



AdLINK
Internet Media AG

Half Year Report **2006**

AdLINK at a glance

Selected key figures according to IFRS		30.06.2006	30.06.2005	Change in %
Sales	EUR million	86.4	36.0	140.0
Gross margin	%	26.2	22.2	18.0
EBITDA	EUR million	11.2	1.5	646.7
EBT	EUR million	9.3	0.9	933.3
Earnings per share	EUR	0.15	-0.01	-
Employees	number	348	279	31.8
Share price (as of end of June 2006)	EUR	14.90	4.15	259.0
Shares	number	25,914,900	25,851,945	-
Market capitalization	EUR million	385.2	107.3	-
Free float	%	17.6	17.4	-

Quarterly development	Q1/2006 EUR million	Q2/2006 EUR million	Q2/2005 EUR million
Sales	41.3	45.1	25.8
EBITDA	5.4	5.8	1.8
EBT	4.5	4.8	1.3

Foreword by the Management Board



Marc Stilke
Chief Operating Officer
and Speaker of the Board



Stéphane Cordier
Chief Executive Officer



Guy Challen
Chief Financial Officer

DEAR SHAREHOLDERS AND ALL INTERESTED IN AdLINK,

Online advertising has continued to show strong growth in 2006 and made further progress as a key element of the advertiser's media mix. In the USA, online advertising revenues grew by 38 % to EUR 3.2 billion in the first quarter of 2006 (according to calculations made by the Interactive Advertising Bureau and PricewaterhouseCoopers). Strong growth is also expected for Europe as a whole. Jupiter Research forecasts an increase of 28 % to EUR 4.1 billion for 2006. In Germany, sales of classic online advertising were up 69 % to EUR 380 million in the first half-year (according to calculations of the German Digital Industry Association – BVDW).

The development of AdLINK Internet Media AG in the first half of 2006 shows that we are benefiting strongly from this boom: our revenues more than doubled during the period under review to EUR 86.4 million, while pre-tax earnings displayed more than tenfold growth to reach EUR 9.3 million. This meant that earnings per share improved to EUR 0.15 (prior year: EUR -0.01).

One reason for the sector's current success is the continued spread of high-performance broadband internet connections. At the same time, the number of people using the internet continues to grow – as does the amount of time they spend connected to it. Thanks to broadband, more effective online advertising formats with moving images and Flash animations can be used. Tools for planning, tracking, reporting and optimizing online campaigns are also becoming more powerful and clearly differentiating themselves from classic advertising – due to the interactivity and direct measurability of the internet medium. Online advertising can therefore offer advertisers a unique added value. We are therefore convinced that internet advertising will become increasingly important and that its proportion of total advertising spend will continue to grow

In addition to a growing market, there are several other reasons for our company's success: firstly, we have redefined our traditional Display Marketing business segment, and secondly we have strengthened our position in the Affiliate Marketing and Domain Marketing segments with the acquisition of Sedo, affilinet and CibleClick in 2005. As a result, we can now offer online advertisers a wider and more differentiated range of products – with our clear focus on the segments Display Marketing, Affiliate Marketing and Domain Marketing – while at the same time enjoying synergies from the interaction of our brands.

Apart from our key financial figures, we also made strong progress in the respective market figures of all our business segments:

In Display Marketing we raised the number of unique visitors per month from 62 million as of June 30, 2005 to 67 million. The number of page impressions generated per month on the websites we market also grew from 5.1 billion to 6.5 billion.

In Affiliate Marketing, we achieved significant growth in both advertising partners and publishers. The number of affiliate programs rose from 720 last year to over 1,200. The number of affiliated websites grew from 250,000 to over 370,000 – due in part to our international expansion in France and the UK. As a result, monthly ad impressions increased from 3 billion to over 4 billion.

In the Domain Marketing segment, the number of domains offered by Sedo grew from 1.8 million last year to 5.3 million. Over 1.5 million of these domains (prior year: 0.5 million) are available for marketing.

We are also confident for the second half of the year. Online advertising markets will continue to boom and our excellent positioning with, and in, our business segments will facilitate further growth.

