented to the extent that these conversion options are exercised and providing the Company does not service the conversion options from its stock of treasury shares. The shares will participate in profits from the beginning of the fiscal year in which they are created by exercise of the conversion option. With regard to the members of the Management Board, the Supervisory Board is authorized and, with regard to the other persons entitled to convertible bonds, the Company's Management Board is authorized to define further details of the conditional capital increase and the execution thereof.

5) Capital stock may be increased conditionally by up to EUR 10,000,000.00, divided into up to 10,000,000 no-par value shares. The conditional capital increase is earmarked for shares to be granted to bearers or holders of warrant or convertible bonds, which the Annual Shareholders' Meeting of May 17, 2005 authorized the Company or a subordinated Group company to issue up to May 16, 2010, providing the issue is in return for cash and the warrant or convertible bonds are not serviced from the Company's stock of treasury shares or approved capital. It will only be implemented to the extent that the warrant or conversion options of the aforementioned bonds are exercised or conversion obligations from such bonds are fulfilled and providing the warrant or convertible bonds are not serviced from the Company's stock of treasury shares or approved capital. The shares will participate in profits from the beginning of the fiscal year in which they are created by exercise of the warrant or conversion option. The Company's Management Board is authorized to define further details of the conditional capital increase and the execution thereof.

The Supervisory Board is authorized to reformulate Sec. 5 of the Company's articles according to the respective exercise of conversion rights and according to the respective use of conditional capital.

In accordance with a resolution passed by the Annual Shareholders' Meeting on June 12, 2006 the Management Board is also authorized to acquire treasury shares not exceeding 10 % of its capital stock up to December 11, 2007.

The Supervisory Board appoints and dismisses the members of the Management Board and appoints one member of the Management Board as Chairman or Speaker. The Supervisory Board is authorized to make amendments to the Company's articles insofar as they only concern formulation.

SUBSEQUENT EVENTS

There have been no subsequent events since year-end which would have significantly altered our net assets, financial position or result of operations. In general, the positive development of fiscal year 2006 has continued up to the point of preparation of the annual financial statements.

RISK REPORT

Risk management system

The risk management system of AdLINK Internet Media AG identifies, classifies and evaluates risks according to statutory regulations. The aim of risk management is to systematically deal with potential risks as well as to promote a risk-oriented approach throughout the entire organization. This controlled approach to risks is aimed at utilizing existing opportunities to the full and enhancing the company's success. Our risk management system not only serves to fulfill statutory regulations, but aims to raise corporate value and is thus in the general interest of our lenders and stakeholders.

In particular, the company's risk management system aims to:

- improve risk awareness and transparency;
- identify, monitor and control all major risks in an appropriate way;
- show any build-up of risk and provide reliable management information on the company's risk situation.

Work processes are to be standardized and thus carried out in a uniform manner. A risk management system has the task of providing those responsible with suitable tools for analyzing and evaluating risks. The risk management manual is to be kept and regularly updated by the risk manager.

A central risk manager for AdLINK Internet Media AG is to be given the responsibility of determining the methods and guidelines of the risk management system. He should coordinate and manage reporting on significant risks. This includes a quarterly status check of the potential risks and opportunities. A risk inventory and evaluation process is to be carried out once per year. Should the evaluation indicate the necessity for monitoring, appropriate measures to deal with the risk and monitor its development are to be undertaken and included in the quarterly report. Where necessary, the Management Board shall inform the Supervisory Board at the respective Supervisory Board meeting. Within the framework of the risk management system, an „immediate information report" serves to provide up-to-date reports on new risks and all events relevant to ad-hoc reporting. If pre-determined threshold values of the early-warning indicators are exceeded, the related circumstances and necessary countermeasures are documented.

Risks for future business development

All business activities involve a certain degree of risk. This is particularly true for companies in the internet business and active on the online advertising market. Both markets are subject to a high degree of change regarding the competitive and general economic environment. Should any one or more of the events described below actually occur, it might result in a deterioration of our net assets, financial situation and results of operations. As a consequence, this could have an adverse effect on our share price. We regard the risks and uncertainties for our future development described below as the most significant.

Our earnings in 2006 show a considerable increase. This is a consequence of the strong growth in sales and a higher gross margin.

Operating risks

Competition

The growing success of online advertising has also raised the intensity of competition on our markets considerably. This increased competition may arise from existing national competitors or major international corporations seeking to extend their activities to the European markets. New competitors might enter the market or advertising companies not yet active in the online segment may extend their operations to the internet. Even major portals are attempting to attracting a greater share of advertising budgets. AdLINK Internet Media AG can only influence these factors to a very limited extent. Serious developments of this kind could lead to a deterioration of our net assets, financial situation and results of operations, as advertisers and website operators would be able to choose from a wide range of advertising brokers and advertising options. AdLINK Internet Media AG attempts to strengthen the ties to its customers and publishers by means of active customer management and the provision of new and innovative advertising products and services. In this way, it aims to counter these risks while strengthening its own domestic and international market position

Product development

On the markets for online advertising, technological innovations emerge at short intervals. For example, new technical possibilities are constantly being made available by marketers to suit the requirements of internet users and integrated into products. If this technological progress is not used correspondingly by our business model to generate competitive advantages, other operators might achieve better product quality, services or processes than ours. This could weaken our competitive standing, as we would not be able to supply customers with the desired products, or at least not in the desired quality. This might also occur if a technical service provider we employ, and whose systems we use for important supplies of advertising formats, does not implement technological innovations or only with delay. As a consequence, we might lose important advertising customers, websites and thus revenue. AdLINK Internet Media AG takes action to counter this risk by closely monitoring competitors, the relevant markets and technological developments.

Inventory

A key differentiation factor for AdLINK is its portfolio of high-quality and highly frequented websites and domains which advertisers can use. Should the AdLINK Group lose many of these important websites and major domain portfolios, or not have enough high-reach advertising sites in its portfolio, it might suffer serious disadvantages and become less attractive for advertisers. Moreover, websites and domains which were previously marketed by service providers such as AdLINK, may decide to start marketing themselves. In this connection, there is a risk that certain websites do not reach their guaranteed revenue targets. This loss of revenue, with consistently high costs, may result in a deterioration of our net assets, financial situation and results of operations. AdLINK attempts to counter this risk by providing active website support, improving its service quality (e. g. central invoicing of international websites) and increasing the revenues generated by AdLINK for these websites.

AdLINK intensifies the loyalty of customers and publishers by means of active customer relationship management as well as new and innovative products and services.

Technology and software systems

AdLINK Internet Media AG uses a variety of IT systems to manage its operations, administer customer data and websites and to execute, monitor and invoice advertising campaigns. Failures or incompatibility within various systems or departments could lead to additional manual efforts, tie up capacities or lead to errors. Certain important data processing systems for the execution of online marketing procedures are not run by AdLINK Internet Media AG itself, but by external service providers. There is therefore a risk that that the service provider might fail to honor the terms of the contract, without AdLINK Internet Media AG being able to take any immediate corrective measures. Such situations could endanger operating processes and thus negatively impact our net assets, financial situation and results of operations. AdLINK Internet Media AG attempts to counter this risk with experienced IT departments, various quality assurance measures and careful monitoring of its campaigns. Moreover, AdLINK Internet Media AG permanently examines in which way internal systems could further standardized in order to improve internal processes and raise the level of customer and publisher satisfaction.

Dependency on customers/business partners

Future budgets of advertisers cannot be predicted over the long term nor can they be influenced by AdLINK Internet Media AG, as advertising budgets are often awarded for each new campaign. In the case of affilinet and Sedo, a substantial proportion of revenue is often generated with a few major business partners. Should these partners reduce or end their relations with us, this may result in a serious deterioration of our net assets, financial situation and results of operations. AdLINK Internet Media AG takes action to reduce this risk by employing experienced key account managers, maintaining close relations with these business partners and providing a convincing range of products and services.

Pressure on prices/margins

Fierce competition in the online advertising sector has also led to competition for attractive and highly frequented websites, which provide advertising space. AdLINK Internet Media AG has positioned itself as a European online specialist with a full range of innovative products and special services for its customers and websites. Due to the changing competitive situation in certain countries, AdLINK Internet Media AG might decide to react or take preemptive action by reducing prices in these countries. Such falling prices and/or margins could result in a deterioration of our net assets, financial situation and results of operations.

Financial risks

Liquidity

As of December 31, 2006, the AdLINK Group had net liabilities of EUR 56.4 million, consisting of liabilities to banks and United Internet AG from short-term general credit lines. Due the profitability we have achieved and our sound free cash flow, we expect to reduce net liabilities in 2007. There are risks with regard to credit lines, which were mostly arranged for short periods and can be terminated at short notice. Should existing credit lines be terminated or not extended, or should we fail to receive new credit lines, the Company's liquidity would not be secured. On the basis of our business development, the liquidity of AdLINK Internet Media AG can be regarded as secure at present and is sufficient to be able to meet all future payment obligations.

Other risks

Personnel

An important factor contributing to the successful operation of AdLINK Internet Media AG are the skills and market knowledge of its employees. There is strong competition for skilled and motivated specialists with specific background knowledge and customer contacts. There is no guarantee that AdLINK Internet Media AG will be able to recruit, integrate and keep skilled personnel in future. High staff turnover or the loss of key personnel could have an adverse impact on AdLINK Internet Media AG. We counter such risks by pursuing an active personnel development strategy.

Acquisitions

Part of our long-term growth strategy involves the possibility of acquiring companies in order to promote quick growth. This might relate to specific markets or niches of online marketing, in which we have no or little involvement at present. In this way, we might decide to supplement our organic growth by means acquisitions, should the opportunity present itself. If the acquired companies or company divisions do not fulfill our expectations or their integration prove more difficult or costly than planned, this might result in a deterioration of our net assets, financial situation and results of operations.

Qualitative and quantitative information pertaining to the overall level of risk

Due to the strong improvement in profitability, the overall risk situation has continued to stabilize. As a result of ongoing fierce competition on the online advertising market, the major risks for the Company's future net assets, financial situation and results of operations focus on the areas of competition, inventory, personnel and product development. The risk management culture we have introduced enables us to proactively counter such risks and limit them to a minimum. We judge the probability of such adverse developments as low in the short term and moderate in the medium term. There were no risks which directly jeopardized the continued existence of AdLINK Internet Media AG in the fiscal year 2006, neither from individual risks nor from the overall risk situation.

Annual inspection of the risk management system

In the course of their audit of the Company's annual financial statements, the auditors assess both the functionality and compliance of the risk management system installed by AdLINK Internet Media AG. The auditors confirmed that our risk management system complied with legal requirements in 2006.

Independence report

In compliance with Sec. 312 (1) AktG, the Management Board of AdLINK Internet Media AG presented the Supervisory Board with an independence report dealing with the company's possible dependence on its majority shareholder United Internet AG. It closes with the declaration that the company received adequate compensation (quid pro quo) for each legal transaction in accordance with the circumstances known at the time when such transactions were carried out, or the measure involved was executed or omitted, and that the company was not disadvantaged by such measures being executed or omitted.

OUTLOOK AND FORECAST

AdLINK aims to achieve above-average growth in flourishing markets

According to a JupiterResearch study, the European online advertising market grew by 28 % to EUR 5 billion in 2006. The market research institute expects the total market to reach a volume of EUR 5.9 billion in 2007. By 2010, JupiterResearch expects online advertising in Europe to generate revenue of EUR 7.8 billion. The rapid spread of broadband internet connections and increasing use of flat rates means that the internet will be used more intensively in future, making it even more attractive for our customers — the advertisers. Broadband technology will also facilitate new advertising formats, for example, the increased use of video clips. Online advertising has established itself in the advertising mix of companies and will steadily increase its proportion of total advertising spending. We aim to benefit from this development.

With our strong brands — AdLINK, affilinet and Sedo — we believe we are well positioned on the market. The online market is booming and the conditions for online marketing continue to make strong progress. The strong international alignment of our networks guarantees a wide reach and the ability to cover all key markets. Our business segments are well established in their respective domestic and international markets and are capable of meeting all customer requirements.

We expect the market segments in which AdLINK Internet Media AG operates to achieve further strong growth in 2007. We aim to share in this growth, both in 2007 and the following years, and to develop faster than the market average.

Montabaur, March 4, 2007

The Management Board
Guy Challen
Stéphane Cordier
Marc Stilke

Consolidated financial statements acc. to IFRS

Consolidated Balance Sheet

as of December 31, 2006

	Notes	31.12.2006 EUR	31.12.2005 EUR
ASSETS			
Cash and cash equivalents	(17)	5,924,572	10,844,941
Accounts receivable	(18)	36,212,178	25,420,864
Accounts receivable from associated companies	(19)	92,464	59,051
Accounts receivable from affiliated companies	(20)	1,643,300	867,519
Other current assets	(21)	1,978,214	1,840,011
Inventories	(22)	2,000,271	0
Other current financial assets	(23)	0	3,084,423
Prepaid expenses	(24)	586,595	427,598
Current assets		**48,437,594**	**42,544,407**
Equity investments	(12)	3,012,187	2,206,940
Other financial assets		0	29,855
Property, plant and equipment	(13)	1,558,650	1,111,490
Intangible assets (w/o Goodwill)	(14)	7,197,111	8,606,432
Goodwill	(15)	83,011,363	48,708,600
Deferred tax assets	(16)	8,045,117	3,356,469
Non-current assets		**102,824,428**	**64,019,786**
Total assets		**151,262,022**	**106,564,193**
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable, trade	(33)	35,086,596	26,464,150
Accounts payable due to associated companies	(34)	73,941	74,146
Accounts payable due to affiliated companies	(35)	48,277,315	411,863
Accrued taxes	(36)	4,574,367	4,569,585
Other liabilities	(37)	6,141,577	12,242,161
Provisions	(38)	0	316,792
Deferred income	(39)	467,089	921,968
Convertible bonds	(30), (26 b, c, d)	101,300	98,005
Liabilities to banks (short-term)	(40)	15,003,314	0
Current liabilities		**109,725,499**	**45,098,670**
Deferred tax liabilities	(29)	2,205,236	2,875,520
Convertible bonds	(30), (26 b, c, d)	98,900	177,900
Long-term liabilities due to affiliated companies	(31)	0	32,587,387
Long-term debt capital provided by shareholders		0	433,907
Long-term liabilities due to minority shareholders	(32)	1,082,369	0
Non-current liabilities		**3,386,505**	**36,074,714**
Total liabilities		**113,112,004**	**81,173,384**
Equity			
Capital Stock	(25)	25,914,900	25,851,945
Additional paid-in capital	(27)	62,750,216	62,047,026
Accumulated deficit		-54,813,402	-66,853,265
Currency translation adjustments		-7,248	228,409
		33,844,466	**21,274,115**
Minority interest	(28)	4,305,552	4,116,694
Total equity		**38,150,018**	**25,390,809**
Liabilities and equity, total		**151,262,022**	**106,564,193**

