



# 9-Month Report 2010

# Sedo Holding AG at a Glance

Key figures acc. to IFRS		Jan.-Sept. 2010	Jan.-Sept. 2009	Change in %
<b>Financial figures</b>				
Sales	€ million	83.9	105.4	-20.4
Gross margin	%	23.7	20.0	
EBITDA	€ million	5.9	20.2	-70.8
EBITDA adjusted	€ million	5.9	7.5	-21.3
EBT	€ million	3.9	16.4	-76.2
EBT adjusted	€ million	3.9	3.7	5.4
Net income	€ million	2.5	32.3	-92.3
Net income adjusted	€ million	2.5	-2.6	196.2
EPS (from continued operations)	€	0.05	0.54	-90.7
EPS (from continued operations) adjusted	€	0.05	0.05	-
EPS	€	0.08	1.23	-93.5
EPS adjusted	€	0.08	-0.10	180.0
<b>The Sedo Holding share on September 30</b>				
Share price	€	3.43	3.97	-13.6
Number of shares		30,455,890	26,205,890	16.2
Market capitalization	€ million	104.5	104.0	0.5
<b>Employees on September 30</b>				
Germany		232	228	1.8
Abroad		103	93	10.8
Total		335	321	4.4

Quarterly development (in € million)	Q1 2010	Q2 2010	Q3 2010	Q3 2009
Sales	28.9	27.8	27.3	32.7
EBITDA	2.6	1.6	1.6	14.9
EBITDA adjusted	2.6	1.6	1.6	2.2
EBT	1.7	1.1	1.1	13.6
EBT adjusted	1.7	1.1	1.1	0.9
Net income	0.8	1.1	0.6	30.9
Net income adjusted	0.8	1.1	0.6	-3.9

# Foreword of the Management Board



**Dear shareholders, business associates and employees,**

As expected, our nine-month figures are somewhat weaker than in the previous year. This is due in part to the adverse conditions on our targeted advertising markets in the wake of the global economic crisis as well as the changed contractual relationship with a major customer. As a result of this conversion in our Affiliate Marketing business in the fourth quarter of 2009, we suffered a significant fall in sales revenue in 2010. In the first nine months of 2010, we achieved consolidated sales of € 83.9 million, as opposed to € 105.4 million in 2009. EBT fell to € 3.9 million, compared to an amount of € 16.4 million in the previous year including special items from the sale of shares in Hi-media and Goldbach Media. Earnings per share reached € 0.08 (prior year: € 1.23). Adjusted for the aforementioned special items, however, the figures reveal a more stable business situation: despite the fall in sales, adjusted EBT grew from € 3.7 million in 2009 to € 3.9 million, while adjusted earnings per share from continued operations remained stable at € 0.05.

The key network figures of our two segments, Affiliate Marketing (affilinet) and Domain Marketing (Sedo), displayed an encouraging upward trend. In addition to a slight increase in affiliated websites, from around 486,000 last year to 490,000 at the end of September 2010, the number of affiliate programs available grew by 20.7%, from 1,788 last year to 2,158. We also achieved significant growth in our Domain Marketing segment. The number of marketable domains increased by 11.9%, from 6.7 million at the end of September 2009 to 7.5 million at the end of the period under review, while registered members grew by 22.2% from 0.9 million last year to 1.1 million. In the field of domain trading, there was already significant growth once again in some of the prices achieved.

In our operative business, we strengthened our affilinet sales team in the first nine months of 2010 in order to ensure improved support for our national and international customers. We also presented a new complete solution for publishers. In our Domain Marketing segment, we launched a new offer for domain traffic marketing (Sedo Domain Name Advertising) and presented a completely revamped domain search function.

Despite these positive developments, Sedo Holding AG continues to find itself in a difficult market environment which is also hard to predict. After progressing as expected in the first nine months, business has so far fallen short of our expectations in the fourth quarter. At present, we do not believe this shortfall in our planning can be made up in the remaining course of the quarter. In addition to the expected fall in sales, we therefore now expect that pre-tax earnings for 2010 will only reach approx. € 5 million (previous forecast: approx. € 6.6 million).

We would like to thank all employees for their commitment in the period under review, and would invite our shareholders and business associates to continue to accompany us on the course we have charted for the company.


Cologne, November 10, 2010



Andreas Janssen



Alexander Röthinger



Tim Schumacher

## 1. Economic environment

### Global economy growing

In its "World Economic Outlook Update" published in October 2010, the International Monetary Fund (IMF) upgraded its growth forecasts for the global economy. Compared to its July forecast, the IMF now anticipates growth of 4.8% for 2010 as a whole, an increase of 0.2 percentage points. The US economy is expected to grow by 2.6% this year. The IMF has thus downgraded its forecast for the USA by 0.7 percentage points. For the European Union, however, the economic growth forecast has been lifted from 1.0% to 1.7%. In Germany, economic growth of 3.3% is now forecast for 2010. The IMF's July forecast of 1.4% has thus been upgraded by 1.9 percentage points.

According to Germany's Federal Statistics Agency, gross domestic product (GDP) grew by 2.2% in Germany in the second quarter. In its monthly report of September 2010, the German Ministry of Finance expects the German economy to continue its recovery. This view is also shared by the German Central Bank (Bundesbank), which has raised its growth forecast for Germany to 3.0% in 2010. The German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung - DIW) adjusted its expected growth figure from 1.9% to over 3%. In its fall projection published in October, the German government predicts GDP growth of 3.4% in Germany for 2010 as a whole. Growth is being driven above all by exports, although domestic demand is also making strong progress.

### Advertising market recovering

The media agency group ZenithOptimedia has once again upgraded its forecast for global ad spending this year. Compared to its July estimate of 3.5% growth, the forecast has been raised to 4.8% in view of the current recovery of the world's advertising markets. There were corresponding increases in expectations for growth in both the North American and West European advertising markets to 2.4% (July: 1.3%) and 3.0% (July: 2.2%), respectively. Due to the improved performance of the German advertising market in the first six months of 2010, ZenithOptimedia also upgraded its forecast for Germany to 2.4% for 2010 as a whole and 2.8% in 2011. ZenithOptimedia expects the global advertising market to grow by 4.6% in 2011.

In mid October, Nielsen Media Research reported that global ad spending was up 12.8% in the first half of 2010 compared to the previous year. Ad spending in the USA increased by 4.7%, Europe grew by 8.5% and Germany recorded year-on-year growth in ad spending of 9.6%.

In the first nine months of 2010, the entire German gross advertising market grew by 10.9%, according to Nielsen Media Research. As an advertising medium, the internet made further strong progress with growth of 33.8%.