Montabaur, August 10, 2006

Marc Stilke

Stéphane Cordier

Guy Challen

Business development of the AdLINK Group

The internet has developed into an attractive medium for advertisers. The importance of online marketing is growing from year to year. All leading internet analysts expect growth to remain strong in 2006 — as well as in the following years. The development of AdLINK Internet Media AG in the first half of 2006 shows that the positive forecasts for the online advertising sector are clearly achievable.

RECORD SALES AND EARNINGS

In the first half of 2006, sales of AdLINK Internet Media AG grew by 140 % to EUR 86.4 million (prior year: EUR 36.0 million). At EUR 11.2 million, earnings before interest, taxes, depreciation and amortization (EBITDA) were up by 647 % over the prior-year (EUR 1.5 million). Earnings before taxes (EBT) were raised by 933 % to EUR 9.3 million (prior year: EUR 0.9 million). This figure includes minority interests of EUR 2.2 million (prior year: EUR 0.3 million). Earnings per share (EPS) reached EUR 0.15, compared with EUR -0.01 in the same period last year.

POSITIVE TREND IN ALL SEGMENTS

These strong financial figures result in part from the positive development in the reach of AdLINK's brands as well as from the acquisition of new advertising partners.

In its Display Marketing segment, AdLINK raised the average number of page impressions generated per month to 6.5 billion.

The advertising network as a whole now reaches some 67 million unique visitors per month throughout Europe. In the period under review, AdLINK began marketing a number of new websites, including Universal Music, Lastminute.com and AutoScout24, which all helped improve the network's reach. We also gained numerous high-profile names, such as Sony, Vodafone, Alitalia and Procter & Gamble for their European online advertising campaigns. In total, the number of advertising clients grew from 2,033 in the first half of 2005 to 2,848 in the first half of 2006. In terms of products, we presented our new strategy for the traditional Display Advertising business in the first half of 2006: AdLINK SELECT and AdLINK TARGET. The realignment of this business is aimed at binding our most important websites more closely and raising revenues. Our strategy of positioning AdLINK more strongly as a premium marketer of high-reach, brand-name websites is aimed at raising growth in our traditional business.

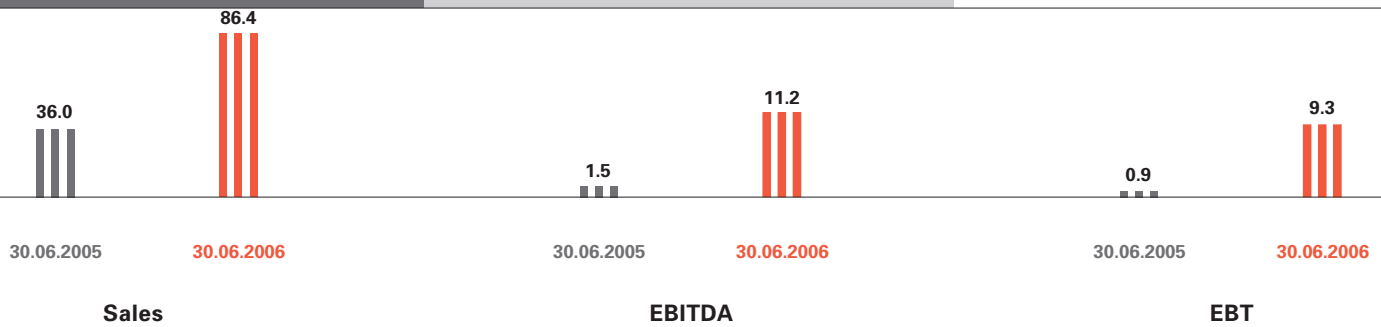
In the Affiliate Marketing segment we posted significant growth in the two key areas of advertisers and publishers: the number of affiliate programs using affilinet grew to over 1,200. The new advertisers include brands as Masterfoods, Meetic and betandwin. The number of websites also grew to over 370,000, while monthly ad impressions exceeded 4 billion.

In the Domain Marketing segment, the number of domains offered by Sedo grew to 5.3 million. Over 1.5 million of these domains are available for marketing. In the first half of 2006, we also gained the important US registrars BulkRegister.com and Dotster as partners and thus strengthened our position in the highly competitive US market.