Consolidated Income Statement

from January 1 to December 31, 2006

	Notes	2006 EUR	2005* EUR
Sales	(41)	177,471,668	98,258,135
Cost of sales	(3 v), (6)	-131,983,760	-74,945,111
COS as a % of sales		25.6%	23.7%
Gross Profit		**45,487,908**	**23,313,024**
Selling expenses	(3 v), (7)	-12,895,142	-8,599,436
General and administrative expenses	(3 v), (8)	-11,438,665	-8,657,374
Asset impairment charges	(9)	0	-1,679,000
Other operating (income) expenses	(10)	265,823	-208,503
Depreciation of capitalized assets in the scope of acquisitions (IFRS 3)	(3 v)	-1,775,844	-827,575
Operating Result		**19,644,080**	**3,341,136**
Interest and similar expenses		-1,474,341	-387,798
Interest and similar income		341,246	133,863
Expenses resulting from guaranteed dividend payment to minority shareholders		-1,082,369	0
Result from associated companies	(12)	1,255,558	543,016
Pre-tax result		**18,684,174**	**3,630,217**
Income taxes	(11), (16)	-2,342,387	-1,002,554
Net income		**16,341,787**	**2,627,663**
Minority interest		4,301,924	1,599,354
Net income attributable to shareholders of AdLINK Internet Media AG		12,039,863	1,028,309
Earnings per share			
basic (EUR/share)		0.47	0.04
diluted (EUR/share)		0.45	0.04
Weighted average number of shares outstanding		25,884,411	25,833,092
Weighted average number of shares outstanding diluted		26,748,933	26,058,930

* adjusted, we refer to note 3)v)

Consolidated Cash Flow

from January 1 to December 31, 2006

	Notes	2006 EUR	2005 EUR
Cash flow from operating activities			
Net income		16,341,787	2,627,663
Depreciation		2,651,680	1,453,121
Asset impairment charges	(9)	0	1,679,000
Disposals of assets		-17,637	1,365
Cash effect from former trade tax intergroup relationships		0	2,100,000
Change in deferred taxes	(11, 16)	-5,573,429	-2,277,795
Compensation expenses from employee stock option plans	(26 a, b, c)	302,567	355,238
Result from associated companies		-1,255,558	-543,016
Distributed profit of associated companies	(12)	448,575	281,462
Changes in currency translation adjustments (on cash)		-195,984	-65,992
Liability for guaranteed dividend to minority shareholders	(32)	1,082,369	0
Operative cash flow		**13,784,370**	**5,611,046**
Changes in assets and liablities			
Change in receivables and other assets		-10,948,194	-5,594,694
Change in other financial assets		3,084,423	0
Change in inventories		-2,000,271	0
Change in receivables from associated companies		-33,413	67,624
Change in receivables from affiliated companies		-192,908	-746,080
Change in prepaid expenses		-159,655	-49,913
Change in accounts payable, trade*		8,690,313	3,228,778
Change in accounts payable due to associated companies		-205	-76,272
Change in accounts payable due to affiliated companies		518,743	384,103
Change in accrued taxes		60,362	1,735,553
Change in other liabilities		-316,792	667,969
Change in provisions		867,392	9,611
Change in deferred income		-449,536	660,714
Changes in assets and liabilities, total		**-879,741**	**287,393**
Cash flow from operating activities		**12,904,629**	**5,898,439**

Cash flow continued	Notes	2006 EUR	2005* EUR
Cash flow from investment activities			
Capital expenditure for intangible assets	(14)	-599,900	-157,762
Capital expenditure for property, plant and equipment	(13)	-1,175,492	-913,150
Investments		-4,980	0
Cash inflow through disposal of assets		55,589	13,280
Acquisition costs, net of acquired cash	(4)	-45,814,949	-32,236,762
Cash flow from investment activities		**-47,539,732**	**-33,294,394**
Cash flow from financing activities			
Change of utilized credit line from affiliated companies	(35)	14,759,322	32,587,387
Borrowing/Repayment of short-term bank loans	(40)	15,003,314	0
Payments for the exercise/conversion of convertible bonds**	(25)	61,052	65,507
Payment / repayment of convertible bonds		-11,700	26,900
Cash flow from financing activities		**29,811,988**	**32,679,794**
Net increase / net decrease in cash		-4,823,115	5,283,839
Cash and cash equivalents at the beginning of the fiscal year		10,844,941	5,545,204
Effect of exchange rate differences on cash		-97,254	15,898
Cash and cash equivalents at the end of the reporting period		**5,924,572**	**10,844,941**
Deposit of interest		175,130	105,562
Cash paid for interest		-1,042,699	-2,889
Deposit of taxes		16,130	20,787
Cash paid for taxes		-7,049,400	-1,627,950

* For reasons of materiality and improved clarity, accrued liabilities disclosed separately in the previous year have been included with accounts payable, trade.

** For reasons of materiality and improved clarity, additional payments for the exercise of convertible bonds disclosed separately in the previous year have been included with additional paid-in capital or capital stock.

Consolidated Statements of Changes in Shareholders' Equity

	Common stock Shares and EUR	Additional paid-in capital EUR
Balance as of January 1, 2005	**25,805,580**	**59,572,646**
Amortization of deferred stock option compensation		355,238
Compensation use of tax losses 1999/2000 through main share holder		2,100,000
Exercise of Convertible Bonds	46,365	19,142
Minority interest		
Currency translation adjustment		
Net Income		
Balance as of December 31, 2005	**25,851,945**	**62,047,026**
Amortization of deferred stock option compensation		302,567
Exercise of Convertible Bonds	62,955	32,248
Subsequent reduction of IPO costs due to Refund of Input Tax		368,375
Aquisition of Minority Interest		
Currency translation adjustment		
Net Income		
Balance as of December 31, 2006	**25,914,900**	**62,750,216**

					Total Net Income	
Accumulated deficit	Currency translation adjustment	Total shareholders' equity	Minority interest	Total company's equity	of shareholders of AdLINK Internet Media AG	of minority interests
EUR	EUR	EUR	EUR	EUR	EUR	EUR
-67,881,574	**267,700**	**17,764,352**	**0**	**17,764,352**	**-2,961,773**	**0**
		355,238		355,238		
		2,100,000		2,100,000		
		65,507		65,507		
			2,517,340	2,517,340		
	-39,291	-39,291		-39,291	-39,291	
1,028,309		1,028,309	1,599,354	2,627,663	1,028,309	1,599,354
-66,853,265	**228,409**	**21,274,115**	**4,116,694**	**25,390,809**	**989,018**	**1,599,354**
		302,567		302,567		
		95,203		95,203		
		368,375		368,375		
			-4,113,066	-4,113,066		
	-235,657	-235,657		-235,657	-235,657	
12,039,863		12,039,863	4,301,924	16,341,787	12,039,863	4,301,924
-54,813,402	**-7,248**	**33,844,466**	**4,305,552**	**38,150,018**	**11,804,206**	**4,301,924**

Development of Consolidated Fixed Assets

Fiscal year 2006	ACQUISITION AND PRODUCTION COSTS				
	01.01.2006	Additions	Disposals	Reclassifications	31.12.2006
	EUR	EUR	EUR	EUR	EUR
INTANGIBLE ASSETS					
Licenses, brands	2,245,809	110,588	226,478	-68,597	2,061,322
Software	2,185,729	280,131	25,004	97,356	2,538,212
Internet platform	1,878,900	0	0	0	1,878,900
Databases	5,003,600	0	0	0	5,003,600
Deposits paid	28,759	209,181	0	-28,759	209,181
Subtotal licenses/software/deposits paid	**11,342,797**	**599,900**	**251,482**	**0**	**11,691,215**
Goodwill	50,387,600	34,302,763	0	0	84,690,363
	61,730,397	**34,902,663**	**251,482**	**0**	**96,381,578**
PROPERTY, PLANT AND EQUIPMENT					
Operational equipment	2,194,848	1,175,492	390,343	0	2,979,997
	2,194,848	**1,175,492**	**390,343**	**0**	**2,979,997**

Fiscal year 2005*	ACQUISITION AND PRODUCTION COSTS				
	01.01.2005	Additions	Disposals	Reclassifications	31.12.2005
	EUR	EUR	EUR	EUR	EUR
INTANGIBLE ASSETS					
Licenses, brands	1,270,410	987,033	11,634	0	2,245,809
Software	593,909	1,527,340	2,254	66,734	2,185,729
Internet platform	0	1,878,900	0	0	1,878,900
Databases	0	5,003,600	0	0	5,003,600
Deposits paid	66,734	28,759	0	-66,734	28,759
Subtotal licenses/software/deposits paid	**1,931,053**	**9,425,632**	**13,888**	**0**	**11,342,797**
Goodwill	9,834,000	40,553,600	0	0	50,387,600
	11,765,053	**49,979,232**	**13,888**	**0**	**61,730,397**
PROPERTY, PLANT AND EQUIPMENT					
Operational equipment	1,308,323	1,266,269	379,744	0	2,194,848
	1,308,323	**1,266,269**	**379,744**	**0**	**2,194,848**

* In order to improve clarity, the prior-year development was adjusted insofar as additions from normal operations were combined with additions from acquisition of companies.

ACCUMULATED DEPRECIATION						NET BOOK VALUE	
01.01.2006 EUR	Additions EUR	Disposals EUR	Reclassifications EUR	Currency translation adjustment EUR	31.12.2006 EUR	01.01.2006 EUR	31.12.2006 EUR
1,308,647	139,005	225,265	-12,345	-241	1,209,801	937,162	851,521
809,294	493,184	25,557	12,345	174	1,289,440	1,376,435	1,248,772
282,200	375,700	0	0	0	657,900	1,596,700	1,221,000
336,225	1,000,738	0	0	0	1,336,963	4,667,375	3,666,637
0	0	0	0	0	0	28,759	209,181
2,736,366	**2,008,627**	**250,822**		**-67**	**4,494,104**	**8,606,431**	**7,197,111**
1,679,000	0	0	0	0	1,679,000	48,708,600	83,011,363
4,415,366	**2,008,627**	**250,822**	**0**	**-67**	**6,173,104**	**57,315,031**	**90,208,474**
1,083,358	643,053	305,727	0	663	1,421,347	1,111,490	1,558,650
1,083,358	**643,053**	**305,727**	**0**	**663**	**1,421,347**	**1,111,490**	**1,558,650**

ACCUMULATED DEPRECIATION						NET BOOK VALUE	
01.01.2005 EUR	Additions EUR	Disposals EUR	Reclassifications EUR	Currency translation adjustment EUR	31.12.2005 EUR	01.01.2005 EUR	31.12.2005 EUR
1,190,586	126,321	2,072	0	-6,189	1,314,835	79,824	937,163
519,964	291,584	2,254	0	0	809,294	73,945	1,376,435
0	282,200	0	0	0	282,200	0	1,596,700
0	336,225	0	0	0	336,225	0	4,667,375
0	0	0	0	0	0	66,734	28,759
1,710,550	**1,036,330**	**4,326**		**-6,189**	**2,742,554**	**220,503**	**8,606,432**
0	1,679,000	0	0	0	1,679,000	9,834,000	48,708,600
1,710,550	**2,715,330**	**4,326**	**0**	**-6,189**	**4,421,554**	**10,054,503**	**57,315,032**
1,035,852	416,791	370,969	0	1,684	1,081,674	272,471	1,111,490
1,035,852	**416,791**	**370,969**	**0**	**1,684**	**1,081,674**	**272,471**	**1,111,490**

Notes

1 COMPANY DATA

Management Board
Stéphane Cordier (Chief Executive Officer)
Marc Stilke (Speaker of the Management Board)
Guy Challen (Chief Financial Officer)

Supervisory Board
Michael Scheeren (Chairman)
Norbert Lang (Deputy Chairman)
Andreas Gauger

Employees
On December 31, 2006 the AdLINK Group had 400 employees (previous year: 267). The average number of employees was 336 (previous year: 216).

2 NATURE OF THE BUSINESS

The purpose of the business of AdLINK Internet Media AG, Elgendorfer Strasse 57, 56410 Montabaur, registered under HRB 5432 in Montabaur, Germany (subsequently referred to as "the Company" or "AdLINK AG") is to acquire, hold and manage investments in other German and foreign companies, to provide marketing, sales and other services connected with information and telecommunication technology, to advise companies on marketing, sales and advertising issues as well as to market information and telecommunication technologies and products associated with these areas of activity.

In accordance with its articles, the Company is authorized to conduct all business activities and to take all action that may be conducive to attaining its purpose. It may acquire or invest in all manner of companies, both German and foreign and establish branch operations in Germany or other countries.

The Company is also authorized to conduct its business through subsidiaries, associated companies and joint ventures. It may transfer or outsource all or part of its operations to affiliated companies.

The Company's shares are currently traded in the Prime Standard segment of the Frankfurt Stock Exchange. Pursuant to Section 161 of the German Stock Corporation Act, AdLINK Internet Media AG's legal representatives have issued a declaration of compliance with the German Corporate Governance Code and made it permanently available to shareholders on the relevant internet page.

All companies in which AdLINK Internet Media AG holds all shares, directly or indirectly, are included in the consolidated financial statements. The following companies are included by name (percentage figures refer to direct/indirect shareholdings):

AdLINK Media segment
- AdLINK Internet Media GmbH Deutschland, Duesseldorf/Germany („AdLINK Germany"), 100 %
- AdLINK Internet Media AB, Stockholm/Sweden („AdLINK Sweden"), 100 %
- AdLINK Internet Media S.A., Levallois-Perret/France („AdLINK France"), 100 %
- AdLINK Internet Media Ltd., London/United Kingdom („AdLINK UK"), 100 %
- AdLINK Internet Media S.L.U., Madrid/Spain („AdLINK Spain"), 100 %
- AdLINK Internet Media N.V., Zellik/Belgium („AdLINK Belgium"), 100 %
- AdLINK Internet Media A.P.S., Copenhagen/Denmark („AdLINK Denmark"), 100 % in Liquidation
- AdLINK Internet Media B.V., Haarlem/Netherlands („AdLINK Netherlands"), 100 %
- AdLINK Italy Internet Media Srl, Milan/Italy („AdLINK Italy"), 100 %

Affiliate Marketing segment
- affilinet GmbH, Ebersberg/Germany („affilinet Germany"), 100 %
- affilinet Ltd., London/United Kingdom („affilinet UK"), 100 %
- CibleClick Performances S.A., Paris/France („CibleClick France"), 100 %
- CibleClick SAS, Paris/France („CibleClick Holding"), 100 %

Domain Marketing segment
- Sedo GmbH, Cologne/Germany („Sedo Germany"), 75.94 %
- Sedo LLC, Cambridge (Boston)/USA („Sedo USA"), 75.94 %
- DomCollect Worldwide Intellectual Property AG, Zug/Switzerland („DomCollect"), 75.94 %

Corporate segment

- net:dialogs GmbH, Montabaur/Germany („net:dialogs“), 100 %

In addition to the joint venture AdLINK Internet Media AG Küsnacht/Switzerland („AdLINK Switzerland“) formed on January 1, 2004, in which AdLINK Internet Media AG and Goldbach Media AG (“Goldbach“), Küsnacht/Switzerland each hold 50 %, AdLINK Internet Media AG acquired a 30 % share in the newly founded AdLINK Internet Media GmbH, Vienna/Austria (“AdLINK Austria”) with the notarized signing of a contract on July 19, 2006. Goldbach Media AG (“Goldbach”), Küsnacht/Switzerland owns 70 % of the equity and contributed its Austrian online business in the course of the company’s formation. Both companies are consolidated as associated companies using the at-equity method. Their results are attributed to the AdLINK Media segment.