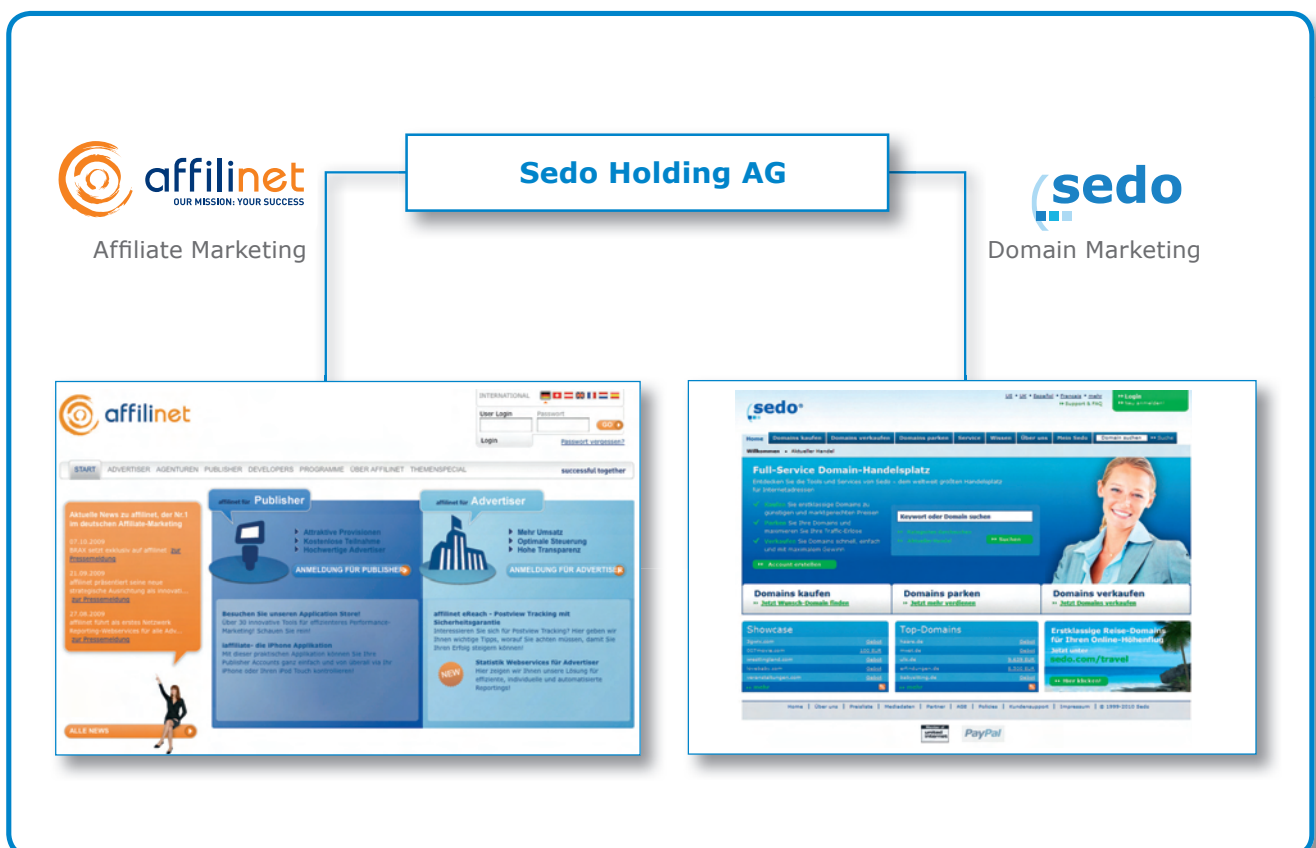
According to the "Online-Report 2010/01" of the Online Marketing Group (Online-Vermarkterkreis - OVK) published in mid February 2010, the German online advertising market grew by 11.8% in 2009 to € 4.1 billion. In its "Online-Report 2010/02" published in mid September 2010, the OVK reported that the propensity to invest had grown significantly in the first half of 2010. For 2010 as a whole, gross investment in online advertising is expected to grow by 19%. Due to the stable price situation, net growth is also expected to reach double figures.

## 2. Structure of Sedo Holding AG

Sedo Holding AG is one of Europe's leading suppliers of performance-based online marketing solutions. In its operating business, Sedo Holding AG is represented by the brands affilinet in the field of Affiliate Marketing, and by Sedo in the Domain Marketing sector. These specialists operate via their offices in five European countries and the USA.

affilinet is the specialist for Affiliate Marketing within Sedo Holding AG. With offices in Germany, France, the UK, the Netherlands, and Spain, affilinet operates one of Europe's leading affiliate networks. With its performance marketing solutions, the platform offers online advertisers an effective digital sales channel and its registered sales partners (publishers) attractive earning opportunities. The portfolio of services offered by affilinet comprises the three main pillars "Performance Network" (network and services for affiliate programs), "Performance Media" (performance-based media services) and "Performance Technology" (technical solutions for efficient online marketing).

Sedo is the specialist for Domain Marketing within Sedo Holding AG. With offices in Germany, the UK and the USA, as well as numerous international websites, Sedo operates around the world in over 20 languages. Sedo is the leading market place for domain trading. Sedo is also one of the world's



leading companies in the performance-based field of domain parking, in which Sedo markets advertising space on its own or third-party domains. The company's services also include domain brokerage, domain transfer and domain appraisal.

## Employees

The Sedo Holding Group employed a total of 335 people as of September 30, 2010. A total of 321 people were employed on the same date last year. Of this total, 232 (prior year: 228) are employed in Germany and 103 (prior year: 93) abroad. As of September 30, 2010, a total of 157 staff were employed in Affiliate Marketing and 163 in Domain Marketing. The parent company Sedo Holding AG employs 15 people.

## Share

The Sedo Holding AG share closed at € 3.43 on September 30, 2010. Compared to December 31, 2009 (€ 3.13), this represents an increase of 9.6%. In connection with the change in company name, the stock exchange code was changed to SDO in July 2010.

The Annual Shareholders' Meeting was held in Frankfurt am Main on May 19, 2010. 95.43% of capital was represented at the meeting. The shareholders gave their approval to all items on the agenda requiring voting. In addition to approving the activities of the Management Board and Supervisory Board, and electing the auditors of the annual financial statements and consolidated accounts, shareholders also voted to appoint Mr. Ralph Dommermuth as a member of the Supervisory Board. Further items included the creation of approved and conditional capital as well as authorizations to issue options and/or convertible bonds.

### 3. Segment development

The key network figures for the operating segments of the Sedo Holding Group continued to grow in the first nine months of 2010.

#### Affiliate Marketing (affilinet)

In the first nine months of 2010, sales in Affiliate Marketing fell by 27.2%, from € 71.2 million in the same period last year to € 51.8 million. The main reason for the decline in sales was the changed contractual relationship with one of the largest customers in this segment. Without this effect, sales grew by € 5.0 million compared to the first nine months of 2009 (+10.8%).

The cost of sales was reduced by 17.7% to € 43.4 million in the first nine months of 2010, compared to € 61.1 million in the same period last year. Contribution – an indicator similar to EBIT – amounted to € 0.9 million for the first nine months of 2010, following € 3.3 million in the prior-year period (-72.7%). The decline is mainly due to increased sales activities abroad.

The number of available affiliate programs was raised by 20.7% in the first nine months of 2010, from 1,788 last year to 2,158. The number of participating websites also increased from around 486,000 to 490,000 (+0.8%).