THE BUSINESS MODEL OF AdLINK INTERNET MEDIA AG:



Group key figures in EUR million



INTERNATIONAL EXPANSION

The AdLINK Group is now active in 10 European countries and the USA. Whereas we are already well represented internationally in the Display Marketing segment, our international expansion is still at the beginning in the Affiliate and Domain Marketing segments. Following the acquisition of the French affiliate supplier CibleClick in late 2005 and our organic launch in the UK in early 2006, we are now represented for the first time in Europe's most important advertising and e-commerce markets in the Affiliate Marketing segment. Clients such as 1&1, Expedia and Buycentral are already benefiting from our presence in these three markets. In the first half of 2006, we concentrated on establishing and expanding our business in the UK and France. We gained key program suppliers in both nations with Virgin Holidays, Fly ThomasCook, Masterfoods, Prizee and Renault. In the field of Domain Marketing, we currently have offices in Germany and – since 2005 – the USA. Further countries, such as the UK, France and Spain, are served from Germany or the USA. In the period under review, we focused in particular on expanding the business in the highly competitive US market. By cooperating with domain registrars, such as BulkRegister and Dotster, Sedo was able to further enhance its market position.

CASH FLOW / CAPITAL EXPENDITURES

In line with the positive development of our results, there was also an increase in cash flow from operating activities to EUR 6.9 million (prior year: EUR 0.8 million). Depreciation and amortization of intangible assets and property, plant and equipment rose from EUR 0.6 million last year to EUR 1.3 million in the period under review. This figure includes around EUR 0.9 million for the amortization of identified and capitalized intangible assets in connection with company acquisitions, resulting from the takeover of Sedo, affilinet and CibleClick (prior year: EUR 0.4 million). Capital expenditures amounted to EUR 0.8 million in the first half of 2006 (prior year: EUR 0.5 million).

BANK BALANCES

As of the balance sheet date, AdLINK Internet Media AG had net borrowings of EUR 21.5 million – compared with a net credit balance of EUR 10.8 million as of December 31, 2005. The main reason was the repayment of liabilities due to United Internet AG (purchase price financing for Sedo, affilinet and CibleClick) from a bank loan.

EMPLOYEES

At the end of June 2006, AdLINK Internet Media AG employed a total of 348 people (December 31, 2005: 301). Of this total, 179 were employed outside Germany (December 31, 2005: 145).

IFRS ACCOUNTS

The accounting and valuation principles applied for this quarterly report correspond to those used for the annual financial statements for fiscal 2005.

SHARE

In the period under review, the AdLINK share rose by 250 % – from EUR 4.26 as of December 31, 2005 to EUR 14.90 as of June 30, 2006 – and thus easily outperformed its comparative TecDAX index. As of June 1, 2006 AdLINK Internet Media AG changed from the General Standard to the Prime Standard segment of the German Stock Exchange (Deutsche Börse). The Prime Standard is aimed in particular at companies wishing to present themselves increasingly to international investors. A Prime Standard listing is also the prerequisite for inclusion in one of the German Stock Exchange's selection indices. At the same time, AdLINK's management team conducted several roadshows. The first financial analysts have now begun coverage of the share.

OUTLOOK

We made very encouraging progress in the first half of 2006 with record levels in all our key performance indicators.

We are also confident about the second half of our fiscal year: the online advertising markets will continue to boom and with our excellent positioning we expect to grow in and with our business segments.

Segments

AdLINK is Europe's leading independent online marketer

In its Display Marketing segment, AdLINK stands for branding, image and response advertising. Our advertising network of top-quality, high-reach websites is booked by some 4,000 national and international advertising clients every year.

Display Marketing		30.06.2006	30.06.2005	Change in %
Sales	EUR million	33.8	23.8	42
Employees	number	180	185	-3
Advertising clients	number	2,848	2,033	40
Page impressions/month	number	6.5 billion	5.1 billion	27
Unique Visitors/month	number	67 million	62 million	8

- New premium marketing strategy
- Expansion of reach and advertising client base

affilinet is a leading affiliate marketing network in Europe

Success-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 with our highly automated quality platform www.affili.net.