Business operations of AdLINK Internet Media APS, Copenhagen/Denmark were discontinued as of February 28, 2006 and closure proceedings were opened. The company is expected to be eliminated from the Commercial Register in the first quarter of 2007.

In the course of the fiscal year the non-operating companies AdLINK International Internet Sales Ltd., Dublin/Republic of Ireland, AdLINK Benelux Limited, Dublin/ Republic of Ireland, AdLINK Italy Limited, Dublin/ Republic of Ireland and AdLINK International Internet Purchasing Limited, Dublin/Republic of Ireland were dissolved.

Furthermore, closure procedures opened in 2005 were continued for the non-operating company CibleClick Ltd., London/ Great Britain. The company was deconsolidated in fiscal year 2006. The company was officially eliminated from the Commercial Register in January 2007.

There were no significant effects from deconsolidation, as none of the companies were still operating nor had any significant assets.

The company net:dialogs GmbH, Montabaur/Germany was formed with the notarized signing of a contract on October 20, 2006. net:dialogs GmbH will focus in future on gaining customers and contacts for major clients.

3 SUMMARY OF SIGNIFICANT ACCOUNTING, VALUATION AND CONSOLIDATION POLICIES

a) Basis of preparation

In accordance with Article 4 of the so-called IAS Ordinance (Ordinance (EU) No. 1606/2002 of the European Parliament and Council of July 19, 2002 concerning the application of international accounting standards, ABl. EU No. L 243 p. 1), the AdLINK Group prepares its consolidated annual financial statements according to IFRS (International Financial Reporting Standards). The Company also observed and applied the supplementary regulations of Section 315a (1) German Commercial Code (HGB). All IFRS standards valid on the balance sheet date and as applied within the European Union were observed.

The balance sheet date is December 31, 2006. The reporting currency is euro (EUR). Amounts stated in the notes to the financial statements are in euro (EUR) or thousand euro (EURk). The consolidated financial statements are always drawn up on the basis of historical costs.

The consolidated financial statements comprise the annual financial statements of AdLINK Internet Media AG and its subsidiaries as of December 31 of each fiscal year. The annual financial statements of subsidiaries, including associated companies, are prepared as to the same balance sheet date and using the same standardized accounting and valuation methods as those applied by the parent company.

All intercompany balances, transactions, income, expenses, profits and losses from intercompany transactions contained in the carrying value of assets are fully eliminated.

Subsidiaries are fully consolidated from the point of acquisition, i. e. from the date on which the Company gained control. Consolidation ends as soon as the parent company no longer has control over the subsidiary.

The acquisition costs for the purchase of additional shares in the subsidiaries CibleClick Holding and Sedo Germany in fiscal year 2006 are carried as goodwill, less the acquired minority interests, and were divided between the two companies which represent cash-generating units. Minority interests were disclosed in the period’s result according to the corresponding shareholdings valid in the individual months.

Notes

The Supervisory Board approved the consolidated financial statements for 2005 at its meeting on March 22, 2006. The annual financial statements were published in the German Federal Gazette No. 169 (Bundesanzeiger) on September 7, 2006.

The consolidated financial statements for 2006 were prepared by the Company's Management Board on March 6, 2007 and subsequently submitted to the Supervisory Board. The consolidated financial statements will be presented to the Supervisory Board for approval on March 28, 2007.

b) Compulsory application of new accounting standards

The accounting and valuation policies applied mainly correspond to the methods applied in the previous year. There were no significant effects on the presentation of the Company's net assets, financial situation and results of operations from the application of new or amended standards and interpretations.

The IASB adopted amendments to existing IFRS standards as well as new IFRS standards and published new interpretations of the International Financial Reporting Committee (IFRIC), which are compulsory for companies for all fiscal years beginning on or after January 1, 2006. These concern the standards IAS 1 and IAS 19, IAS 21, IAS 39 and IFRS 4, as well as the interpretations IFRS 4, 5 and 6. The changes have no significant effects on the annual financial statements of the AdLINK Group.

c) Voluntary application of new accounting standards

In addition to the compulsory IFRS standards for fiscal year 2006, the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) also published further IFRSs and IFRICs which have already been endorsed by the EU, but which are not compulsory until a later date. The following only includes those standards and interpretations which might be of relevance for the Group. The option of earlier, voluntary adoption of these standards/interpretations was not exercised.

On August 18, 2005 the IASB published IFRS 7 "Financial Instruments: Disclosures". This replaces IAS 30 and adopts all regulations included in IAS 32 concerning disclosures in the notes to the annual financial statements. In this connection, amendments and additions were also made to IAS 1 with regard to capital disclosures. The standard results in a fundamental restructuring of disclosure obligations for financial instruments. In particular, details are required regarding management objectives, methods, risks, securities and processes. The disclosure obligations of IFRS 7 and revised detail requirements concerning capital of IAS 1 need not be applied until reporting periods beginning on or after January 1, 2007; earlier application is recommended. The new regulations of IFRS 7 do not result in any changes in valuation for the Company.

No significant impact on the Group's net assets, financial situation and results of operations is expected in future from the application of the newly published IFRIC 7, IFRIC 8 and IFRIC 9, which have already been endorsed by the EU but not yet voluntarily applied by the Company as of December 31, 2006.

d) Revenue recognition

The Company generates its revenue in the field of online advertising and related areas. The services offered can be divided into three main business areas, AdLINK Media, Affiliate Marketing and Domain Marketing. All three areas are subject mainly to the same market structures and risks, yet vary to some extent with regard to their technology infrastructure and/or pricing models.

AdLINK Media segment
In the Media segment, the Company obtains its sales income from the sale of advertising space on internet pages (banners, skyscrapers, rectangles, content integration, pop-ups etc.) with the charges being based upon screening frequency or the number of clicks recorded. Other sales income is generated by sending e-mails and newsletters.

When selling advertising space and placing advertisements, the volume of the sales income is dependent on the coverage achieved. Revenue is recognized if the campaign results correspond to the performance agreement, that is when the relevant screening counts, clicks and registrations are actually generated. The associated charges are, to a large extent, presented on a monthly basis. In sub-markets or individual cases, charges are made in advance or at the commencement date of the campaign. Some charges made for services not yet invoiced are posted as accrued expenses and deferred income. Services provided but not yet invoiced are defined as accounts receivable.

Amounts agreed with and invoiced to the customer less all rebates and agreed annual bonuses are declared as sales income. The amounts credited by AdLINK to the operators of the websites are expressed as production costs for providing the services required to obtain the sales income. To a large extent, the value of the sales income is expressed on a gross basis, as the full commercial risk of the transaction is carried by AdLINK.

Affiliate Marketing segment
The Company operates an internet platform for advertisers on the one hand and website owners on the other. The advertisers (merchants) offer affiliate programs which website operators (affiliates) can participate in. As part of these programs, the affiliates incorporate the advertisers' (merchants') messages on their web pages and receive a previously agreed compensation amount. Performance may be based on showings, on the number of generated clicks/registrations or on the volume of sales generated.

The Company invoices the merchant advertiser for the advertising services performed by the affiliates according to the agreed conditions and credits the amount of generated advertising to the affiliates. The value of the sales income is expressed on a gross basis, as the full commercial risk of the transaction is carried by the company.

Domain Marketing segment
Sedo operates a trading platform for the secondary domain market, i. e. domain owners can sell their domains via the platform. The company also offers domain owners the possibility to market non-used domains for advertising purposes (domain parking).

The Company realizes performance-based (mainly per click) advertising revenues from domains which have been "parked". The company receives gross revenues on a monthly basis and pays the domain owners a proportionate fee according to the respective contractual conditions. The value of the sales income is expressed on a gross basis, as the full commercial risk of the transaction is carried by the company.

The Company also generates its revenues in part from sales commission received for the successful marketing of domains, for all services concerning this topic (e. g. domain value assessments and services connected with domain rights transfer, trustee services etc.). Revenue is recognized on completion of the transaction or preparation of the value assessment.

e) Cash and cash equivalents

Cash and cash equivalents consist of bank balances, checks and cash which in total exhibit a high degree of liquidity and a residual term of less than 3 months.

For the purposes of the cash flow account, cash and cash equivalents also include the funds and short-term balances described above.

f) Trade accounts receivable

Trade accounts receivable are stated at fair value when originally carried and subsequently at depreciated cost (this generally corresponds to the nominal value) net of adequate allowances for doubtful accounts.
Allowances for doubtful accounts are made on the basis of experience in classification of the accounts receivable according to their age and on the basis of other information concerning the impairment of customer-specific accounts.

g) Shares in associated companies

Investments in associated companies are valued according to the equity method. The equity held in the associated company is always originally carried at cost. In subsequent valuations the investment value is adjusted according to the proportion of net assets of the associated company.

h) Property, plant and equipment

Property, plant and equipment are carried at cost less cumulative depreciation. Gains or losses from the disposal of assets are recognized as other operating income or expenditure.

Property, plant and equipment are depreciated using the straight-line method over their expected useful lives.

The useful life periods can be found in the following summary:

	Useful life in years
Vehicles	5 to 6
Other operational and office equipment	3 to 10
Office furniture and fixtures	5 to 13

i) Intangible assets (without goodwill)

In accordance with IAS 38, the disclosed trademarks affilinet® und Sedo® valued as part of the purchase price allocation were classified as assets with an unlimited useful life and thus not subjected to scheduled amortization.

Other intangible assets with a limited useful life, such as purchased software, licenses and other rights are stated at acquisition cost less scheduled straight-line amortization over their normal useful life. The amortization period and amortization method are reviewed at the end of each fiscal year.

	Useful life in years
Trademark rights*	unlimited
Sedo internet platform	5
Databases	5
Licenses	3 to 6
Software*	3 to 5

* On the basis of management estimates, the brand CibleClick® was assumed to have a different amortization period of 2 years, as the Company aims to adopt a standardized brand for the Affiliate Marketing segment. The software platform of CibleClick was amortized over 1 year, as the Company plans to migrate the software system to the technical platform of affilinet Germany in fiscal year 2007.

j) Goodwill

Goodwill arising from business combinations is initially valued at cost, based on the surplus acquisition cost above the Group's proportion of the fair value of acquired identifiable assets, liabilities and contingent liabilities. Following initial valuation, goodwill is valued at cost less cumulative impairment.

In accordance with IFRS regulations, goodwill is not amortized in scheduled amounts, but subjected to an impairment test at least once a year ("impairment-only" method). This does not depend on any indication of impairment. In the case of impairment, the respective goodwill items are adapted to the assessed value by means of non-scheduled amortization. There is no restatement of values.

k) Impairment of assets

Property, plant and equipment and intangible assets (including goodwill) are reviewed for impairment if circumstances or changes in circumstances indicate that the book value of an asset may not be realizable. As soon as an asset's book value exceeds the sum that it can realize, an impairment of value is recognized with an effect on net income. The recoverable amount is the higher of fair value less the cost of disposal and value in use. Fair value less the cost of disposal is the amount that can be realized from the sale of an asset, or a cash-generating unit, in a transaction between knowledgeable, willing parties on market terms. The asset's value in use is the cash value of future cash flow to be expected from the asset or cash-generating unit. The recoverable amount is determined individually for each asset or, if that is not possible, for the cash-generating unit to which the asset belongs.

If the value in use of the cash-generating unit is less than the book value of the underlying net asset plus goodwill, an impairment of value is recognized with an effect on net income.
In fiscal year 2006, there was no non-scheduled amortization of assets (prior year: EUR 1,679k).

l) Income taxes

Income taxes are calculated by means of the liability method, whereby deferred tax asset and liability items are recorded for all accounting and valuation differences between the tax base of an asset or liability and its carrying amount in the balance sheet according to IFRS. Deferred tax assets and liabilities are valued on the basis of current tax rates for the respective national subsidiary, which apply for the period in which the temporary differences are expected to be balanced.

The carrying amount of deferred taxes is reviewed on each balance sheet date and reduced, where necessary, by that amount by which it is no longer probable that a sufficient taxable result will be available for which the asset can be used. Deferred tax claims not yet utilized are reviewed on each balance sheet date and carried at the amount by which it is probable that a future taxable result will be available for which the asset can be used.

When examining the expected ability of use for deferred tax assets, the expected results of the next three years after the balance sheet date are taken, assuming two of which are profitable.

m) Management's exercise of discretionary rights and critical accounting estimates

The preparation of consolidated financial statements in accordance with IFRS requires the Management Board to make future-based estimates and assumptions in certain cases that affect the assets, debts and financial liabilities reported on the balance sheet date as well as the income and expenditures of a reporting period. Actual results and developments may differ from these estimates and assumptions.

The most important future-based assumptions, and other major sources of uncertain estimates as of the balance sheet date, which bear a potential risk of significant adjustment to the carrying values of assets and liabilities in the coming fiscal years concern goodwill and deferred tax assets. We refer here to the explanations regarding the capitalization of deferred tax assets for loss carryforwards 3)l),16) and impairment tests for goodwill and other intangible assets 3)k).

Further estimates were made regarding the useful lives of non-current assets, the formation of accruals, the assessment of impairment regarding trade receivables, the determination and valuation of acquired intangible assets as part of the purchase price allocation or the assessment of stock-based compensation programs.

n) Foreign currency translation

Translation of individual consolidated financial statements produced in a foreign currency is carried out according to the method of the functional currency. The functional currency of each subsidiary company is the local currency of the country where the subsidiary company is located. Consequently assets and liabilities which are shown in the financial statements in a foreign currency (excluding equity capital) are converted into euros at the rate which applied on the balance sheet date. The conversion of revenues and expenses is made using the average exchange rate prevailing during the respective fiscal year. Differential amounts resulting from the foreign currency conversion which arise from valuation of equity capital at an historical rate and the assets and other liabilities on the effective date of the financial statements are stated under equity as a currency adjustment without effect on net income.

o) Trade accounts payable

Trade accounts payable are stated initially at fair value (generally the discharge or repayment values for short-term liabilities).

p) Provisions

In accordance with IFRS regulations, provisions are formed if there is a current obligation toward a third party from a past event, which is expected to lead to a future outflow of funds whose amount can be reliably estimated. Provisions which do not already lead to an outflow of funds in the following year are carried at their discounted repayment value as of the balance sheet date. Amounts are discounted at market interest rates. The repayment value includes all expected cost increases.

q) Borrowing costs

In accordance with IAS 23, borrowing costs are recognized as an expense in the period in which they are incurred.

r) Earnings per share

Basic earnings per share is calculated by dividing the result attributable to the owners of registered shares by the weighted average number of shares outstanding during the period.