In late September, affilinet unveiled a complete solution for website owners for the free and easy operation of their own online shop. With the aid of the product data web services of affilinet's product database, shop operators can put together their own individual product range. Sales are then processed directly by one of the affiliated partner shops. The commission paid to the publisher depends on the specific commission model of the partner shop.

As of October, affilinet offers advertisers a retargeting solution. The new technology is a professional solution for generating greater revenues and reach. The retargeting technology records users who have already visited the online shop of an advertiser but not yet made any transaction. These potential customers can now be automatically shown personalized advertising.

Affiliate Marketing	Sep. 30, 2010	Sep. 30, 2009	Change in %
Sales in € million	51.8	71.2	-27.2
Sales in € million (adjusted)	51.8	46.8	10.8
Contribution in € million	0.9	3.3	-72.7
Employees	157	129	21.7
Affiliate programs	2,158	1,788	20.7
Websites	490,000	486,000	0.8

## Domain Marketing (Sedo)

The Domain Marketing segment generated sales of € 32.0 million in the first nine months of 2010. In the same period last year, sales amounted to € 34.1 million – representing a decline of 6.2%. There was a more than proportional decrease in the cost of sales of 11.5%, from € 23.4 million last year to € 20.7 million in 2010. Contribution in the first nine months of 2010 amounted to € 4.7 million and was thus 9.6% below the prior-year figure of € 5.2 million.

As of September 30, 2010, the number of domains traded via the platform rose by 22.0% to 17.2 million, compared to 14.1 million on the same date last year. 7.5 million of these domains are available for marketing purposes as of September 30, 2010 – 11.9% more than last year (6.7 million domains). The number of registered members grew by 22.2%, from 0.9 million at the end of September 2009 to 1.1 million in 2010.

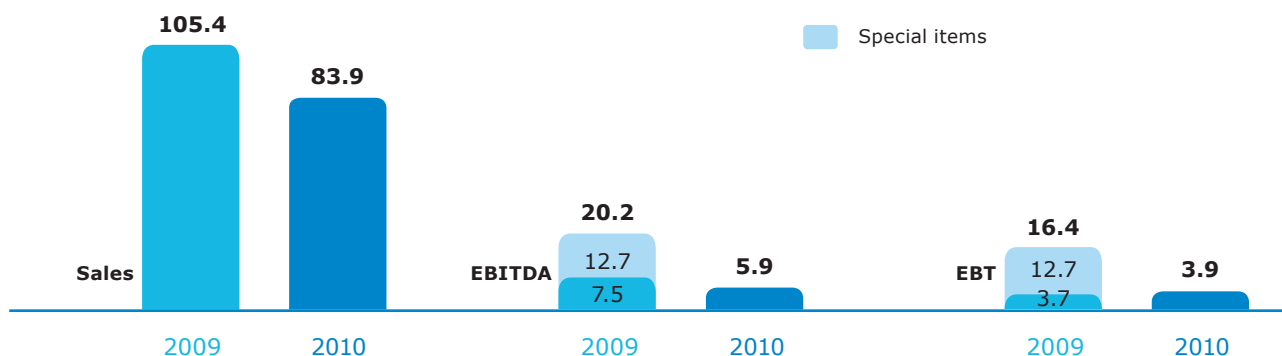
In mid April, Sedo launched a new service in the field of domain traffic marketing called SedoDNA (Sedo Domain Name Advertising). Advertisers can now benefit from the traffic of top-class domains provided by their owners for marketing purposes. Sedo has thus built a bridge between owners of internet addresses and advertisers interested in targeted traffic. SedoDNA is a performance-based model tailored to advertisers, which allows the use of all common ad formats (e.g. banners, layers, videos) and advertising models (e.g. pay-per-click, pay-per-view).

A fully revamped domain search function was unveiled at the end of August. This basic function of the domain trading platform now produces results for domain searches even more swiftly and efficiently. It also offers new features, such as the automatic display of synonyms and related terms, higher relevance and quality ranking of search results and a preview of the offer details. Faster and more targeted results are now possible with the use of extended search criteria, such as the simultaneous search of various top-level domains, searching for domains in categories, the inclusion and exclusion of synonyms, language selection, watch lists and a search for the offer type (fixed price, negotiable, auction).

Domain Marketing	Sep. 30, 2010	Sep. 30, 2009	Change in %
Sales in € million	32.0	34.1	-6.2
Contribution in € million	4.7	5.2	-9.6
Employees	163	161	1.2
Domains in million	17.2	14.1	22.0
Marketed domains in million	7.5	6.7	11.9
Registered members in million	1.1	0.9	22.2

## 4. Earnings, financial position and net assets

### Consolidated figures in € million



In the first nine months of 2010, sales of Sedo Holding AG fell by 20.4%, from € 105.4 million in 2009 to € 83.9 million as of September 30, 2010. The decline is mainly due to the changed contractual relationship with a major customer in the Affiliate Marketing segment. Adjusted for this effect, sales grew by € 2.9 million (+3.6%).

Gross margin improved to 23.7% as of September 30, 2010, compared to 20.0% in the previous year. This resulted mainly from a change in the sales mix, which led to a more than proportional fall in cost of sales compared to revenues. As a result of reduced sales, gross profit fell by 5.7% to € 19.9 million (prior year: € 21.1 million).

There was a year-on-year increase in selling expenses of 42.6%, from € 6.1 million to € 8.7 million in the first nine months of 2010. Compared to the same period last year, general and administrative expenses fell by 28.6%, from € 9.1 million to € 6.5 million as at the end of the first nine months of 2010. This development was mainly the result of a review of key department functions in the second quarter of 2010. As a consequence, costs were reallocated within the statement of comprehensive income, with a shift from general and administrative expenses to selling expenses.

The operating result for the first nine months fell from € 17.2 million in 2009 to € 3.7 million in 2010 (-78.5%). The prior-year figure includes other operating income from the sale of shares in Goldbach Media AG and Hi-media S.A. to United Internet – completed in September 2009 – amounting to € 12.7 million. Without this special item, the operating result as of September 30, 2009 amounted to € 4.5 million and thus fell in the period under review by 17.8%. Earnings before interest, taxes, depreciation and amortization, and writedowns on domains (EBITDA) fell from € 20.2 million last year to € 5.9 million as of September 30, 2010 (-70.8%). Adjusted for the special item, EBITDA in the previous year amounted to € 7.5 million and thus fell by 21.3% in 2010. The change in earnings resulted mainly from the reduced gross profit and increased sales efforts in the Affiliate Marketing segment. Earnings were also burdened by net currency losses of € 0.2 million, compared to net currency gains of € 0.2 million in the previous year. There was a positive effect on earnings, however, from the year-on-year decline of € 0.8 million in depreciation and write-downs for slow-moving products in the field of domains during the first nine months of 2010.

Pre-tax earnings (EBT) from continued operations amounted to € 3.9 million as of September 30, 2010, compared to € 16.4 million on the same date last year (-76.2%). Adjusted for disposal gains in 2009, the prior-year figure amounted to € 3.7 million and EBT thus increased in 2010 by 5.4%. The main reason for this positive trend was a decrease in interest payments following the repayment of financial liabilities.