Affiliate Marketing		30.06.2006	30.06.2005 Pro forma	Change in %
Sales	EUR million	32.5	22.3	46
Employees	number	73	50	46
Affiliate programs	number	1,230	720	71
Websites	number	375,000	250,000	50
Page impressions/month	number	4.1 billion	3 billion	35

- Improvement of reach and platform
- International expansion to France and UK

sedo is the global market leader in domain trading

The Sedo brand represents the Domain Marketing segment. Sedo offers a range of services relating to domains, including domain parking, appraisals, transfers and marketing through www.sedo.com a platform with 5 million domains for sale.

Domain Marketing		30.06.2006	30.06.2005 Pro forma	Change in %
Sales	EUR million	20.1	7.5	168
Employees	number	95	62	53
Domains	number	5.3 million	1.8 million	194
Marketed domains	number	1.6 million	0.5 million	214
Registered members	number	360,000	300,000	20

- Dynamic growth in the USA
- Strong increase in marketable domains

Balance Sheet

acc. to IFRS as of June 30, 2006

	30.06.2006		31.12.2005	
	EUR		EUR	
ASSETS				
Cash and cash equivalents	6,543,997	6.3 %	10,844,941	10.2 %
Accounts receivable	28,187,124	27.2 %	25,420,864	23.9 %
Accounts receivable from associated companies	49,973		59,051	0.1 %
Accounts receivable from affiliated companies	563,532	0.5 %	867,519	0.8 %
Prepaid expenses	867,892	0.8 %	427,598	0.4 %
Other current assets	3,201,153	3.1 %	1,840,011	1.7 %
Other current financial assets	0		3,084,423	2.9 %
Current assets	39,413,671	38.0 %	42,544,407	39.9 %
Equity investments	2,080,593	2.0 %	2,206,940	2.1 %
Other financial assets	0		29,855	
Property, plant and equipment	1,403,967	1.4 %	1,111,490	1.0 %
Intangible assets (without Goodwill)	7,848,068	7.6 %	8,606,432	8.1 %
Goodwill	49,061,100	47.4 %	48,708,600	45.7 %
Deferred tax assets	3,793,683	3.7 %	3,356,469	3.1 %
Non-current assets	64,187,411	62.0 %	64,019,786	60.1 %
Total assets	103,601,082	100.0 %	106,564,193	100.0 %
LIABILITIES AND EQUITY				
Liabilities				
Accounts payable, trade	27,955,059	27.0 %	26,464,150	24.8 %
Accounts payable due to associated companies	66,937	0.1 %	74,146	0.1 %
Accounts payable due to affiliated companies	644,789	0.6 %	411,863	0.4 %
Accrued taxes	4,147,489	4.0 %	4,569,585	4.3 %
Other liabilities	6,835,294	6.6 %	12,242,161	11.5 %
Provisions	241,792	0.2 %	316,792	0.3 %
Deferred income	834,737	0.8 %	921,968	0.9 %
Convertible bonds	102,125	0.1 %	98,005	0.1 %
Short-term liabilities to banks	28,059,165	27.1 %	0	
Current liabilities	68,887,387	66.5 %	45,098,670	42.3 %
Deferred tax liabilities	2,540,378	2.5 %	2,875,520	2.7 %
Convertible bonds	101,375	0.1 %	177,900	0.2 %
Long-term liabilities due to affiliated companies	0		32,587,387	30.6 %
Long-term debt provided by the owners	400,628	0.4 %	433,907	0.4 %
Non-current liabilities	3,042,381	2.9 %	36,074,714	33.9 %
Total liabilities	71,929,768	69.4 %	81,173,384	76.2 %
Equity				
Capital Stock	25,914,900	25.0 %	25,851,945	24.3 %
Additional paid-in capital	62,253,604	60.1 %	62,047,026	58.2 %
Accumulated deficit	-62,921,802	-60.7 %	-66,853,265	-62.7 %
Currency translation adjustments	134,281	0.1 %	228,409	0.2 %
Total equity without minority interest	25,380,983	24.5 %	21,274,115	20.0 %
Minority interest	6,290,331	6.1 %	4,116,694	3.9 %
Total equity	31,671,314	30.6 %	25,390,809	23.8 %
Liabilities and equity, total	103,601,082	100.0 %	106,564,193	100.0 %