Diluted earnings per share are calculated similarly to basic earnings per share with the exception that the average number of shares outstanding increases by the portion which would result if the exercisable conversion rights of convertible bonds issued had been exercised. Net income is also adjusted for interest expenses after taxes, payable on potentially exchanged convertible bonds. On December 31, 2006 the capital stock was divided into 25,914,900 (December 31, 2005: 25,851,945) registered shares having a theoretical share in the capital stock of EUR 1.00. The weighted average number of shares used for the calculation amounted to 25,884,411 (prior year: 25,833,092) for fiscal 2006. Using this number of units results in earnings per share of EUR 0.47 (previous year: EUR 0.04)

In calculating the diluted number of average outstanding shares, only those options were considered whose strike price was greater than the average share price for the relevant year. The theoretical diluted number of average outstanding shares for fiscal 2006 amounted to 26,748,933 (prior year: 26,058,930). Diluted earnings per share thus amounted to EUR 0.45 (prior year: EUR 0.04).

s) Stock-based compensation

In accordance with IFRS 2, all expenses resulting from transactions compensated with equity instruments are valued at the fair value of the granted equity instruments at the time they were granted. Valuation was made with the aid of a binomial model (see note 26 for details). Transactions compensated by means of equity instruments are expensed for the period in which the performance or service conditions are fulfilled with a corresponding increase in equity. This period ends as soon as the respective employee is irrevocably entitled to subscribe for shares ("moment of initial exercise possibility"). From the time of reporting to the moment of initial exercise possibility, the cumulative expenses for transactions compensated with equity instruments reflect that proportion of the waiting period already completed and the number of equity instruments deemed finally vested, according to the Group's best estimate. The amount credited or charged to the income statement reflects the development of the cumulative expenses at the beginning and end of the period under review.

In fiscal year 2006, expenses resulting from stock-based compensation amounted to EUR 303k (prior year: EUR 355k).

t) Subsequent events

Subsequent events are all beneficial or detrimental events which occur between the balance sheet date and the day on which the annual financial statements are released for publication. Events which provide further substantial evidence of matters already apparent on the balance sheet date are included in the consolidated financial statements. Events concerning occurrences after the balance sheet date are presented in the notes to the annual financial statements and in the management report, if they are of material significance.

Up to the publication of this report, however, there were no events of material significance.

u) Business combinations

IFRS 3 was applied to all business combinations whose contracts were signed on or after March 31, 2004.

In the course of its first-time valuation process, the Group values all identifiable assets, liabilities and contingent liabilities fully and at their fair value on the date of acquisition. Minority shareholdings are thus carried at their proportion of the fair value of the assets and liabilities.

Moreover, every intangible asset is now examined to determine whether it has a limited or unlimited useful life. Please refer to note 3)i) for further details.

v) Retrospective adjustments

Intangible assets were identified in connection with the acquisitions of Sedo GmbH and affilinet GmbH in fiscal year 2005, which led to prorated amortization in fiscal 2005. Due to the acquisition of CibleClick Performances S.A. in December 2006, amortization of capitalized intangible assets in connection with the company acquisitions are no longer insignificant and are thus separately disclosed to improve clarity. In fiscal year 2005, amortization of intangible assets were disclosed under administrative expenses. Amortization of intangible assets resulting from company acquisitions amounted to EUR 1,776k (prior year: EUR 828k). Of this total, amortization of databases accounted for EUR 1,001k (prior year: EUR 337k), amortization of the internet platform for EUR 376k (prior year: EUR 282k), amortization of software for EUR 344k (prior year: EUR 209k) and amortization of trademarks for EUR 55k (prior year: EUR 0k). Amortization of intangible assets resulting from company acquisitions is disclosed separately in the income statement. There is no allocation to individual divisions.

w) Purchase of additional shares in companies already fully consolidated

The purchase of additional shares in companies already fully consolidated is made in accordance with the so-called "parent-entity-extension" method. According to this method, positive or negative goodwill is calculated as the difference between purchase price and prorated assets (acc. to IFRS carrying values). The positive or negative goodwill values are subsequently carried in the same way as those arising from business combinations.

4) ACQUISITION OF COMPANIES

a) Acquisition of additional shares in Sedo GmbH

In 2005 AdLINK AG acquired a total of 52.14 % of shares in Sedo Germany. On November 20, 2006, AdLINK Germany purchased a further 23.80 % of shares in Sedo Germany. At the same time, AdLINK AG transferred the 52.14 % it already held as a non-cash contribution to AdLINK Germany, so that as of December 31, 2006, AdLINK Germany held 75.94 % of shares in Sedo Germany.

The acquisition costs of the additional shares amounted to EUR 34,606k and comprised costs directly allocated to the acquisition amounting to EUR 101k. Total acquisition costs for the Sedo shareholding of 75.94 % in fiscal years 2005/2006 therefore amounted to EUR 48,945k, of which EUR 146k were ancillary purchase costs.

In the course of the increase in shares held in Sedo Germany, a profit transfer agreement was concluded with AdLINK Germany, effective from January 1, 2007. On the basis of this profit transfer agreement, Sedo Germany will transfer its complete result to AdLINK Germany. As compensation for the minority shareholders, the contract allows for a dividend payment of EUR 250k per fiscal year, payable within three months after the balance sheet date. The contract cannot be terminated before December 31, 2011.

As part of the purchase of additional shares, the minority shareholders were granted a conditional put option, which can be exercised in the period from January 1, 2009 to December 31, 2015. The option is conditional in as far as AdLINK has the right to oppose the exercise of the put option. The purchase prices depend mainly on the company's profit development.

In order to finance the purchase price for the shares in fiscal year 2005, United Internet AG provided a credit line of EUR 14,013k. The shares in Sedo Germany served as collateral for the loan. On conclusion of a new credit line agreement to finance the increased shareholding in Sedo Germany on December 20, 2006 (see explanations in note 5)b), the old credit line and corresponding collateral were rescinded.

b) Acquisition of shares in CibleClick Performances S.A.

In fiscal 2005 the Group acquired 71.46 % of shares in CibleClick Performances S.A., headquartered in Paris, France. The contract dated December 14, 2005 obliged the AdLINK Group to acquire 75 % of shares in CibleClick Performances S.A., whereby the legal purchase of the remaining 3.54 % stake was planned for the 2nd quarter of 2006. The purchase price of these first two tranches was dependent on the audited EBIT result for fiscal year 2005 of the CibleClick Group.

With payment on April 3, 2006, the additional 3.54 % shareholding was acquired and the 2nd purchase installment settled for 71.46 % stake acquired in December 2005. The remaining 25 % of shares were acquired on October 20, 2006.

Total acquisition costs for the fiscal years 2005 and 2006 amounted to EUR 22,243k (EUR 615k thereof were directly allocated ancillary purchase costs), of which an amount of EUR 11,209k was paid in fiscal year 2006.

c) Acquisition of shares in affilinet GmbH, Ebersberg/Germany

In fiscal 2005, the Group acquired 100 % of shares in affilinet GmbH, Ebersberg/Germany, from the former owner United Internet AG on April 1, 2005.

As United Internet AG and AdLINK AG are parent company and subsidiary, respectively, this acquisition was a transaction concerning the sale of an investment which was jointly controlled. The Company applied the so-called “separate entity approach”. According to this method, the acquisition is to be treated pursuant to IAS 8 and concurrent application of IFRS 3 as a purchase transaction with third parties.

The acquisition costs of the shares in affilinet GmbH amounted to a total of EUR 16,039k (thereof EUR 52k ancillary costs directly allocated to the acquisition).

5) TRANSACTIONS WITH RELATED PARTIES

a) Goldbach Media AG

Together, Goldbach Media AG and AdLINK AG operate two joint ventures in Switzerland and Austria. There are operating service relations for both companies between individual AdLINK Group companies and the two joint ventures at standard terms and conditions.

i) AdLINK Switzerland

There has also been a service contract between AdLINK AG and AdLINK Switzerland since fiscal year 2004. This regulates access of AdLINK Switzerland to services and systems provided by AdLINK AG following the establishment of a joint venture agreement with Goldbach Media AG. This relates, in particular, to further involvement of AdLINK Switzerland in the existing DART contract, the inclusion of international website operators into the central accounting system and the use of central systems (especially the invoice handling system).

Under this agreement, AdLINK Switzerland was invoiced EUR 368k (prior year: EUR 217k) for part of the DART costs, EUR 166k (prior year: EUR 203k) for prorated fees of international websites and EUR 8k (prior year: EUR 25k) for other costs. A further EUR 64k (prior year: EUR 79k) was invoiced with effect on net income for services provided under the service contract and recorded as sales income. A further EUR 11k in connection with the brokering of international campaigns was disclosed as revenue.

ii) AdLINK Austria

Close operating cooperation was agreed in connection with the purchase of a 30 % share in AdLINK Austria. In the course of initial integration measures, an amount of EUR 3k was netted by AdLINK AG for prorated DART costs and an amount of EUR 26k for prorated fees of international websites.

b) United Internet Gruppe

On December 31, 2006 United Internet AG held 80.07 % (prior year: 82.30 %) of the capital stock and is consequently the majority shareholder of AdLINK.

In fiscal year 2005, AdLINK AG acquired 100 % of shares in affilinet GmbH from United Internet AG for a purchase price of EUR 15,987k and 51.07 % of shares in Sedo GmbH for a purchase price of EUR 14,031k. As part of the purchase agreement for these shares, United Internet AG provided AdLINK AG with credit lines to finance the purchase prices. The credit lines had variable interest rates according to the 3-month Euribor rate plus a fixed surcharge. In fiscal year 2006, the credit lines of United Internet AG were mostly replaced during the year by bank credit lines.

In connection with the financing of additional shares in Sedo Germany, a new credit line agreement of EUR 65 million was signed on December 20, 2006, which replaces all previous credit agreements. The credit line is limited to January 30, 2007 and has a variable interest rate according to the 3-month Euribor rate plus a fixed surcharge.

In fiscal year 2006, interest expenses of EUR 822k (prior year: EUR 386k) were incurred in connection with credit line agreements.

In fiscal year 2006, AdLINK was invoiced an amount of EUR 579 (prior year: EUR 274k) by companies of the United Internet Group for costs mainly relating to support for SAP projects, SAP service, personnel, recruitment, facility expenses, insurance, IT, investor relations and press PR. Furthermore, the business premises of AdLINK in Montabaur are rented from United Internet AG. Rental payments in this connection of EUR 112k (prior year: EUR 139k) were paid by AdLINK for the fiscal year 2006. The inter-company relationship regarding trade and sales taxes between AdLINK and United Internet AG was dissolved as of January 1, 2003.

There were changes regarding the offsetting of sales tax on IPO costs in fiscal year 2006 as a result of an EU verdict and its adoption in German tax legislation. Input sales tax amounts can now be officially offset. However, the IPO took place during former inter-company relationship regarding sales taxes and the reimbursement of sales tax amounts is therefore at parent company level (United Internet AG). As a result, there a receivable of EUR 749k (EUR 583k actual sales tax amounts plus accumulated interest as of December 31, 2006 of EUR 166k) as of the balance sheet date.

Websites run by GMX GmbH, a subsidiary of United Internet AG, were marketed by AdLINK in Switzerland and Austria under normal commercial conditions. GMX GmbH received income for advertising campaigns amounting to EUR 172k (previous year: EUR 200k).

In December 2005, AdLINK Internet Media GmbH Deutschland signed a sub-lease agreement with WEB.DE GmbH, an indirect subsidiary of United Internet AG. As of January 1, 2006, AdLINK Internet Media GmbH Deutschland sublets part of a rented building in Düsseldorf. The agreed terms and conditions are in line with the Company's own conditions. In fiscal year 2006, the volume of payments from the sub-lease amounted to EUR 85k.

Moreover, GMX GmbH and 1&1 Internet AG (also a subsidiary of United Internet AG) run affiliate programs in the affiliate network of affilinet Germany. affilinet GmbH generated revenue of EUR 4,745k (prior year: EUR 2,968k for April to December) from these affiliate programs.

As of fiscal year 2006, 1&1 Internet AG and 1&1 Internet Ltd. offer their customers in Germany and England the possibility to book advertising on the AdLINK Group's network. Under the terms of this cooperation, the AdLINK Group received payments of EUR 62k.

1&1 Internet AG and subsidiaries also market some of their unused domains via Sedo Germany. As part of this marketing activity, Sedo paid EUR 98k (prior year: 69k for the months April to December 2005) to the 1&1 Group.

c) Management Board and Supervisory Board

There were no changes in the composition of the Supervisory Board in fiscal year 2006. As of December 31, 2006 the Supervisory Board therefore consisted of Mr. Michael Scheeren (banker), as chairman of the Supervisory Board, Mr. Norbert Lang (member of the Management Board of United Internet AG) and Mr. Andreas Gauger (member of the Management Board of 1&1 Internet AG), as it did on December 31, 2005.

The Chairman of the Supervisory Board, Mr. Michael Scheeren, was also a member of the supervisory board of United Internet AG, Montabaur, and of United Internet Media AG, Montabaur. Mr. Michael Scheeren is also chairman of the supervisory boards of 1&1 Internet AG, Montabaur and NT plus AG, Osnabrück. In addition to his mandate with AdLINK AG, the deputy chairman of the Supervisory Board, Mr. Norbert Lang was also a member of the supervisory boards of twenty4help Knowledge Service AG, Montabaur, Deutsche Challenge 2007 AG, Munich, and United Internet Media AG, Montabaur (as of January 20, 2006) in fiscal year 2006.

The members of the Supervisory Board received remuneration totaling EUR 20k for fiscal year 2006 (previous year: EUR 21k).

In accordance with a resolution adopted by the Annual Shareholders‘ Meeting of May 17, 2005, Supervisory Board remuneration comprises the following components. Each member of the Supervisory Board receives a fixed amount of EUR 7,500.00 per year. The chairman of the Supervisory Board receives twice this amount. In addition to this fixed amount, each Supervisory Board member (including the chairman) receives a variable amount based on the Company's performance. The variable amount is EUR 250.00 for every EUR 0.01 of earnings per share, as disclosed in the Company's consolidated financial statements, which exceeds a minimum amount of EUR 0.10 per share. The minimum amount increases annually by 10 %, beginning in fiscal year 2006, i.e. the minimum amount of earnings per share amounts to EUR 0.11 per share. The variable remuneration element is limited to EUR 5k per Supervisory Board member.

In an agreement with the Supervisory Board members, it is company policy not to provide remuneration for supervisory board seats for employees of the Group.

Notes

As of December 31, 2006, the Management Board consisted of three members: Guy Challen, Stéphane Cordier and Marc Stilke.

The Supervisory Board is responsible for determining the remuneration of Management Board members. The remuneration received by the members of the Management Board of AdLINK Internet Media AG is performance-oriented and consists of fixed and variable elements.

The fixed element is paid monthly as a salary. The size of the variable element is dependent upon the attainment of certain fixed financial objectives identified at the beginning of the year and related to the budget.