Income taxes remained largely stable at € 2.4 million as of September 30, 2010, compared to € 2.3 million last year (+4.3%). In the first nine months of 2010, the tax ratio amounted to 60.4%, compared to 14.2% in the previous year. The low prior-year tax ratio was due to high, largely tax-free income from the disposal of shares in Hi-media S.A. and Goldbach Media AG. The high tax ratio in the period under review results from the fact that no deferred tax assets are formed for losses of individual subsidiaries.

As of September 30, 2010, the result from continued operations amounted to € 1.5 million, following a result of € 14.1 million last year (-89.4%). Compared to the result adjusted for special items of € 1.4 million in 2009, the result from continued operations grew by 7.1%. In the period under review, the result after taxes from discontinued operations amounted to € 1.0 million, compared to € 18.2 million (-94.5%) last year. The prior-year result includes income from the sale of the Display Marketing segment to Hi-media S.A. amounting to € 22.1 million. As of September 30, 2010, net income amounted to € 2.5 million, compared to € 32.3 million in the previous year (-92.3%). Adjusted for special items, the prior-year figure amounted to € -2.6 million. Earnings per share (EPS) fell from € 1.23 in 2009 to € 0.08 as of September 30, 2010 (-93.5%). Adjusted for the disposal of the Display Marketing segment, EPS at the end of September 2009 amounted to € -0.10.

## **Operative cash flow of € 5.3 million**

Operative cash flow amounted to € 5.3 million as of September 30, 2010, compared to € 3.2 million in 2009 (+65.6%).

Cash flow from operating activities in 2010 reached € -1.1 million, following an amount of € -2.1 million in the previous year. Prior year figure included payments from discontinued operations of € 2.3 million. Higher payments of continued operations resulting mainly from the settlement of trade accounts payable and the payment of taxes. In the second quarter of 2010 and the third quarter of 2010, however, there were positive cash flows of € 0.8 million and € 0.6 million, respectively

Cash flow from investing activities amounted to € -0.4 million in the first nine months of 2010, following € 44.1 million in the same period last year. The prior-year figure mainly contained disposal income from the sale of shares in Hi-media S.A. and Goldbach Media AG and the acquisition of the domain parking business of "RevenueDirect.com".

Cash flow from financing activities amounted to € -1.4 million as of September 30, 2010, compared to € -43.2 million in the previous year. Disbursements mainly served to reduce liabilities owed to banks and affiliated companies.

Cash and cash equivalents at the end of September 2010 totaled € 3.8 million, compared to € 6.5 million as of December 31, 2009 – a figure which was particularly high as a result of balance sheet date fluctuations.

## Increase in equity

The equity capital of Sedo Holding AG increased from € 91.3 million as of December 31, 2009 to € 94.2 million on September 30, 2010. As a result, the equity ratio grew from 74.2% last year to 77.4% at the end of the reporting period. The increase was mainly a result of improved retained earnings.

Trade receivables increased by 11.1%, from € 11.7 million at the end of 2009 to € 13.0 million in 2010, while trade payables were reduced by 10.5%, from € 17.1 million as of December 31, 2009 to € 15.3 million at the end of September 2010.

## 5. Risk Report

The aim of risk management is to systematically deal with potential risks as well as to promote a risk-oriented approach and acting throughout the entire organization. This controlled handling of risks is aimed at utilizing existing opportunities to the full and enhancing the company's success. The concept, organization and task of Enterprise Risk Management was defined by the Management Board of Sedo Holding AG and documented as part of a risk manual available to all members of the Group. These requirements are continually compared with the changing legal conditions and adapted or developed further as required.

As part of our risk management process, we identify, classify and evaluate company risks in a standardized group-wide system with clear allocation of responsibilities. We use Enterprise Risk Management not only to identify risks which may endanger the Group's continued existence, but also to identify and monitor those risks which do not jeopardize our existence but which may have a significant negative impact on the Group's financial position, net assets and results of operations.

In the third quarter of 2010, a risk audit was conducted at several companies belonging to the Group. Risk scenarios were evaluated with regard to the possible negative impact on the respective company's EBT and the achievement of targets and the probability of such damage. Wherever sensible, risk-limiting measures were defined for identified potential major risks. An early-warning system and key figures were established as part of a proactive monitoring system.

The current risk status is communicated on a quarterly basis to the Management Board, which in turn reports to the Supervisory Board. Sudden risk occurrences or significant changes in the risk situation trigger an ad-hoc reporting obligation and the respective risk is communicated immediately to the Management Board, and where necessary by them to the Supervisory Board.

There were no basically changes in the major risks and uncertainties of the Group in the third quarter of 2010 compared to the first quarter of 2010. As a result of continued fierce competition especially in the Affiliate Marketing segment, the economically situation in countries in which the Sedo Holding Group is located, the dependency of single customers and partners, margin pressure increase. The major risks for the Company's future financial position, net assets and results of operations focus not only on the market development, but also on the areas of competition, product development, reach and dependencies on customers and partners. Personnel risks are limited to certain Group units in which highly specialized knowledge is required, which is only available to a limited extent on the labor market. Our risk management culture enables us to proactively counter such risks and limit them to a minimum – where possible.

We judge the probability of such adverse developments as moderate to medium. There were no risks which directly jeopardized the continued existence of Sedo Holding AG in the third quarter of 2010, neither from individual risks nor from the overall risk situation.

## 6. Subsequent events

There were no major events subsequent to the reporting period.

## 7. Opportunities and outlook

The Management Board of Sedo Holding AG is still convinced that especially performance-oriented advertising formats in the interactive medium of the internet – in other words that proportion of advertising based on direct actions taken by consumers and other customers, in contrast to image-promoting advertising formats which are primarily aimed at raising awareness of the product – can expect attractive growth rates in the medium to long term.

In the field of Domain Marketing, in which we hold a leading global position, we expect a slight overall market decline in 2010 and a return to growth from 2011 onward. We shall continue to invest in our domain inventory and cooperate increasingly with partners in the field of domain trading in 2010.

In our Affiliate Marketing segment, we will continue to invest in our platform so that we can offer our partners a greater range of technical services. Due to the changed contractual relationship with our former largest client, sales will fall in 2010, but we expect a return to strong growth in 2011.

After progressing as expected in the first nine months, business has so far fallen short of our expectations in the fourth quarter. At present, we do not believe this shortfall in our planning can be made up in the remaining course of the quarter. In addition to the expected fall in sales, we therefore now expect that pre-tax earnings for 2010 will only reach approx. € 5 million (previous forecast: approx. € 6.6 million).