Income Statement

acc. to IFRS from January 1 to June 30, 2006

	Jan. - June 2006		Jan. - June 2005	
	EUR		EUR	
Sales	86,429,883	100.0 %	36,033,206	100.0 %
Cost of sales	-63,823,117	-73.8 %	-28,017,791	-77.8 %
Cost of sales (in % of sales)	26.2 %		22.2 %	
Gross Profit	22,606,766	26.2 %	8,015,415	22.2 %
Selling expenses	-6,028,703	-7.0 %	-3,435,112	-9.5 %
General and administrative expenses	-6,648,801	-7.7 %	-4,018,380	-11.2 %
Other operating expenses / income	-293,595	-0.3 %	84,474	0.2 %
Operating Result	9,635,667	11.1 %	646,397	1.8 %
Interest and similar expenses	-751,285	-0.9 %	-7,660	
Interest and similar income	81,061	0.1 %	66,721	0.2 %
Result from associated companies	322,228	0.4 %	186,000	0.5 %
Pre-tax result	9,287,671	10.7 %	891,458	2.5 %
Income taxes	-3,124,078	-3.6 %	-775,926	-2.2 %
Net income	6,163,593	7.1 %	115,532	0.3 %
Minority interest	2,232,131	2.6 %	318,000	0.9 %
Profits attributable to the shareholders of AdLINK AG	3,931,462	4.5 %	-202,468	-0.6 %
Earnings per share				
Loss per share basic (EUR/share)	0.15		0.01	
Loss per share diluted (EUR/share)	0.15		0.01	
Weighted average number of shares outstanding	25,853,416		25,807,464	
Weighted average number of shares outstanding (diluted)	26,791,391		26,870,069	

Income Statement

Quarterly development acc. to IFRS

	Q1 2006	Q2 2006	Q2 2005
	EUR	EUR	EUR
Sales	41,320,276	45,109,607	25,809,446
Cost of sales	-30,414,477	-33,408,639	-19,810,311
Cost of sales (in % of sales)	26.4 %	25.9 %	23.2 %
Gross Profit	10,905,799	11,700,968	5,999,135
Selling expenses	-2,855,482	-3,173,222	-2,125,980
General and administrative expenses	-3,295,277	-3,353,523	-2,769,514
Other operating expenses / income	-69,421	-224,175	35,432
Operating Result	4,685,619	4,950,048	1,139,073
Interest and similar expenses	-283,325	-467,960	-4,200
Interest and similar income	33,273	47,789	43,578
Result from associated companies	78,525	243,702	108,000
Pre-tax result	4,514,092	4,773,579	1,286,451
Income taxes	-1,776,140	-1,347,938	-678,842
Net income	2,737,952	3,425,641	607,609
Minority interest	1,188,892	1,043,239	318,000
Profits attributable to the shareholders of AdLINK AG	1,549,060	2,382,402	289,609
Earnings per share			
Loss per share basic (EUR/share)	0.06	0.09	-0.01
Loss per share diluted (EUR/share)	0.06	0.09	-0.01
Weighted average number of shares outstanding	25,851,945	25,854,871	25,809,327
Weighted average number of shares outstanding (diluted)	26,810,950	26,772,047	26,871,932