Total remuneration paid to the members of the Management Board for fiscal year 2006 amounted to EUR 748k (prior year: EUR 596k). Of this total, the fixed sums amounted to EUR 443k (prior year: EUR 398k) and the variable sums to EUR 305k (prior year: EUR 198k). The remuneration in fiscal year 2006 paid to Mr. Stéphane Cordier amounted to EUR 314k (prior year: EUR 257k), of which EUR 149k (prior year: EUR 160k) was fixed and EUR 165k (prior year: EUR 97k) variable. In the case of Mr. Guy Challen, the total remuneration of EUR 165k (prior year: EUR 147k) consisted of a fixed element of EUR 114k (prior year: EUR 114k) and a variable element of EUR 51k (prior year: EUR 33k). Mr. Stilke received total remuneration of EUR 269k (prior year: EUR 192k), of which EUR 180k (prior year: EUR 124k) was fixed and EUR 89k (prior year: EUR 68k) variable.

The Management Board member Guy Challen also exercised a total of 34,000 conversion options from the convertible bond program, in accordance with a resolution of the Annual Shareholders' Meeting of April 4, 2000. At the time of issue, there was a fair value of EUR 1.23 per conversion option.

The number of shares and subscription rights of AdLINK AG held by members of the Management Board and the Supervisory Board is given in the following table:

	Shareholding		Subscription rights	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Supervisory Board				
Michael Scheeren	72,656	72,656	-	-
Norbert Lang (indirectly)	30,850	-	--	
Andreas Gauger	1,000	1,000	-	-
Management Board				
Guy Challen	-	-	136,000	170,000
Stéphane Cordier	-	-	400,000	400,000
Marc Stilke	-	-	400,000	400,000
Total	**104,506**	73,656	**936,000**	970,000

6) COST OF SALES

The following table shows a breakdown of cost of sales:

	2006 EURk	2005 EURk
Direct product cost	123,059	68,272
Personnel expenditure	7,247	5,311
Depreciation	237	139
Other costs	1,441	1,223
Total	**131,984**	**74,945**

7) SELLING EXPENSES

The following table shows a breakdown of selling expenses:

	2006 EURk	2005 EURk
Personnel expenses	8,538	5,628
Depreciation	318	226
Other costs	4,039	2,745
Total	**12,895**	**8,599**

8) GENERAL AND ADMINISTRATIVE EXPENSES

The following table shows a breakdown of selling expenses:

	2006 EURk	2005* EURk
Personnel expenses	6,895	4,652
Depreciation	321	261
Other costs	4,222	3,744
Total	**11,438**	**8,657**

* In order to aid interpretation, amortization in connection with company acquisitions is now disclosed separately in the income statement. The prior-year comparative figures were adjusted accordingly.

9) ASSET IMPAIRMENT CHARGES (INCLUDING GOODWILL)

No non-scheduled amortizations were necessary in fiscal year 2006. In the previous fiscal year, amortization of EUR 1,679k consisted of the following amounts: AdLINK Italy EUR 200k, AdLINK Denmark EUR 631k and AdLINK Sweden EUR 848k.

For further information on impairment tests of existing goodwill, please refer to note 15).

10) OTHER OPERATING INCOME / EXPENSES

The other operating items of income and expense were as follows:

	2006 EURk	2005 EURk
Currency gains/losses	176	-115
Accounts receivable losses	-509	-195
Other	599	101
Total	**266**	**-209**

In fiscal year 2006, the Company benefited from a positive currency development of both the US dollar and GB pound, whereby ¾ was attributable to US activities. In contrast, activities in the USA in the previous year incurred currency losses of EUR 180k.

The increase in accounts receivable losses was mainly due to activities in Italy, France and the United Kingdom. Additional allowances for receivables were formed in all three sub-markets.

11) INCOME TAXES

Income taxes were made up of the following:

	Note	2006 EURk	2005 EURk
Posted taxes for earlier periods		-20	0
Posted taxes for the current period		-7,896	-3,281
Reversal of deferred tax liabilities		671	326
Reversal of deferred tax assets	16)	-33	-1.142
Capitalization of deferred tax assets	16)	4,722	3,094
Deferred tax assets for IPO costs		214	0
Total		**-2,342**	**-1,003**

Of posted taxes for the current fiscal year, the main amounts relate to AdLINK Netherlands, Sedo Germany and Sedo USA, as there were no longer any loss carryforwards for these companies. In addition, there were first-time taxes resulting from minimum tax regulations amounting to EUR 587k for AdLINK AG, of which EUR 20k related to earlier periods.

In the previous year, there were still taxes for affilinet Germany. As a result of the profit transfer agreement between affilinet GmbH and AdLINK AG, profit was taxed by AdLINK AG.

In fiscal year 2006, part of the loss carryforwards of our Belgian (EUR 180k) and Spanish (EUR 385k) subsidiaries were capitalized for the first time. In the current fiscal year, the remaining loss carryforwards of the two companies as of the balance sheet date were capitalized and resulted in a positive effect of EUR 89k.

	2006 EURk	2005 EURk
Net income before tax	**18,684**	**3,630**
Tax rate	**38.00 %**	**36.80 %**
Anticipated tax expense	**-7,100**	**-1,336**
Goodwill amortization non-deductible for tax purposes	0	-618
Capitalization of deferred taxes on loss carryforwards, not formed in previous years	4,689	1,962
Expenses from the guaranteed dividend for minority shareholders	-411	0
Allowances for deferred tax assets on tax losses of the fiscal year	-496	-542
Utilization of tax loss carryforwards, not capitalized in previous years	1,444	439
Income and expenses non-deductible for tax purposes and effects from tax rate changes	-603	-506
Effect of the compensation payment of United Internet AG in connection with the utilization of loss carryforwards	0	-773
Expenses from shareholder financing, non-deductible for tax purposes	-220	-142
Deferred taxes on subsequent reduction of IPO costs	214	0
Differences in tax rates between AdLINK Media AG and its subsidiaries	-337	313
Non-taxable at-equity result	477	200
Tax expense	**-2,343**	**-1,003**

In addition to the profit transfer agreement between AdLINK Germany and AdLINK AG approved by the Annual Shareholders‘ Meeting of May 17, 2005, the Annual Shareholders‘ Meeting of June 12, 2006 also approved a profit transfer agreement between affilinet Germany and AdLINK AG. This enabled the utilization of loss carryforwards of AdLINK AG and a partial capitalization of deferred taxes amounting to EUR 2,529k was already made in the previous year. Due to the profit transfer agreement of November 20, 2006 between AdLINK Germany and Sedo Germany, effective as of fiscal year 2007, the use of the remaining loss carryforwards of AdLINK AG is foreseeable in the next few years. For this reason, the remaining loss carryforwards of AdLINK AG as of the balance sheet date were capitalized and resulted in a one-off positive effect of EUR 4,530k.

In the previous year, capitalized loss carryforwards amounting to EUR 1,104k of AdLINK Germany were reversed, as they are not usable in the period in which the profit transfer agreement is valid. In fiscal year 2006, deferred tax assets of the English subsidiary amounting to EUR 39k (prior year: EUR 38k) were reversed.

In the fiscal year 2006, the English subsidiary disclosed a negative tax result. However, no deferred tax assets were formed for the company for the fiscal year. As a positive tax result is expected in future, only part of the existing deferred tax assets were reversed for reasons of continuity. Deferred tax assets of the company amount to EUR 229k.

Reconciliation of the overall tax rate to the effective tax rate of the Company was carried out as shown in the table to the left.

The change in tax rate results from concluded profit transfer agreements with affilinet Germany and AdLINK Germany. These have resulted in a changed composite trade tax rate, as the locations of the two consolidated companies have higher trade tax rates in part. In the previous year, the Company's composite trade tax rate amounted to 14 % and the corresponding effective tax rate to 10.4 %.

12) SHARES IN ASSOCIATED COMPANIES

The AdLINK Group owns a 50 % shareholding in AdLINK Switzerland, a joint venture with the Goldbach Group, as well as a 30 % stake in AdLINK Austria. In the case of both companies, Goldbach Media AG is responsible for the operational management. As in the previous year, therefore, the companies are consolidated as associated companies using the equity method, whereby the results of AdLINK Austria are only included pro rata temporis from August 1, 2006. Both companies are included in the AdLINK Media segment. The following table provides some financial information about the companies according to their prorated shareholdings. In a notarized contract signed on July 19, 2006, AdLINK AG acquired a 30 % interest in AdLINK Internet Media GmbH, Vienna. The company was a spin-off of the Austrian online division of the Goldbach Media Group. The purchase price amounted to EUR 5k.

	2006 EURk	2005 EURk
Carrying amounts (prorated acc. to shareholding)		
Current assets	3,754	2,262
Non-current assets	782	398
Current liabilities	2,487	1,360
Non-current liabilities	4	0
Prorated net assets	2,037	1,300
Revenues and earnings (prorated acc. to shareholding)		
Sales revenues*	8,980	5,493
Net profit*	1,249	524
Carrying value of investment	3,012	2,207

*prorated acc. to purchase date

The carrying amounts are as follows:

	2006 EURk
Opening amount	2,207
Result 2006	1,249
Additions from acquisitions	5
Dividend payments 2006	-449
Closing amount	**3,012**

The accounting procedures adopted relating to shares in associated companies are in line with IFRS.

The equity result for fiscal year 2006 is composed as follows:

	2006 EURk	2005 EURk
Prorated result AdLINK Switzerland	**1,215**	**543**
of which attributable profit available for dividends	812	536
of which attributable profit not available for dividends	7	7
of which deferred taxes	396	0
Prorated result AdLINK Austria (as of Aug 2006)	**41**	**n/a**
of which attributable profit available for dividends	26	n/a
of which deferred taxes	15	n/a
Equity result	**1,256**	**543**

In fiscal year 2004 prorated loss carryforwards of AdLINK Switzerland amounting to CHF 6,135k were capitalized. As of December 31, 2006 the remaining loss carryforwards of the contributed Goldbach companies amounting to CHF 6,570k were capitalized and resulted in a profit effect of EUR 396k.

AdLINK Austria was a spin-off of the Austrian online division of the Goldbach Media Group. Loss carryforwards of EUR 10,897k were transferred at the time of the spin-off. As the company reached break-even, EUR 200k of the loss carryforwards were capitalized and resulted in a prorated profit effect of EUR 15k.

Profits which can be allocated but not distributed result from valuation differences between local annual financial statements and the consolidated annual financial statements of AdLINK Switzerland.

13) PROPERTY, PLANT AND EQUIPMENT

Capital expenditures of EUR 1,175k in 2006 result mainly from expansion and modernization of the server park and office infrastructure (furniture, computers, printers, telephone system) totaling EUR 879k and the partial replacement and expansion of the vehicle fleet (EUR 296k).

14) INTANGIBLE ASSETS

The decline in intangible assets resulted from amortization of EUR 1,776k on capitalized intangible assets as part of the purchase price allocation 2005 (trademarks, software, data bases and platforms). Additions of EUR 600k resulted from actual investments. These investments mainly concerned the modernization and development of existing infrastructure and standard software.

The down-payments made in 2005 for the introduction of SAP modules were capitalized as scheduled in the first quarter of 2006. Additions in 2006 relate to introduction costs for SAP modules (EUR 88k), development costs of an AdServer system (EUR 72k) and down-payments for the development of human resource software (EUR 48k). Completion is planned in the 1st and 2nd quarters of 2007, respectively.

15) GOODWILL

Goodwill acquired as part of business combinations was subjected to impairment tests for the cash-generating units listed below. As of December 31, 2006 goodwill was divided as follows:

2006 in EURk	As of 01.01.2006	Additions	Net 31.12.2006
AdLINK Belgium	440	-	440
AdLINK France	1,183	-	1,183
AdLINK Germany	1,631	-	1,631
AdLINK Italy	264	-	264
AdLINK Netherlands	1,200	-	1,200
AdLINK Spain	1.726	-	1,726
AdLINK UK	1,711	-	1,711
affilinet Germany	11,917	-	11,917
Sedo Germany	11,597	30,596	42,193
CibleClick Holding	17,040	3,706	20,746
Total Goodwill	**48,709**	**34,302**	**83,011**

The comparative values for 2005 were:

2005 in EURk	As of 01.01.2005	Additions	Non-scheduled amortization 2005	Net 31.12.2005
AdLINK Belgium	440	-	-	440
AdLINK Denmark	631	-	631	0
AdLINK France	1,183	-	-	1,183
AdLINK Germany	1,631	-	-	1,631
AdLINK Italy	464	-	200	264
AdLINK Netherlands	1,200	-	-	1,200
AdLINK Spain	1,726	-	-	1,726
AdLINK Sweden	848	-	848	0
AdLINK UK	1,711	-	-	1,711
affilinet Germany	-	11,917	-	11,917
Sedo Germany	-	11,597	-	11,597
Cibleclick Holding	-	17,040	-	17,040
Total Goodwill	**9,834**	**40,554**	**1,679**	**48,709**

In both years, shares in joint ventures for AdLINK Switzerland contained net goodwill of EUR 952k.

As the goodwill in question concerns intangible assets with an unlimited useful life, an impairment test is carried out at least once per year on the level of the cash-generating units. The recoverable amount of the cash-generating units is calculated on the basis of a value-in-use calculation using cash flow forecasts. The value-in-use calculation is based mainly on the following assumptions:

Company planning is based on the budget for fiscal year 2007 as approved by the Supervisory Board. On the basis of this planning, sales expectations are extrapolated to 2011 according to external market studies. Cash flows after this five-year period are extrapolated on the basis of an annual growth rate of 1 %. The discounted interest rate used for the cash flow forecasts was between 15 % and 19 %, according to the respective cash-generating unit.

The Company believes that no possible and sensible amendment of any of the underlying assumptions for determining the value in use of the cash-generating units could result in the carrying values of the cash-generating units significantly exceeding their recoverable values.

16) DEFERRED TAX ASSETS

Deferred taxes are the expected income tax expenses or refunds resulting from differences between the carrying amounts of assets and liabilities in the annual financial statements according to commercial law and the tax values used to calculate the taxable result. Deferred taxes are formed to the extent to which it appears probable that a taxable result will be available for which the deductible, temporary difference can be used.

The carrying amount of deferred taxes is reviewed on each balance sheet date and reduced, where necessary, by that amount by which it is no longer probable that a sufficient taxable result will be available for which the asset can be used.

Under German tax law, income taxes comprise corporate income tax and trade earnings tax together with the solidarity surcharge. AdLINK Internet Media AG pays an average trade earnings tax rate of 15.75 % (prior year: 14 %, see note) which is deductible when determining corporation tax. This results in an effective tax rate of 11.6 %. A supplementary solidarity surcharge of 5.5 % is levied on the domestic corporation tax of 25 %.

In accordance with IAS 12, deferred tax assets are recognized for future benefits associated with tax loss carryforwards. The time limit for utilizing net loss carryforwards in different countries is as follows:

- Belgium: indefinite
- Spain: 15 years
- United Kingdom: indefinite
- France: indefinite
- Sweden: indefinite
- Italy: 5 years
- Germany indefinite, but minimum taxation

The following table provides a summary of the existing losses carried forward:

	EURk	
Germany		
- Corporation tax losses	26,088	26.4 %
- Trade tax losses	10,177	11.6 %
Sweden	4,749	28.0 %
France	3,987	33.8 %
United Kingdom	2,170	30.0 %
Spain*	1,453	30.0 %
Italy	1,063	33.0 %
Belgium	609	34.0 %

* In fiscal year 2007, there is a different tax rate in Spain of 32.5 %.