# Consolidated Interim Financial Statements

## Balance Sheet acc. to IFRS as of September 30, 2010

in €	30.09.2010	31.12.2009
<b>ASSETS</b>		
Cash and cash equivalents	3,752,158	6,547,793
Trade accounts receivable	12,967,852	11,671,967
Accounts receivable from affiliated companies	90,907	26,607
Inventories	5,139,062	5,590,801
Other non-financial assets	763,743	581,171
Other current assets	5,786,844	4,169,555
<b>Current assets</b>	<b>28,500,566</b>	<b>28,587,894</b>
At-equity investments	938,841	899,004
Other financial assets	12,194,828	12,340,601
Property, plant and equipment	978,180	1,037,682
Intangible assets (without Goodwill)	1,928,315	3,049,207
Goodwill	75,859,264	75,643,081
Deferred tax assets	1,244,068	1,416,521
<b>Non-current assets</b>	<b>93,143,496</b>	<b>94,386,096</b>
<b>Total assets</b>	<b>121,644,062</b>	<b>122,973,990</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Trade accounts payable	15,310,046	17,090,977
Liabilities due to affiliated companies	47,899	150,054
Liabilities to banks	0	1,400,080
Accrued taxes	3,713,655	4,121,010
Other accrued liabilities	1,959,511	2,167,416
Other current liabilities	4,326,923	6,078,248
Convertible bonds	0	3,500
<b>Current liabilities</b>	<b>25,358,034</b>	<b>31,011,285</b>
Convertible bonds	563	563
Deferred tax liabilities	2,110,282	678,218
<b>Non-current liabilities</b>	<b>2,110,845</b>	<b>678,781</b>
<b>Total liabilities</b>	<b>27,468,879</b>	<b>31,690,066</b>
<b>Equity</b>		
Capital stock	30,455,890	30,455,890
Additional paid-in capital	74,612,632	74,432,826
Accumulated deficit	-10,966,948	-13,557,882
Currency translation adjustments	149,328	-46,910
<b>Total equity without Minority interest</b>	<b>94,250,902</b>	<b>91,283,924</b>
Minority interests	-75,719	0
<b>Total equity</b>	<b>94,175,183</b>	<b>91,283,924</b>
<b>Liabilities and equity, total</b>	<b>121,644,062</b>	<b>122,973,990</b>

# Consolidated Interim Financial Statements

## Comprehensive Income acc. to IFRS for January 1 to September 30, 2010

in €	Jan.-Sept. 2010	Jan.-Sept. 2009
Sales	83,932,289	105,418,883
Cost of sales	-64,041,362	-84,320,433
Gross margin (in % of sales)	23.7%	20.0%
<b>Gross profit</b>	<b>19,890,927</b>	<b>21,098,450</b>
Selling expenses	-8,692,605	-6,118,381
General and administrative expenses	-6,503,217	-9,095,437
Other operating expenses	-3,326,081	-2,517,230
Other operating income	3,163,535	15,226,590
Amortization of capitalized assets in the scope of acquisitions	-865,041	-1,399,767
<b>Operating result</b>	<b>3,667,518</b>	<b>17,194,225</b>
Interest and similar expenses	-177,377	-976,004
Interest and similar income	364,009	90,554
Other financial result	0	338,718
Result from associated companies	45,357	-240,857
<b>Pre-tax result from continued operations</b>	<b>3,899,507</b>	<b>16,406,636</b>
Income taxes	-2,354,499	-2,327,453
<b>Result from continued operations</b>	<b>1,545,008</b>	<b>14,079,183</b>
Result from discontinued operations	1,000,130	18,202,295
<b>Net income</b>	<b>2,545,138</b>	<b>32,281,478</b>
<b>Other comprehensive income</b>		
Earnings from currency translations	196,238	-764,166
<b>Other comprehensive income after taxes</b>	<b>196,238</b>	<b>-764,166</b>
<b>Total comprehensive income after taxes</b>	<b>2,741,376</b>	<b>31,517,312</b>
<b>Net income attributable to:</b>		
Shareholders of Sedo Holding AG	2,590,934	32,281,478
Minority interest	-45,796	0
<b>Total comprehensive income attributable to:</b>		
Shareholders of Sedo Holding AG	2,787,811	31,517,312
Minority interest	-46,435	0

Statements of Comprehensive Income continued

in €	Jan.-Sept. 2010	Jan.-Sept. 2009
<b>Earnings per share</b>		
basic (€/share), from net income attributable to the holders of registered ordinary shares of the Company	0.08	1.23
diluted (€/share), from net income attributable to the holders of registered ordinary shares of the Company	0.08	1.23
<b>Earnings per share from continued operations</b>		
basic (€/share), from result of continued operations attributable to the holders of registered ordinary shares of the Company	0.05	0.54
diluted (€/share), from result of continued operations attributable to the holders of registered ordinary shares of the Company	0.05	0.54
<b>Earnings per share from discontinued operations</b>		
basic (€/share), from result of discontinued operations attributable to the holders of registered ordinary shares of the Company	0.03	0.69
diluted (€/share), from result of discontinued operations attributable to the holders of registered ordinary shares of the Company	0.03	0.69
Weighted average number of shares outstanding	30,455,890	26,205,890
Weighted average number of shares outstanding (diluted)	30,455,890	26,243,586

# Consolidated Interim Financial Statements

## Cash Flow acc. to IFRS

for January 1 to September 30, 2010

in €	Jan.-Sept. 2010	Jan.-Sept. 2009
Net income	2,545,138	32,281,478
thereof income from discontinued operations	1,000,130	18,202,295
<b>Adjustment to reconcile net income to net cash provided by operating activities</b>		
Amortization/Depreciation of intangible assets and property, plant and equipment	1,633,294	2,294,929
Depreciation of inventories	570,000	735,000
Net result from disposals of assets	6,851	-6,931
Change in deferred taxes	1,403,861	444,609
Compensation expenses from employee stock option plans	179,806	303,750
Result from associated companies	-45,357	240,857
Dividend payment from associated companies and other investments	0	-338,718
Disposal income from financial assets	0	-12,703,766
Compounding liability guarantee dividend minority shareholders	0	25,530
<b>Operative cash flow from continued operations</b>	<b>5,293,463</b>	<b>5,074,444</b>
Non-cash effects from discontinued operations	-1,000,130	-20,066,247
<b>Total operative cash flow</b>	<b>5,293,463</b>	<b>3,210,492</b>
<b>Changes in assets and liabilities</b>		
Change in trade receivables	-1,108,605	-860,080
Change in receivables from affiliated companies	-64,300	113,148
Change in inventories	-118,261	-2,327,238
Change in other current financial assets	-1,746,791	1,292,493
Change in other non-financial assets	-425,804	-620,722
Change in trade accounts payable	-1,863,929	-2,528,884
Change in accounts payable due to affiliated companies	-102,155	-224,052
Change in accrued taxes	-407,355	133,743
Change in other provisions	-207,905	-200,454
Change in other liabilities	-324,325	334,818
<b>Change in assets and liabilities from continued operations</b>	<b>-6,369,430</b>	<b>-4,887,228</b>
Change in assets and liabilities from discontinued operations	0	-458,842
<b>Net expenditures from continued operations</b>	<b>-1,075,967</b>	<b>187,215</b>
Net expenditures from discontinued operations	0	-2,322,794
<b>Total net expenditures</b>	<b>-1,075,967</b>	<b>-2,135,579</b>