Cash Flows

acc. to IFRS from January 1 to June 30, 2006

	Jan. - June 2006 EUR	Jan. - June 2005 EUR
Cash flow from operating activities		
Net Income	6,163,593	115,532
Adjustment to reconcile net income to net cash provided by operating activities	726,048	720,721
Depreciation	1,268,735	631,931
Change in deferred taxes	-772,356	-139,500
Compensation expenses from employee stock option plans	174,330	184,269
Undistributed profit of associated companies	-322,228	-186,000
Distributed profit of associated companies	448,575	281,462
Changes in currency translation adjustments (on cash)	-71,008	-51,441
Operative cash flow	6,889,641	836,253
Changes in assets and liabilities		
Change in receivables and other assets	-4,146,078	2,509,812
Change in other financial assets	3,084,423	0
Change in receivables from associated companies	9,078	52,014
Change in receivables from affiliated companies	303,987	-873,298
Change in prepaid expenses	-440,952	-275,174
Change in accounts payable, trade	1,559,776	822,585
Change in accounts payable due to associated companies	-7,209	-7,762
Change in accounts payable due to affiliated companies	232,926	37,795
Change in accrued taxes	-366,516	480,292
Change in other liabilities	1,688,299	645,566
Change in provisions	-75,000	-47,407
Change in deferred income	-88,604	59,647
Changes in assets and liabilities, total	1,754,130	3,404,070
Cash flow from operating activities	8,643,771	4,240,323
Cash flow from investment activities		
Capital expenditure for intangible assets	-279,669	-66,355
Capital expenditure for property, plant and equipment	-557,088	-409,680
Investments in other financial assets	0	-64,955
Cash inflow through disposal of assets	2,541	2,456
Acquisition costs, net of acquired cash	-7,536,676	-21,312,514
Cash flow from investment activities	-8,370,892	-21,851,048
Cash flow from financing activities		
Utilized credit line from affiliated companies	-32,587,387	21,060,811
Borrowing / Repayment of short-term bank loans	28,059,165	0
Payments for the exercise/conversion of convertible bonds	61,053	65,507
Payment / repayment of convertible bonds	-9,400	77,900
Cash flow from financing activities	-4,476,569	21,204,218
Net increase / net decrease in cash	-4,203,690	3,593,493
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	9,401
Cash and cash equivalents at the end of the reporting period	6,543,997	9,148,098
Interest received	85,406	66,721
Interest paid	-404,069	-6,644
Taxes received	0	20,573
Taxes paid	-2,798,017	-252,801

Development of Equity

acc. to IFRS

	Common stock Shares	Additional paid-in capital EUR	Accumulated deficit EUR	Accumulated other comprehensive loss EUR	Total shareholders' equity EUR	Minority interest EUR	Total company's equity EUR
Balance as of January 1, 2005	25,805,580	59,572,646	-67,881,574	267,700	17,764,352	0	17,764,352
Amortization of deferred stock option compensation	0	355,238	0	0	355,238	0	355,238
Compensation for the use of tax losses 1999/2000 through main shareholder	0	2,100,000	0	0	2,100,000	0	2,100,000
Exercise of convertible bonds	46,365	19,142	0	0	65,507	0	65,507
Minority interest	0	0	0	0	0	2,517,340	2,517,340
Currency translation adjustment	0	0	0	-39,291	-39,291	0	-39,291
Net income	0	0	1,028,309	0	1,028,309	1,599,354	2,627,663
Balance as of December 31, 2005	25,851,945	62,047,026	-66,853,265	228,409	21,274,115	4,116,694	25,390,809
Amortization of deferred stock option compensation	0	174,330	0	0	174,330	0	174,330
Exercise of convertible bonds	62,955	32,248	0	0	95,203	0	95,203
Currency translation adjustment	0	0	0	-94,128	-94,128	0	-94,128
Net income	0	0	3,931,463	0	3,931,463	2,232,131	6,163,594
Adjustment for minority interest classified as liability	0	0	0	0	0	-58,494	-58,494
Balance as of June 30, 2006	25,914,900	62,253,604	-62,921,802	134,281	25,380,983	6,290,331	31,671,314

Financial Calendar

FEBRUARY 7, 2006	Press release preliminary figures 2005
MARCH 23, 2006	Press release for the business year 2005
MAY 10, 2006	Press release for the first quarter 2006
JUNE 1, 2006	Prime Standard listing
JUNE 12, 2006	Annual General Meeting in Frankfurt/Main
AUGUST 10, 2006	Press release for first half year 2006, Half year report 2006
AUGUST 11, 2006	Analyst's conference
NOVEMBER 9, 2006	Press release for 9-months 2006

Updates are available at www.adlink.net in the Investors Section, Calendar.

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