Deferred taxes were calculated using a composite tax rate for each country.

The carrying amounts for deferred taxes relate to assets based upon tax loss carryforwards (EUR 7,942k) and temporary assets resulting from the difference between commercial and tax balance sheets (EUR 103k). The division and changes in deferred taxes can be seen from the table below:

	EURk			
Company	01.01.2006	New recognition	Reversal	Final status 31.12.2006
AdLINK AG	2,529	4,633	-	7,162
AdLINK UK	262	-	-33	229
AdLINK Spain	385	62	-	447
AdLINK Belgium	180	27	-	207
Total	**3,356**	**4,722**	**-33**	**8,045**

With regard to changes in fiscal year 2006, please refer to the explanations under note 11). Deferred taxes for loss carryforwards amounting to a total of EUR 4,405k (prior year: EUR 10,637k) were not activated because the probability of being able to use them was not sufficiently great as of the balance sheet date.

17) CASH AND CASH EQUIVALENTS

	2006 EURk	2005 EURk
Bank balances and cash in hand	5,915	10,796
Restricted cash	9	49
Cash and cash equivalents	**5,924**	**10,845**

The decrease in cash and cash equivalents results from an improvement of internal financing. The extensive inclusion of German and European subsidiaries in a cash pool helped to reduce current cash and cash equivalents.

18) TRADE ACCOUNTS RECEIVABLE

	2006 EURk	2005 EURk
Trade accounts receivable	37,833	26,777
Bad debt allowances	-1,621	-1,356
Trade accounts receivable, net	**36,212**	**25,421**

The significant rise in receivables results from increased business volume.

19) ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES

The total amount includes EUR 79k (prior year: EUR 59k) receivable from AdLINK Switzerland and EUR 14k from AdLINK Austria.

20) ACCOUNTS RECEIVABLE FROM AFFILIATED COMPANIES

Until December 31, 2002 there was an inter-company relationship between AdLINK AG and United Internet AG regarding sales taxes. The reimbursement of sales tax amounts for IPO costs refers to the period of this inter-company relationship and is therefore at parent company level (United Internet AG). As a result, there is a receivable of EUR 749k (EUR 583k actual sales tax amounts plus accumulated interest as of December 31, 2006 of EUR 166k) as of the balance sheet date.

The remaining amount of EUR 894k relate to 1&1 Internet AG or its subsidiaries and result mainly from operating relations (prior year: EUR 868k).

21) OTHER ASSETS

	2006 EURk	2005 EURk
Accounts receivable from the German tax office (sales tax, interest income tax)	1,576	949
Security deposits	350	296
Accounts receivable from employees	11	28
Others	41	567
Other assets	**1,978**	**1,840**

The security deposits result from rental agreements with individual subsidiary companies. The strong rise in receivables from the German tax office results mainly from increased business volume.

22) INVENTORIES

These concern mainly the stock of tradable domains and result from DomCollect, whose object is the purchase and sale of domains and their utilization for advertising purposes. As most operating activities were not started until 2006, there was no stock in the previous year.

23) OTHER CURRENT FINANCIAL ASSETS

Other current financial assets in the previous year consisted of marketable fund deposits which were dissolved in fiscal year 2006.

24) PREPAID EXPENSES

The increase in prepaid expenses results mainly from the expansion of operating activities of DomCollect, which acquired a large number of domains for the first time in fiscal year 2006. As registration is made on an annual basis, there is a corresponding accrued item. The item “Others” includes a number of smaller items, such as leasing payments, payments for various services etc. The increase results from increased business volume.

	2006 EURk	2005 EURk
Rent and associated costs	155	128
Sales tax on down-payments	8	138
Registration fees for domains	172	0
Others	252	162
Total	**587**	**428**

25) CAPITAL STOCK

By making partial use of the conditional capital, capital stock was increased in 2006 from EUR 25,851,945 to EUR 25,914,900 through the issue of 62,955 new registered ordinary shares to the value of EUR 62,955 against payment by cash. In fiscal year 2006, cash contributions result from the conversion of convertible bonds issued as part of the stock-based compensation program. On December 31, 2006, capital stock amounted to 25,914,900 registered shares each having a theoretical share in the capital stock of EUR 1.

As of December 31, 2006 the capital stock was held as follows:

	EURk	%
United Internet AG	20,750	80.07
Free float	5,060	19.52
Management Board and Supervisory Board	105	0.41
Total	**25,915**	**100.00**

The authorized and conditional capital of AdLINK was as follows:

As of December 31, 2006	EURk	EURk outstanding
Capital stock	**25,915**	**25,915**
Authorized capital		
- 2005; until May 17, 2010	12,900	-
Conditional capital		
- I/2000 (convertible bond)	835	136
- II/2000 (convertible bond)	8	-
- 2004 (convertible bond)	1,250	642
- 2005 (warrant or convertible bond); until May 16, 2010	10,000	-

Authorized capital

At the Annual Shareholders' Meeting of May 17, 2005, Authorized Capital I., II. and III./2000 was dissolved and authorization was given to create a new Authorized Capital 2005.

- **Authorized Capital 2005**
  The Management Board is authorized, subject to approval by the Company's Supervisory Board, to increase the Company's capital stock on one or more occasions before May 17, 2010 by a total of EUR 12,900,000 by issuing new no-par shares for cash or non-cash contributions.

  In the case of a capital increase for cash contribution, shareholders must be granted subscription rights. The Management Board is authorized, however, subject to approval by the Supervisory Board, to exclude shareholders' subscription rights in the following cases:

  - should it be necessary in order to grant subscription rights for new shares to bearers of warrants, convertible bonds or warrant bonds issued by the Company or subordinated Group companies in the amount to which they are entitled on conversion of their conversion or warrant rights or fulfillment of their conversion obligation; or

  - in the case that the issue amount of the new shares is not substantially lower than the quoted market price of Company shares with the same terms at the time of finalizing the issue amount and the shares issued in accordance with Sec. 186 (3) Sentence 4 AktG do not exceed in total 10 % of capital stock. Shares sold or issued due to other authorizations in direct or corresponding application of Sec. 186 (3) Sentence 4 AktG under exclusion of subscription rights are to be accounted for in this limitation, or

  - to equalize fractional amounts.

  Furthermore, the Management Board is authorized, subject to the approval of the Supervisory Board, to exclude the right of shareholders to subscribe in the case of capital increases in return for non-cash contributions, especially in connection with the acquisition of companies, shareholdings or assets.

Conditional Capital

- **Conditional Capital I+II/2000**
  At the Annual Shareholders' Meeting on April 4, 2000, the resolution was made to increase the capital stock conditionally by a maximum of EUR 1,992,000, divided into up to 1,992,000 no-par shares (Conditional Capital I/2000), and by a maximum of EUR 8,000, divided into up to 8,000 no-par shares (Conditional Capital II/2000). This conditional increase of capital was registered in the commercial register on May 8, 2000.

  The conditional increase in capital is earmarked for conversion options to be granted to the bearers of convertible bonds. It will only be implemented to the extent that these conversion options are exercised. The shares participate in profits from the beginning of the fiscal year in which they are created by exercise of the conversion option. With regard to the members of the Management Board, the Supervisory Board is authorized and, with regard to the other persons entitled to convertible bonds, the Company's Management Board is authorized to define further details of the conditional capital increase and the execution thereof.

In accordance with a resolution passed at the Annual General Meeting on May 17, 2004, Conditional Capital I/2000 was amended to the extent that the capital stock is now only at EUR 1,000,000, divided into 1,000,000 no-par value shares. The reduction was made to reflect the maximum number of conversion rights when the plan was terminated. Conditional Capital was reduced by EUR 63k (prior year: EUR 46k) following the conversion of convertible bonds.

- **Conditional Capital 2004**
  At the Annual Shareholders' Meeting held on May 17, 2004, a conditional increase of capital stock was agreed of EUR 1,250,000, divided into 1,250,000 no-par value shares. The relevant entry was made in the commercial register on August 4, 2004.

  The conditional increase in capital is earmarked for a new employee stock option plan which guarantees conversion rights to the owners of new convertible bonds. It will only be implemented to the extent that these conversion options are exercised. The shares will participate in profits from the beginning of the fiscal year in which they are created by exercise of the conversion option. With regard to members of the Management Board, the Supervisory Board is authorized, and with regard to the other persons entitled to convertible bonds, the Management Board is authorized, to define further details of the conditional capital increase and the execution thereof. A maximum of EUR 650,000.00 of the conditional capital increase may be allotted to the members of the Management Board of the Company and a maximum of EUR 600,000.00 to employees of the Company or of subsidiary companies, including management employees of the subsidiary companies.

- **Conditional Capital 2005**
  At the Annual Shareholders' Meeting held on May 17, 2005 a conditional increase of capital stock was agreed of EUR 10 million, divided into 10,000,000 no-par value shares. The conditional capital increase is earmarked for shares to be granted to bearers or holders of warrant or convertible bonds, which the Annual Shareholders' Meeting of May 17, 2005 authorized the Company or a subordinated Group company to issue, providing the issue is in return for cash and the warrant or convertible bonds are not serviced from the stock of treasury shares or approved capital. It will only be implemented to the extent that the warrant or conversion options of the aforementioned bonds are exercised or conversion obligations from such bonds are fulfilled and providing the warrant or convertible bonds are not serviced from the stock of treasury shares or approved capital. The shares will participate in profits from the beginning of the fiscal year in which they are created by exercise of the warrant or conversion option. The Company's Management Board is authorized to define further details of the conditional capital increase and the execution thereof.

Treasury Shares

In accordance with the resolution passed by the Annual Shareholders' Meeting on June 12, 2006 the Management Board is authorized pursuant to Section 71 (1) No. 8 AktG to acquire treasury shares not exceeding 10 % of its capital stock by December 11, 2007. The price paid for acquisition of these shares may not be more than 10 % above or below the stock market price. The stock market price for the purpose of the above arrangement is the average closing price in floor trading for the Company's shares on the Frankfurt Stock Exchange over the 5 trading days preceding the share acquisition. This authorization replaces the resolution passed at the Annual Shareholders' Meeting held on May 17, 2005 regarding the acquisition of treasury shares.

The Management Board is authorized, subject to approval by the Supervisory Board, to sell the acquired treasury shares in another way than on the stock exchange or by offering them to all the shareholders if the shares are sold for cash at a price which is not substantially lower than the quoted market price of the Company's shares and subject to the same terms at the time of sale. The stock market price for the purpose of the above arrangement is the average closing price in floor trading for the Company's shares on the Frankfurt Stock Exchange over the 5 trading days preceding the share acquisition.

The Management Board is further authorized by a resolution to use treasury shares with the approval of the Supervisory Board to settle subscription rights from employee stock-option plans in respect of members of the Management Board, Company employees and managers and employees of affiliated companies pursuant to Sections 15ff. AktG.

The Management Board is also authorized to call in the Company's treasury shares subject to approval by the Supervisory Board.

No acquisition of treasury shares was made during fiscal year 2006.

26) STOCK-BASED COMPENSATION

Management personnel in the AdLINK Group may participate in the Company's success by means of an employee stock-option plan introduced in April 2000. At the Annual Shareholders' Meeting of May 17, 2004, approval was given by resolution for replacement of the original plan approved at the Annual Shareholders' Meeting of April 4, 2000 by a new plan.

In May 2004, United Internet AG concluded a stock-option plan for a member of the Management Board of AdLINK, which allows him to purchase AdLINK shares at a pre-defined price and thus to participate in the company's success.

The employee stock-option plans operating in fiscal year 2006 were as follows:
- the option agreement of United Internet AG from May 2004
- the AdLINK employee stock-option model in accordance with the resolution passed at the Annual Shareholders' Meeting of April 2000
- the AdLINK employee stock-option model in accordance with the resolution passed at the Annual Shareholders' Meeting of May 17, 2004

a) The United Internet AG option agreement of May 2004

In fiscal year 2004 an option agreement was made on May 24, 2004 between Mr. Stéphane Cordier and United Internet AG. This included the right to acquire 400,000 shares of AdLINK Internet Media AG from the stock of United Internet AG, divided into 4 options of 100,000 shares each. The exercise price is EUR 1.50 and the first 25 % of the shares cannot be acquired before July 1, 2004, 50 % not before March 30, 2005, 75 % not before March 30, 2006 and 100 % not before March 30, 2007. One condition is that the options must be fully taken up and partial exercising of an option is not permissible. No time limits were set. Personnel costs of EUR 176k (prior year: EUR 174k) were recorded in the past fiscal year.

In using an option-pricing model ("binomial tree") in accordance with IFRS 2, the fair value of the options amounted to EUR 1.36 per share. The following assumptions were made:

- Dividend yield: 0 %
- Volatility of the share: 78.90 %
- Expected term: 3 years
- Risk-free interest rate: 3.85 %

	Number	Mean exercise price
Outstanding as of December 31, 2005	400,000	
Changes	0	-
Outstanding as of December 31, 2006	400,000	1.5

b) The AdLINK stock-option model in accordance with a resolution passed at the Annual Shareholders' Meeting on April 4, 2000

On the basis of an authorization by the Annual Shareholders' Meeting of April 4, 2000 to issue convertible bonds, AdLINK has issued convertible bonds to employees and members of the Management Board. As of December 31, 2006 a total of EUR 0k (prior year: EUR 30k) was outstanding to AdLINK employees and EUR 136k (prior year: EUR 170k) to a member of the Management Board.

The stock-option model works as follows: every nominal amount of EUR 1 of a convertible bond may be converted into a no-par value registered share in AdLINK having a theoretical share in the capital stock of EUR 1. If converted, a cash premium to the amount of the difference between EUR 1 and the conversion prices must be paid. The conversion price is the cash-settlement price of the AdLINK share as recorded during trading in the electronic trading system used by Deutsche Börse AG at the time the convertible bond was issued.

A 20 % portion of the Company's convertible bonds may be converted into shares in the Company no earlier than

12 months after the date of issue. Up to 40 % may be converted no earlier than 24 months, up to 70 % no earlier than 36 months and the whole amount no earlier than 48 months after they were issued.

In the past fiscal year personnel costs for convertible bonds of this plan amounted to EUR 23k (prior year: EUR 26k).

c) The AdLINK employee stock-option model in accordance with the resolution passed at the Annual Shareholders' Meeting on May 17, 2004

On the basis of an authorization of the Annual Shareholders' Meeting of May 17, 2004, convertible bonds were issued for the first time in fiscal year 2005. Following a resolution of the Supervisory Board, a convertible bond amounting to EUR 40k was issued to the Management Board member Marc Stilke on April 8, 2005. Moreover, in accordance with a resolution passed by the Management Board on May 23, 2005, with the approval of the Supervisory Board, convertible bonds amounting to EUR 46k were issued to employees of the Company and of subsidiaries of the Company, as well as to executive body members of subsidiaries of the Company. As of December 31, 2006 a total of EUR 24 (prior year: EUR 36k) was outstanding to AdLINK employees and EUR 40k (prior year: EUR 40k) to members of the Management Board.