## Cash Flow continued

in €	Jan.-Sept. 2010	Jan.-Sept. 2009
<b>Cash flow from investment activities</b>		
Capital expenditure for property, plant and equipment	-383,296	-336,376
Capital expenditure for intangible assets	-27,225	-63,187
Investments in other financial assets	0	-307,314
Investments	-67,255	0
Dividends and similar cash inflow from investments	0	270,974
Cash inflow through disposal of assets	39,480	34,336
Cash inflow through disposal financial assets	0	45,063,719
Cash outflow for business combinations net of acquired cash	0	-563,410
<b>Cash flow from investment activities from continued operations</b>	<b>-438,296</b>	<b>44,098,742</b>
Cash flow from investment activities from discontinued operations	0	-438,090
<b>Total cash flow from investment activities</b>	<b>-438,296</b>	<b>43,660,652</b>
<b>Cash flow from financing activities</b>		
Change of utilized credit line from affiliated companies	0	-27,871,644
Borrowing/Repayment of short-term bank loans	-1,400,080	-15,078,634
Payment/Repayment of convertible bonds	-3,500	-1,900
Dividends paid to minority interest	0	-250,000
<b>Cash flow from financing activities from continued operations</b>	<b>-1,403,580</b>	<b>-43,202,178</b>
Cash flow from financing activities from discontinued operations	0	0
<b>Total cash flow from financing activities</b>	<b>-1,403,580</b>	<b>-43,202,178</b>
Net increase/decrease in cash	-2,917,843	-1,677,105
Cash and cash equivalents at the beginning of the fiscal year	6,547,793	12,039,730
Effect of acquisition of cash and cash equivalents from first consolidation	11,097	0
Effect of disposal of cash and cash equivalents from deconsolidation	0	-1,155,795
Effect of exchange rate differences on cash	111,111	-120,011
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>3,752,158</b>	<b>9,086,819</b>
Deposit of interest from continued operations	393,852	52,836
Cash paid for interest from continued operations	-173,877	-1,061,063
Deposit of taxes from continued operations	81,586	154,572
Cash paid for taxes from continued operations	-3,496,042	-2,057,650

# Consolidated Interim Financial Statements

## Changes in Shareholder's Equity acc. to IFRS

in €	Common stock	Additional paid-in capital	Accumulated deficit
<b>Balance as of December 31, 2008</b>	<b>26,205,890</b>	<b>65,042,735</b>	<b>-49,910,791</b>
Net income	0	0	32,281,478
Other comprehensive income	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>32,281,478</b>
Addition from stock-option plans	0	40,091	0
<b>Balance as of September 30, 2009</b>	<b>26,205,890</b>	<b>65,082,826</b>	<b>-17,629,313</b>
<b>Balance as of December 31, 2009</b>	<b>30,455,890</b>	<b>74,432,826</b>	<b>-13,557,882</b>
Net income	0	0	2,590,934
Other comprehensive income	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>2,590,934</b>
Addition of minority interest	0	0	0
Addition from stock-option plans	0	179,806	0
<b>Balance as of September 30, 2010</b>	<b>30,455,890</b>	<b>74,612,632</b>	<b>-10,966,948</b>

Currency translation adjustment	Total shareholders' equity	Minority interest	Total Company's equity
<b>575,205</b>	<b>41,913,039</b>	<b>4,305,552</b>	<b>46,218,591</b>
0	32,281,478	0	32,281,478
-764,166	-764,166	0	-764,166
<b>-764,166</b>	<b>31,517,312</b>	<b>0</b>	<b>31,517,312</b>
0	40,091	0	40,091
<b>-188,961</b>	<b>73,470,442</b>	<b>4,305,552</b>	<b>77,775,994</b>
<b>-46,910</b>	<b>91,283,924</b>	<b>0</b>	<b>91,283,924</b>
0	2,590,934	-45,796	2,545,138
196,238	196,238	-639	195,599
<b>196,238</b>	<b>2,787,172</b>	<b>-46,435</b>	<b>2,740,737</b>
0	0	-29,284	-29,284
0	179,806	0	179,806
<b>149,328</b>	<b>94,250,902</b>	<b>-75,719</b>	<b>94,175,183</b>

## 1. Information on the Company

### Management Board

Tim Schumacher (CEO, Speaker of the Management Board)

Andreas Janssen (CFO)

Alexander Röthinger (CTO)

### Supervisory Board

Michael Scheeren (Chairman)

Ralph Dommermuth

Andreas Gauger

The Group's parent company, Sedo Holding AG, is a German public limited company ("Aktiengesellschaft") and was founded on September 6, 1996 as 1&1 Multimedia Service GmbH. Sedo Holding AG, whose registered office is located at Im Mediapark 6, 50670 Cologne, Federal Republic of Germany, is registered at the district court of Cologne under HR B 70359.

The Annual Shareholders' Meeting of May 19, 2010 resolved to change the Company's previous name, AdLINK Internet Media AG, to Sedo Holding AG following its successful realignment and to relocate the Company's registered offices to Cologne. The Company's new name was entered in the Commercial Register on June 30, 2010, the relocation of its registered office was entered in the Commercial Register on September 24, 2010.

The consolidated interim financial statements of Sedo Holding AG are included in the financial statements of the Group's controlling parent company United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Federal Republic of Germany.

## 2. Significant accounting, valuation and consolidation principles

This consolidated interim report of Sedo Holding AG, Cologne, for the period January 1 to September 30, 2010, complies with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the respective interpretations of the International Financial Reporting Interpretations Committee (IFRIC) for interim financial reporting, as applicable in the European Union, and pursuant to the commercial law regulations of Sec. 315a (1) German Commercial Code (HGB). In application of IAS 34 "Interim Financial Reporting", this consolidated interim report does not contain all information and notes which are required by IFRS for the consolidated financial statements at the end of a fiscal year. The interim financial statements should therefore be read in conjunction with the consolidated IFRS financial statements published by the Company for its fiscal year 2009. Unless differences are explicitly explained, the accounting and valuation principles applied in the reporting of the consolidated interim report correspond to those applied in the last consolidated financial statements for the fiscal year. A detailed explanation of these methods is provided in the notes to the consolidated financial statements as at December 31, 2009.

These consolidated interim financial statements as at September 30, 2010 were neither reviewed by an auditor nor audited according to Sec. 317 HGB.

The preparation of interim financial statements in conformity with IAS 34 requires the Management Board to make judgments, estimates and assumptions that affect the application of Group accounting policies and the disclosed amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Costs incurred unevenly during the financial year were deferred if deferral would also be appropriate at the end of the financial year.

## Initial adoption of new accounting regulations

A number of new accounting regulations are mandatory for fiscal years beginning on January 1, 2010. The overwhelming majority of these new accounting regulations have no or only minor effects on the presentation of the Group's net assets, financial situation and results of operations. The following new accounting regulations, however, have effects on the presentation of the Group's net assets, financial situation and results of operations and are applied for the first time within the scope of these condensed consolidated interim financial statements.

### Amendments to IAS 27 "Consolidated and Separate Financial Statements" and IFRS 3 "Business Combinations":

The revised standards are to be applied in financial years which begin on or after July 1, 2009. The standards introduce amendments to the balance sheet treatment of business combinations, which could affect the measurement size of goodwill, the results of the reporting period in which a company is acquired, and future results.

## Consolidated group

In addition to Sedo Holding AG, the consolidated interim financial statements comprise all subsidiaries which Sedo Holding AG directly or indirectly controls (control relationship). Consolidation begins from the moment at which it is possible to control the companies. Associated companies are included in the consolidation according to the equity method from the moment a significant influence can be exerted.

The following table shows how many companies are included in the consolidated group, in addition to Sedo Holding AG as the parent company.

Number of fully consolidated companies	Sep. 30, 2010	Dec. 31, 2009	Number of associated companies	Sep. 30, 2010	Dec. 31, 2009
Domestic	3	3	Domestic	-	-
Foreign	8	7	Foreign	1	2
	<b>11</b>	<b>10</b>		<b>1</b>	<b>2</b>

## 3. Company transactions and other significant transactions

### 3.1 Full consolidation of Intellectual Property Management Company Inc.

Sedo GmbH holds 49% of shares in Intellectual Property Management Company Inc., domiciled in Dover, Delaware, USA. Until December 31, 2009 the company was carried as an associated company using the equity method. Sedo GmbH also owns a purchase option for a further 32% of shares which is exercisable as of January 1, 2010. According to IAS 27 "Consolidated and Separate Financial Statements", the possibility to exercise the option already means that the company must be carried as a fully consolidated company in the consolidated financial statements as of fiscal year 2010. The Company has renounced the required disclosures according to IFRS 3 "Business Combinations", as the full consolidation of the company is of minor significance for the validity of the consolidated financial statements.

### 3.2 Acquisition of further shares in DomainsBot S.r.l.

On August 11, 2010, Sedo GmbH acquired a further 9% stake in DomainsBot S.r.l., Rome, Italy. The purchase price amounted to € 67,200. As a result, Sedo GmbH now holds 49% of shares in DomainsBot S.r.l. The company continues to be carried in the consolidated financial statements as an associated company using the equity method.

## 4. Explanations of statements of comprehensive income items

Following the sale of the Display Marketing segment in 2009, the results of this division were disclosed as separate items in the statement of comprehensive income, in accordance with IFRS 5. Prior-year figures in the statement of comprehensive income and the cash flow statement figures of the first and second quarters have been adjusted accordingly. With the beginning of the third quarter of 2009, discontinued operations were disclosed separately.

As a consequence of the sale of the Media business and the Group's subsequent realignment with performance-oriented business models, the departments of all companies were reallocated to the Group's functional divisions in the second quarter of 2010. This resulted in a shift from administrative to sales functions. The resulting re-allocation of costs in the statement of comprehensive income led to a shift from general and administrative expenses to selling expenses. As a result, however, individual function costs can no longer be directly compared with the preceding periods.

In the first nine months of 2010, selling and administrative expenses amounted to a total of € 15,196k, compared to € 15,214k in the same period last year. Relative to sales, the cost ratio increased from 14.4% in the first nine months of 2009 to 18.1% in the period under review. In the third quarter of 2010, selling and administrative expenses totaled € 4,936k and were thus € 357k below costs in the prior-year period (€ 5,293k). The increase in the cost ratio resulted mainly from the decline in sales compared to the first

nine months of 2009, which was largely a consequence of the changed contractual relationship with a major customer in Affiliate Marketing. Due to a change in the sales mix, however, there was an increase in gross margin.

Quarterly development in €k	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010
Cost of sales	25,619	22,834	21,858	20,924	21,259
Gross margin (as % of sales revenue)	21.7	23.6	24.3	24.6	22.1
Selling expenses	1,884	1,479	2,021	3,696	2,975
General and administrative expenses	3,409	3,535	2,952	1,591	1,961

#### 4.1 Cost of sales

Cost of sales decreased in line with the decline in sales revenues in absolute terms. Relative to sales, the cost ratio fell from 80.0% to 76.3%.

Figures in €k	9 months 2010	9 months 2009	Q3 2010	Q3 2009
Direct product costs	57,656	78,488	19,102	23,606
Impairment of inventories	570	735	190	260
Personnel expenditure	4,538	3,907	1,543	1,343
Depreciation	177	291	59	96
Other costs	1,100	899	365	314
	<b>64,041</b>	<b>84,320</b>	<b>21,259</b>	<b>25,619</b>
In % of sales	76.3	80.0	77.9	78.3

#### 4.2 Selling expenses

Due to the reorganization of internal functions (see Note 4), selling expenses cannot be directly compared with prior-year periods. Relative to sales, the cost ratio amounted to 10.4% (prior year 5.8%).

Figures in €k	9 months 2010	9 months 2009	Q3 2010	Q3 2009
Personnel expenses	5,875	4,073	2,020	1,218
Depreciation	276	246	92	92
Other costs	2,542	1,799	863	574
	<b>8,693</b>	<b>6,118</b>	<b>2,975</b>	<b>1,884</b>
In % of sales	10.4	5.8	10.9	5.8

## 4.3 General and administrative expenses

Due to the reorganization of internal functions (see Note 4), general and administrative expenses cannot be directly compared with prior-year periods. Relative to sales, the cost ratio amounted to 7.7% (prior year 8.6%).

Figures in €k	9 months 2010	9 months 2009	Q3 2010	Q3 2009
Personnel expenses	3,229	5,792	1,094	2,301
Depreciation	315	358	99	106
Other costs	2,959	2,945	768	1,002
	<b>6,503</b>	<b>9,095</b>	<b>1,961</b>	<b>3,409</b>
In % of sales	7.7	8.6	7.2	10.4

## 4.4 Other operating expenses

Figures in €k	9 months 2010	9 months 2009	Q3 2010	Q3 2009
Currency losses	2,839	1,604	898	498
Accounts receivable losses and new allowances for trade receivables	209	832	-44	227
Other costs	278	81	85	-32
	<b>3,326</b>	<b>2,517</b>	<b>939</b>	<b>693</b>

## 4.5 Other operating income

Figures in €k	9 months 2010	9 months 2009	Q3 2010	Q3 2009
Currency gains	2,636	1,631	1,040	404
Reversal of allowances for trade receivables	242	125	20	49
Income from the reversal of allowances for litigation risks and compensation	-	140	-	22
Income from disposal of Goldbach Media AG	-	11,283	-	11,283
Income from disposal of Hi-media S.A.	-	1,421	-	1,421
Other	286	627	-61	118
	<b>3,164</b>	<b>15,227</b>	<b>999</b>	<b>13,297</b>

## 4.6 Amortization of capitalized intangible assets resulting from business combinations

Amortization of individual assets was as follows:

Figures in €k	9 months 2010	9 months 2009	Q3 2010	Q3 2009
Customer base	650	843	180	289
Internet platform	94	282	-	94
Software	80	245	2	85
Trademarks	41	30	14	12
	<b>865</b>	<b>1,400</b>	<b>196</b>	<b>480</b>

## 4.7 Interest result

Interest expenses refer in particular to loan commitment fees, interest on short-term use of existing credit lines and overdraft facilities. The Group's reduction of debt at the end of the third quarter of 2009 led to a drastic decrease in interest expenses, from € 976k in the same period last year to € 177k in the first nine months of 2010.