The stock-option model works as follows: every nominal amount of EUR 1 of a partially convertible bond can be exchanged for 10 no-par shares having an accounting share in the capital stock of EUR 1 each. If the conversion option is exercised, an additional cash payment has to be made in the amount by which the conversion price exceeds one tenth of the par value of the convertible bond. The conversion price corresponds to the arithmetic mean of the share price of AdLINK Internet Media AG in the last five trading days before the convertible bonds are issued, plus a premium of 20 %.

Up to 25 % of the Company's convertible bonds may be converted at the earliest 24 months after the date of issue; up to 50 % at the earliest 36 months after the date of issue. A total of up 75 % may be exercised at the earliest 48 months after the date of issue; the full amount may be exercised at the earliest 60 months after the date of issue of the convertible bonds.

In the past fiscal year, personnel expenses for convertible bonds from this program amounted to EUR 204k (prior year: EUR 155k).

d) Summary of the changes in the AdLINK stock-option plans

The changes in the individual tranches of the AdLINK plan are set out in the following table:

	Number of Options	Mean exercise price
Outstanding on December 31,2004	331,870	2.28
Issue	-	-
Of which the 5th tranche*	400,000	3.24
Of which the 6th tranche*	459,000	3.60
Exercise	-	-
Of which the 2nd tranche	-11,000	1.84
Of which the 3rd tranche	-35,365	1.28
Return / expiry		
Of which the 1st tranche	-68,000	4.96
Of which the 2nd tranche	-6,000	1.84
Of which the 3rd tranche	-11,500	1.28
Of which the 6th tranche*	-100,000	3.60
Outstanding on December 31, 2005	959,005	3.04
Exercise	-	-
Of which the 3rd tranche	-28,955	1.28
Of which the 4th tranche	-34,000	1.71
Return / expiry		
Of which the 3rd tranche	-1,050	1.28
Of which the 6th tranche*	-117,000	3.60
Outstanding on December 31, 2006	**778,000**	**3.08**
		„Available for conversion" on December 31, 2006
Of which the 4th tranche	136,000	34,000
Of which the 5th tranche	400,000	-
Of which the 6th tranche	242,000	-
Mean weighted residual term (in months)	24	-

* In these tranches, the nominal value of EUR 1 corresponds to a conversion right for 10 shares.

The following assumptions were made to calculate the fair value of the options associated with the conversion rights of the AdLINK shares which were issued on January 2, 2004 ("4th tranche"), the result being EUR 1.23 per share.

- Dividend yield: 0 %
- Volatility of the AdLINK share: 88.0 %
- Expected term: 4 years
- Risk-free interest: 3.85 %

The following assumptions were made to calculate the fair value of the options associated with the conversion rights of the AdLINK shares which were approved on April 8, 2005 ("5th tranche"), the result being EUR 0.91 per share.

- Dividend yield: 0 %
- Volatility of the AdLINK share: 68.0 %
- Expected term: 5 years
- Risk-free interest: 3.50 %

The following assumptions were made to calculate the fair value of the options associated with the conversion rights of the AdLINK shares which were approved on May 23, 2005 ("6th tranche"), the result being EUR 1.34 per share.

- Dividend yield: 0 %
- Volatility of the AdLINK share: 68.0 %
- Expected term: 5 years
- Risk-free interest: 3.50 %

27) CAPITAL RESERVES

The development of capital reserves is shown in the following summary:

	2006 EURk	2005 EURk
Capital reserves at the beginning of the fiscal year	62,047	59,573
Addition from stock-option plans	303	355
Increase in capital reserves from the conversion of convertible bonds	32	19
Compensation payment United Internet AG for utilized trade tax losses from 1999/2000	0	2,100
Subsequent reduction of IPO costs due to reimbursement of input sales tax	368	0
Capital reserves at December 31	**62,750**	**62,047**

During the course of the IPO in 2001, transaction costs of EUR 7,176k (prior year: EUR 7,544k) were netted with capital reserves. The reduction is due to the subsequent recognition of the deductibility of input sales tax on IPO costs.

28) MINORITY INTERESTS

Due to the purchase of further shares in Sedo Germany and CibleClick Holding (see explanation note 4), minority interests developed as follows:

	in EURk
Opening amount on Jan. 1, 2006	4,117
Proportional net income	4,302
Acquired minority interests	-4,113
Closing amount on Dec. 31, 2006	**4,306**

29) DEFERRED TAX LIABILITIES

Resulting from the identification of intangible assets as part of the purchase price allocation pursuant to IFRS 3, deferred tax liabilities are recognized as a balancing item for varying depreciation allowances under tax law and company law. The tax rates of the respective company affected were applied. The reversal of deferred tax liabilities corresponds to the amortization of respective intangible assets. This item changed as follows:

	in EURk
Opening amount on Jan. 1, 2005	0
Additions from initial consolidation	3,202
Reversal due to amortization 2005	-326
Closing amount on Dec. 31, 2005	2,876
Reversal due to amortization 2006	-671
Closing amount on Dec. 31, 2006	**2,205**

30) CONVERTIBLE BONDS

The maturity status of the outstanding convertible bonds after the time of the first conversion is as follows:

	2006 EURk	2005 EURk
2006	-	98
2007	101	70
2008	67	70
2009	16	19
2010	16	19
Total	**200**	**276**

31) NON-CURRENT LIABILITIES TO AFFILIATED COMPANIES

The conclusion of a new short-term credit line agreement with United Internet AG on December 22, 2006 (see explanations note 5)b) replaced the former long-term credit lines. As a consequence, the amount drawn as of the balance sheet date is classified as a current liability (see note 35).

32) NON-CURRENT LIABILITIES TO MINORITY INTERESTS

As part of the profit transfer agreement between AdLINK Germany and Sedo Germany, a compensation payment of EUR 250k was arranged for the fiscal years 2007 to 2011. The amounts are payable within three months after year-end of each respective fiscal year. In accordance with IFRS, the compensation payments were recorded at discounted rates in fiscal year 2006. The expense charged in the period under review amounted to EUR 1,082k.

33) TRADE ACCOUNTS PAYABLE

The year-on-year rise in trade accounts payable resulted exclusively from increased business volume.

All liabilities are due in fiscal year 2007. The same applies to all following explanatory notes unless explicitly stated otherwise.

34) LIABILITIES TO ASSOCIATED COMPANIES

Of the total amount, EUR 52k (prior year: EUR 74k) relates to liabilities due to AdLINK Switzerland and EUR 22k to AdLINK Austria.

35) LIABILITIES TO AFFILIATED COMPANIES

An amount of EUR 47,347k concerns liabilities due United Internet AG from the use of a short-term credit line. Due to the rearrangement of the contractual relationship (see note 5)b) credit liabilities are now classified as current. In the previous year, the amount was carried as non-current liabilities to affiliated companies (see note 31).

The increase in other liabilities to United Internet AG results from open interest payments amounting to EUR 822k (prior year: EUR 386k) as a result of partial use of credit lines in the course of fiscal year 2006. The remaining liabilities to affiliated companies result from operating transactions with companies of the United Internet Group (e. g. rental costs, IT services).

36) TAX ACCRUALS

Individual tax accruals are as follows:

	2006 EURk	2005 EURk
Germany	3,817	3,291
France	491	430
USA	123	772
Netherlands	93	54
Italy	50	23
Total	**4,574**	**4,570**

37) OTHER SHORT-TERM LIABILITIES

In the previous year, the residual purchase price obligation referred to that amount of the preliminary price for the acquisition of 71.46 % of CibleClick Holding not yet settled as of December 31, 2005. The item “Others” includes a number of various items (vehicle costs, marketing services, telephone etc.). The rise is due to increased business volume.

	2006 EURk	2005 EURk
Liabilities to the German tax office (sales tax, income taxes from wages and salaries, etc.)	1,539	2,053
Outstanding salaries (bonuses)	939	800
Social security	700	686
Outstanding vacation days / other personnel expenses	649	539
Consultation (auditing fees, legal advice etc.)	487	358
Liabilities to employees	177	54
Residual purchase price obligation	0	7,092
Closing / selling costs	0	27
Others	1,650	633
Total	**6,142**	**12,242**

38) ACCRUALS

As a consequence of the liquidation of the 4 Irish companies, the accrual amounting to EUR 163k was reversed, as the risks covered are now classified as unlikely.

The accrual formed in fiscal year 2005 for restructuring costs pursuant to the planned closure of AdLINK Denmark amounting to EUR 154k were used according to schedule.

39) DEFERRED INCOME

A significant part of the deferred income of EUR 467k (prior year: EUR 922k) resulted, as in the previous year, from services which have already been invoiced but which have not yet been completed or fully completed.

40) LIABILITIES TO BANKS

Short-term bank liabilities consist mainly of the use of a credit line with WestLB AG amounting to EUR 15 million. The loan was made on a call money basis at an interest rate of 4.33 %.

As of the balance sheet date, the Company had access to the following unused credit lines:

Open credit lines as of December 31, 2006	in EUR million
WestLB AG (until May 9, 2007)	25.0
Dresdner Bank AG (until further notice)	15.0
Dresdner Bank AG (until November 22, 2009)	15.0
United Internet AG (until January 30, 2007)	17.7
Total	**72.7**

Notes

41) SEGMENT REPORTING

Primary segment reporting

As in the previous year, the primary reporting format is based on geographical considerations, as the risks and income of the Company's business activities are influenced mainly by its activity in various geographical markets or countries. The geographical segments were created as follows:

- Germany
- Euroland: Italy, Spain, France, Belgium, The Netherlands
- Non-Euroland: Sweden, Denmark, USA, UK

The assets of the Germany segment do not include shares in subsidiaries of AdLINK AG.

Fiscal year 2006

	Germany EURk	Euroland EURk	NON-Euroland EURk	Consolidation EURk	Total AdLINK EURk
Non-group revenue	98,736	51,871	26,865		
Inter-segment revenue	1,476	1,150	11,015		
Segment revenue	**100,212**	**53,021**	**37,880**	**-13,641**	**177,472**
Operating result	14,633	2,525	2,486		19,644
Amortization of Goodwill	0	0	0		0
Result of associated companies	0	41	1,214		1,255
Segment result	**14,633**	**2,525**	**3,700**	**0**	**20,899**
Interest income				341	341
Interest expenses				-1,474	-1,474
Expenses for guaranteed dividend paymet to minority shareholders				-1,082	-1,082
Result before taxes					**18,684**
Income taxes				-2,342	-2,342
Net income					**16,342**
Operating segment assets	27,694	28,907	16,024	-15,431	57,194
Goodwill	55,741	25,559	1,711		83,011
Share in associated companies	0	46	2,966		3,012
Operating segment assets	**83,435**	**54,512**	**20,701**	**-15,431**	**143,217**
Deferred tax liabilities				8,045	8,045
Assets					**151,262**
Operating segment liabilities	21,348	22,667	12,406	-13,721	42,700
Financing liabilities				62,351	62,351
Accrued taxes				4,574	4,574
Convertible bonds				200	200
Deferred tax liabilities				2,205	2,205
Long-term debt provided by shareholders				1,082	1,082
Liabilities					**113,112**
Segment investments	1,624	88	63		1,775
Segment depreciation	1,776	786	90		2,652

The results of associated companies concern the investments in AdLINK Switzerland and AdLINK Austria. These were allocated to the Non-Euroland and Euroland segments.

The comparative figures for the previous year were as shown in the table on the next page.

Secondary segment reporting

As in the previous year, secondary segment reporting was made according to business activity. As the individual divisions AdLINK Media, Affiliate Marketing and Domain Marketing display different customer, technology and revenue structures, they were summarized accordingly. The AdLINK Media segment comprises the activities of AdLINK companies, the Affiliate Marketing segment those of affilinet GmbH and its subsidiaries and

Fiscal year 2005

	Germany EURk	Euroland EURk	NON-Euroland EURk	Consolidation EURk	Total AdLINK EURk
Non-group revenue	55,341	29,406	13,512		
Inter-segment revenue	1,021	573	4,188		
Segment revenue	**56,362**	**29,979**	**17,700**	**-5,783**	**98,258**
Operating result	4,694	324	360	-358	5,020
Amortization of Goodwill	0	-200	-1,479	0	-1,679
Result of associated companies	0	0	543	0	543
Segment result	**4,694**	**124**	**-576**	**-358**	**3,884**
Interest income					134
Interest expenses					-388
Result before taxes					**3,630**
Income taxes					-1,002
Net income					**2,628**
Operating segment assets	30,676	24,417	7,322	-10,152	52,263
Goodwill	25,144	21,853	1,711		48,708
Share in associated companies	0	0	2,207		2,207
Operating segment assets	55,820	46,270	11,240	-10,152	103,178
Deferred tax assets					3,356
Employee loans					30
Assets					**106,564**
Operating segment liabilities	51,793	21,113	6,669	-6,557	73,018
Accrued taxes					4,569
Convertible bonds					276
Deferred tax liabilities					2,876
Long-term debt provided by shareholders					434
Liabilities					**81,173**
Segment investments	22,115	11,008	184		33,307
Segment depreciation	1,289	62	103		1,454
Non-scheduled depreciation	-	200	1,479		1,679

Notes

the Domain Marketing segment those of Sedo GmbH and its subsidiaries. Please refer to note 3d) for further details. The revenue of net:dialogs was included in the consolidation column.

The segment assets of the Media segment do not contain shares in subsidiaries of AdLINK AG.

The figures for 2006 and the comparative figures of the previous year are shown in the tables below:

Fiscal year 2006

	AdLINK Media EURk	Affiliate Marketing EURk	Domain Marketing EURk	„Consolidation/ not attributable" EURk	Total AdLINK Group EURk
Non-group revenue	68.604	67.044	41.797	27	
Inter-segment revenue	135	257	51	-443	
Segment revenue	**68.739**	**67.301**	**41.848**	**-416**	**177.472**
Operating segment assets	31.589	17.085	27.720	-19.200	57.194
Goodwill	8.155	32.663	42.193		83.011
Shares in associated companies	3.012	0	0		3.012
Segment assets	**42.756**	**49.748**	**69.913**	**-19.200**	**143.217**
Deferred tax assets					8.045
Assets					**151.262**
Segment investments	831	532	307	105	1.775
Segment depreciation	347	1.410	893	2	2.652

Fiscal year 2005

	AdLINK Media EURk	Affiliate Marketing EURk	Domain Marketing EURk	„Consolidation/ not attributable" EURk	Total AdLINK Group EURk
Non-group revenue	52.924	28.012	17.322		
Inter-segment revenue	0	89	20		
Segment revenue	**52.924**	**28.101**	**17.342**	**-109**	**98.258**
Operating segment assets	30.063	17.555	16.061	-11.416	52.263
Goodwill	8.155	28.957	11.596		48.708
Shares in associated companies	2.207	0	0		2.207
Segment assets	**40.425**	**46.512**	**27.657**	**-11.416**	**103.178**
Deferred tax assets					3.356
Employee loan					30
Assets					**106.564**
Segment investments	448	23.136	9.723		33.307
Segment depreciation	332	468	653		1.453
Non-scheduled depreciation	1.679	0	0		1.679

RISK MANAGEMENT

a) Contingency risks

Through the use of appropriate control procedures and instructions based upon experience, the group ensures that services are only provided to those customers who in the past have proved themselves to be creditworthy or that in the case of new customers the risk is kept within reasonable bounds. Furthermore debt management is organized in such a way that some risks can be identified at an early stage and appropriate counter-measures taken.

b) Change in interest rates

As of the balance sheet date, the Group's net borrowing amounted to EUR 56.4 million. All available credit lines are based on variable interest rates. Ceterus paribus, the risk of change in interest rates thus corresponds to EUR 560k per 1 % change in the interest rate.

c) Liquidity risks

As a member of the United Internet AG group and its positive business development, the Group currently holds sufficient cash and cash equivalents to be able to meet its payment obligations.

d) Exchange rate risks

The group operates in the Euro region and via its independent subsidiaries in Sweden and Great Britain and the USA. The annual financial statements contain no financial liabilities in foreign currencies. Thus, exchange rate risks only exist partly in respect of internal financing arrangements (esp. England) and partly from the operating activities of Sedo Germany and Sedo USA. Transactions of both companies are partly in US dollars.

e) Guaranteed fees

In order to retain or attract major website operators in the AdLINK Media segment, the Group was and is obliged to some extent to pay fees of a pre-defined amount. As part of these agreements, there is a risk for the Group that the revenues generated will not be sufficient to cover the guaranteed fees.

43) AUDITORS' FEES

In fiscal year 2006, auditing fees totaling EUR 191k were expensed in the financial statements of AdLINK AG. These include auditing fees (EUR 113k), tax consultancy services (EUR 49k) and other services (EUR 29k). Fees of EUR 94k were paid to associated companies of the auditing firm.

Auditing fees of around EUR 221k were paid to the auditing firm and its associated companies for the auditing of annual financial statements 2006 of subsidiaries of AdLINK AG. Other fees accounted for approximately EUR 93k.

OTHER FINANCIAL COMMITMENTS AND CONTINGENCIES

a) Rent and other services

The main obligations of the AdLINK Group refer to three areas:
- the leasing of software, especially AdServing services,
- leases for offices at the Group's various locations,
- leasing obligations for a part of the vehicle fleet.

In the fiscal year 2002, AdLINK signed an agreement for the provision of AdServing services with DoubleClick Inc.. The agreement has a term of ten years. The terms and conditions of the agreement were adjusted in December 2006 for the fiscal years 2007 and 2008. The financial liability for the coming 2 years amounts to EUR 2,340k for each year. Comparable levels of expenditure are anticipated in the following years up to January 28, 2012. This has been assumed and included correspondingly in future obligations.

As of December 31, 2006, the future obligations from leases and other service agreements came to EUR 16,977k as shown below:

	EURk
<1 year	4,017
1 to 2 years	3,409
2 to 3 years	3,135
3 to 4 years	2,957
>4 years	3,459
Total	**16,977**

Non-balance sheet obligations from other agreements, leasing of office furniture and fixtures and, in particular, vehicles amounted to EUR 591k as of December 31, 2006. All leasing agreements are operative leasing agreements.

	EURk
<1 year	227
1 to 2 years	185
2 to 3 years	176
3 to 4 years	3
>4 years	0
Total	**591**

b) Contingent liabilities, other liabilities and other possible claims

The Management Board is not aware of any facts which might have a significantly adverse impact on the Company's activity, its financial circumstances or trading result.

45) OTHER LEGAL DISCLOSURES

a) Exemption pursuant to Sec. 264 (3) HGB

The following companies of AdLINK Internet Media AG make use of the exempting provisions of Sec. 264 (3) HGB and therefore refrain from disclosing their annual financial statements 2006, the auditing of the company's annual financial statements and the preparation of a management report:

- AdLINK Internet Media GmbH Deutschland, Duesseldorf/Germany
- affilinet GmbH, Ebersberg/Germany
- Sedo GmbH, Cologne/Germany

In accordance with Sec. 325 HGB, the resolutions of the shareholders' meetings were published in the electronic Federal Gazette.

b) Group membership

As the parent company of AdLINK Internet Media AG, United Internet AG prepares consolidated annual financial statements for the largest group of companies. The HGB-based result of United Internet AG for the preceding fiscal year 2005 amounted to EUR 187 million and its equity according to HGB amounted to EUR 392 million. Please refer to the annual report of United Internet AG for further information.

c) Corporate Governance Code declaration acc. to Sec. 161 AktG

AdLINK Internet Media AG submitted the statutory declaration for 2006 pursuant to Sec. 161 AktG, which conformed with the recommendations of the "Government Commission German Corporate Governance Code", as it will in future. The declaration was made available to shareholders.

d) Open litigation

At the time of preparation of the consolidated annual financial statements, AdLINK AG was involved in a few litigation cases. These mainly refer to damage claims made by third parties, which the Company feels are not justified. The outcome of these legal cases is open and it cannot be ruled out that there will be consequences for the following fiscal year.

Montabaur, March 4, 2007

The Management Board
Guy Challen Stéphane Cordier Marc Stilke

Auditor’s Report

We have audited the consolidated financial statements prepared by AdLINK Internet Media AG, Montabaur — comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements — as well as the for the fiscal year from January 1, 2006 to December 31, 2006. The preparation and content of the consolidated financial statements and management report for the Company and the Group according to IFRS, as applied in the EU, and the supplementary commercial law regulations of Section 315a (1) German Commercial Code (HGB) are the responsibility of the Company’s legal representatives. Our responsibility is to express an opinion on the consolidated financial statements and the management report for the Company and the Group based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and the generally accepted standards for the audit of financial statements in Germany promulgated by the “Institut der Wirtschaftsprüfer” (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with principles of proper accounting and in the management report for the Company and the Group are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the management report for the Company and the Group are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the management report for the Company and the Group. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the consolidated financial statements comply with IFRS, as applied in the EU, and the supplementary commercial law regulations of Section 315a (1) HGB and give a true and fair view of the Group’s net assets, financial position, results of operations and cash flows for the fiscal year. On the whole, the management report for the Company and the Group provides a suitable understanding of the Group’s position and suitably presents the opportunities and risks to future development.

Eschborn/Frankfurt am Main, March 6, 2007
Ernst & Young AG
Wirtschaftsprüfungsgesellschaft

Bösser	Grote
Wirtschaftsprüfer	Wirtschaftsprüfer

Income Statement acc. to IFRS

Quarterly development

in EURk	2006 1. Quarter*	2006 2. Quarter*	2006 3. Quarter*	2006 4. Quarter	2005 4. Quarter*
Sales	41,320	45,110	39,354	51,688	36,031
Cost of sales	-30,414	-33,409	-29,998	-38,163	-26,882
COS as a % of sales	26.4%	25.9%	23.8%	26.2%	25.4%
Gross Profit	**10,906**	**11,701**	**9,356**	**13,525**	**9,149**
Selling expenses	-2,855	-3,173	-3,029	-3,838	-2,826
General and administrative expenses	-2,852	-2,910	-2,546	-3,131	-2,557
Asset impairment charges	0	0	0	0	-1,679
Other operating (income) expenses	-69	-224	121	438	-222
Depreciation of capitalized assets in the scope of acquisitions (IFRS 3)*	-444	-444	-444	-444	-422
Operating Result	**4,686**	**4,950**	**3,458**	**6,550**	**1,443**
Interest and similar expenses	-283	-468	-281	-442	-205
Interest and similar income	33	48	41	219	38
Result from associated companies	78	244	490	443	290
Expenses resulting of guaranteed dividend payment to minority shareholders	0	0	0	-1,082	0
Pre-tax result	**4,514**	**4,774**	**3,708**	**5,688**	**1,566**
Income taxes	-1,776	-1,348	-979	1,761	853
Net income	**2,738**	**3,426**	**2,729**	**7,449**	**2,419**
Minority interest	1,189	1,043	950	1,120	651
Net income, attributable to AdLINK Internet Media AG shareholders	1,549	2,383	1,779	6,329	1,768

*Adjusted, we refer to note 3) v).

This schedule is not part of the Management Report and thus unaudited.

Parent Company's Financial Statements acc. to HGB

Income Statement acc. to HGB

from January 1 to December 31, 2006

	2006 EURk	2005 EURk
Sales	17,011	11,671
Other operating income	3,783	709
	20,794	12,380
Cost of materials		
Cost of purchased services	12,697	8,255
Personnel expenses		
a) Wages and salaries	2,656	1,972
b) Payments for social security, pensions and support, thereof EUR 0.00 for pensions (prior year EURk 0)	449	310
Amortisation and depreciation of intangible assets and property, plant and equipment	156	138
Other operating expenses	2,243	2,511
	18,202	**13,186**
Income from investments thereof EUR 3,955,025.48 from affiliated companies (prior year EURk 1,012)	3,955	1,293
Income from other securities and loans of financial assets thereof EUR 1,012,926.11 from affiliated companies (prior year EURk 261)	1,013	261
Other interest and similar income thereof EUR 166,112.25 from affiliated companies (prior year EURk 0)	179	23
Amortisation of financial assets	0	5,465
Interest and similar expenses thereof EUR 1,221,930.99 to affiliated companies (prior year EURk 451)	1,866	446
	3,281	**-4,334**
Results before taxes	5,873	-5,140
Taxes on income	587	-2,100
Other taxes	1	1
	588	**-2,099**
Net profit/loss for the year	5,285	-3,041
Loss carried forward from previous year	-97,016	-93,975
Accumulated loss	**-91,731**	**-97,016**

Balance Sheet acc. to HGB

as of December 31, 2006

	31.12.2006 EURk	31.12.2005 EURk
ASSETS		
FIXED ASSETS		
Intangible assets		
Concessions, industrial and similar rights and assets as well as licenses such rights and assets	283	129
Deposits paid	208	29
	491	**158**
Property, plant and equipment		
Other equipment, operational and office equipment	115	83
	115	**83**
Financial assets		
Share in affiliated companies	44,817	41,861
Shares in companies in which an investment is held	737	732
Loans to affiliate companies	52,065	11,460
Other loans	0	30
	97,620	**54,083**
	98,225	**54,324**
CURRENT ASSETS		
Accounts receivable and other assets		
Accounts receivable, trade	722	421
Receivables due from affiliated companies	10,934	5,083
Receivables due from companies in which an investment is held	69	39
Other assets	55	57
	11,780	**5,600**
Cash in hand and bank balances	616	21
	12,396	**5,621**
PREPAID EXPENSES	73	44
Total	**110,694**	**59,989**

	31.12.2006 EURk	31.12.2005 EURk
EQUITY AND LIABILITIES		
EQUITY		
Capital stock*	25,915	25,852
Capital reserves	92,190	92,158
Accumulated loss	-91,731	-97,016
	26,374	**20,994**
ACCRUALS		
Accrued taxes	587	24
Other accrued liabilities	1,276	783
	1,863	**807**
LIABILITIES		
Bonds, thereof EUR 200k convertible (prior year EURk 276)	200	276
Liabilities due to banks	15,000	0
Accounts payable, trade	3,294	2,376
Liabilities due from affiliated companies	63,776	35,184
Other liabilities thereof EUR 168k from taxes (prior year EURk 194), thereof EUR 2k for social security (prior year EURk 18)	187	244
	82,457	**38,080**
DEFERRED INCOME	0	108
Total	**110,694**	**59,989**

* In addition, there is conditional capital of EUR 12,093k (prior year: EURk 12,156)

Glossary

Ad impressions
Frequency with which advertising (e. g. a banner) on a website is loaded and thus viewed by a user.

Advertiser
In the case of affilinet, a vendor operating affiliate programs (see publisher).

Advertising format/medium
Medium used to transport the message to its intended audience.

Affiliate Marketing
Affiliates are the sales partners of commercial websites (also merchants). Affiliates place advertising (e.g. banners or text links) on their website which leads to a commercial offering. If a lead is generated via such links (e.g. a purchase), the affiliate receives a payment or commission from the merchant.

Banner
A banner can be a preprogrammed advertising space on a website or an advertising format.

Branding
Communication with the aim of increasing the recognition of a brand by using different advertising formats.

Channel
Classification of internet content on the basis of different topics, e.g. finance, IT, entertainment or travel.

Content
Refers to the content displayed on internet pages.

Conversion rate
Number of users which become new customers as a result of advertising activities carried out by the advertiser.

Dialogue marketing
A classic form of direct advertising which is benefiting greatly from the interactive possibilities of the internet. The target group is contacted directly and personally and required to provide an answer or further dialogue/response.

Direct marketing
Advertising campaigns aimed at individually contacting members of selected target groups, e.g. via e-mail and newsletters.

Display advertising
Graphic advertising formats displayed on the monitor when visiting a website.

Domain
The unique address of an internet site, e.g. www.sedo.com.

Domain-Parking
Domains provided to Sedo by their owners for marketing purposes (Domain Marketing) and thus to generate additional income.

Interstitial
Special pop-up format which allows the implementation of larger multimedia ads into websites. Interstitials download in the background while the user browses.

Layer
Content-overlying advertising form which moves freely over the content and disappears after a few seconds, revealing the actual website.

Lead
A contact, customer request or any other pre-defined action caused by a specified advertising activity (see also pay-per-lead).

One-stop-shopping
Centralized handling of pan-European advertising campaigns by one marketing company. Booking, control and invoicing via a single interface.

Pay-per-click
The advertiser pays according to the number of user clicks on his advertising.

Pay-per-lead
The advertiser pays per qualified customer contact. Qualified customer contacts include, for example, subscribing to a newsletter, ordering a catalogue or other actions.

Pay-per-order
The advertiser only pays commission if the advertising leads to an order.

PageImpressions
Frequency with which a website has been accessed by a user. Page impressions are regarded as an important measure of the reach of a website.

Publisher
Website operator who publishes material provided by advertisers on his website on a commission basis.

Response
Direct impact of a marketing activity on the market, e.g. a sales increase which can be directly attributed to an advertising campaign.

Targeting
The banner is only inserted in the case of those users who have been predefined as a target group. The advertising message is directly targeted at potential customers and thus more effective.

Tracking
Process to register and allocate the brokering activities of a website owner.

Financial calendar*

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MARCH 30, 2007	**Annual Financial Statements 2006,** **Press and Analyst Conference**
MAY 8, 2007	**Publication of Quarterly Report**
MAY 29, 2007	**Annual Shareholders' Meeting**
AUGUST 9, 2007	**Publication of Half-Year Report**
AUGUST 10, 2007	**Press and Analyst Conference**
NOVEMBER 6, 2007	**Publication of 9-Months Report**

* Subject to prior change. In accordance with statutory obligations, all amendments are published on our website (www.adlink.net) in the section "Investors, Calendar".

This annual report is available in German and English. Both versions can be downloaded from www.adlink.net, in the section "Investors, Reports". In all cases of doubt, the German version shall prevail.

Disclaimer

This Annual Report contains certain forward-looking statements which reflect the current views of AdLINK Internet Media 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 Annual 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 AdLINK 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 AdLINK Internet Media AG. AdLINK does not intend to revise or update such forward-looking statements.

AdLINK Annual Report 2006

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