Interest income of € 364k (prior year: € 91k) mainly comprises interest payments and a deferred interest receivable from the vendor loan to Hi-media S.A. amounting to € 349k.

## 4.8 Income taxes

In the first nine months of 2010, income taxes amounted to € 2,354k (prior year: € 2,327k). The tax rate was thus 60.4% (prior year: 14.2%). This high tax rate resulted mainly from the fact that no deferred tax assets were formed for losses of individual subsidiaries. Due to the high, largely tax-free, income from sales of investments in Hi-media S.A. and Goldbach Media AG, the tax rate in the previous year amounted to just 14.2%.

## 4.9 Result from discontinued operations

In the first nine months of 2010, the result from discontinued operations amounted to € 1,000k (prior year: € 18,202k). In fiscal year 2009 losses from current contracts attributable to discontinued operations were postponed. These contracts were successfully renegotiated in the second quarter of 2010. As a consequence, a part of the liabilities amounting to € 1,427k has since been reversed with an effect on income. In contrast, there was a reversal of deferred tax assets of € 445k. The prior-year figure contains both current expenditure of discontinued operations as well as the disposal income.

## 5. Explanations of balance sheet items

The following explanations are only given for those items which display material changes in the amounts or contents presented as compared with the annual financial statements 2009.

### 5.1 Cash and cash equivalents

Cash and cash equivalents comprise mainly bank balances and cash in hand and fell from € 6,548k as of December 31, 2009 to € 3,752k as of September 30, 2010. Compared to the end of the second quarter, cash and cash equivalents increased by € 476k due to a reduction in working capital.

### 5.2 Property, plant and equipment, and intangible assets

The decline in net book values of intangible assets and property, plant and equipment during the period under review is due to scheduled amortization. Investments in intangible assets and property, plant and equipment amounted to € 411k and were thus almost unchanged from the previous year (€ 400k).

### 5.3 Other financial assets (non-current)

As of the balance sheet date, this item consists of the vendor loan granted to Hi-media S.A. amounting to € 12,195k.

### 5.4 Trade accounts receivable/payable

As of September 30, 2010 trade accounts receivable grew by € 1,296k to € 12,968k, while trade accounts payable fell by € 1,781k to € 15,310k as of September 30, 2010.

### 5.5 Liabilities due to banks

Bank liabilities of € 1,400k as of December 31, 2009 were redeemed in full during the first quarter of 2010.

### 5.6 Capital reserves

The increase in capital reserves during the period under review amounting to € 180k resulted from the addition of personnel expenses relating to the Company's employee stock ownership plans (prior year: € 40k).

## 5.7 Employee stock ownership programs

### Virtual stock options

The current employee stock ownership plan employs virtual stock options (so-called Stock Appreciation Rights – SARs) based on a resolution adopted by the Management Board on August 1, 2007. SARs refer to the commitment of Sedo Holding AG (or a subsidiary) to pay the beneficiary a cash amount equivalent to the difference between the issue price on the date of granting the option and the median closing price of the Company's share in electronic trading (Xetra) of the Frankfurt Stock Exchange on the last 10 trading days before exercising the option. An SAR corresponds to a virtual subscription right for one share of Sedo Holding AG. However, it is not a share right and thus not a (genuine) option to acquire shares of Sedo Holding AG.

With a resolution of the Management Board on March 22, 2010 and the approval of the Supervisory Board, a tranche was issued to a Group executive. The resolution comprises 40,000 virtual stock options at a subscription price of € 4.21 (Tranche I).

The total expense incurred for employee stock ownership plans in the period under review amounts to € 180k (prior year: € 40k, of which € 304k from discontinued operations).

## 6. Segment reporting

Segment reporting was prepared in accordance with IFRS 8 "Business Segments". The Management Board of Sedo Holding AG controls and organizes the Company according to both geographical and activity-based aspects. In its internal reporting structure, however, the dominant aspect is its organization and control according to the Company's various fields of activity and their differences with regard to the products and services offered. Internal reporting does not correspond in all cases with the legal structure.

The Group is divided into the following business segments:

- Affiliate Marketing with the brand affilinet
- Domain Marketing with the brands Sedo and GreatDomains

Reporting also includes the Corporate division. In addition to the result of continued operations of Sedo Holding AG, the Corporate segment mainly comprises the effects of consolidation and expenses incurred by employee stock ownership plans and currency effects.

The Management Board mainly controls operations on the basis of key earnings figures and an assessment of total costs. The Management Board uses an internal earnings ratio for the segment's contribution to consolidated earnings, the so-called "contribution" figure, in order to control the various segments. Contribution is an indicator similar to EBIT, adjusted for internal cost allocation and financing effects, and including the results of associated companies, which reflects the operating strength of the respective segments. Contribution as a proportion of sales provides the contribution margin.

## 9 months 2010

Figures in €k	Affiliate Marketing	Domain Marketing	Total segments	Reconciliation	Total Group <sup>1</sup>
Revenue with third parties	51,834	32,006	83,840	92	83,932
Inter-segment revenue	3	30	33	-33	-
<b>Total revenue</b>	<b>51,837</b>	<b>32,036</b>	<b>83,873</b>	<b>59</b>	<b>83,932</b>
Contribution	921	4,678	5,599	-1,886	3,713
Depreciation and amortization	660	491	1,151	482	1,633
of which PPA amortization	414	175	589	276	865
Adjustment in inventories	-	570	570	-	570
Compensation expenses from employee stock option plans	-	-	-	180	180
Segment assets (as of Sep. 30)	11,248	20,989	32,237	89,407	121,644
Employees (as of Sep. 30)	157	163	320	15	335

## 9 months 2009

Figures in €k	Affiliate Marketing	Domain Marketing	Total segments	Reconciliation	Total Group <sup>1</sup>
Revenue with third parties	71,160	34,113	105,273	146	105,419
Inter-segment revenue	330	27	357	-357	-
<b>Total revenue</b>	<b>71,490</b>	<b>34,140</b>	<b>105,630</b>	<b>-211</b>	<b>105,419</b>
Contribution	3,308	5,163	8,471	8,820	17,291
Depreciation and amortization	269	521	790	1,505	2,295
of which PPA amortization	-	-	-	1,400	1,400
Adjustment in inventories	-	735	735	-	735
Compensation expenses from employee stock option plans	-	-	-	304	304
Segment assets (as of Sep. 30)	22,787	26,507	49,294	68,088	117,382
Segment assets (as of Dec. 31)	17,266	29,807	47,073	75,901	122,974
Employees (as of Sep. 30)	129	161	290	31	321

1) The statement of comprehensive income and cash flow statement figures refer to continued operations. Amortization of capitalized intangible assets resulting from business combinations is attributed to the segments as of 2010.

The following table presents a reconciliation of segment figures to those of the Group.

Figures in €k	9 months 2010	9 months 2009
Segment contribution	5,599	8,471
Corporate contribution	-1,886	8,820
Interest and similar expenses	-177	-976
Interest and similar income	364	91
<b>Result before taxes</b>	<b>3,900</b>	<b>16,406</b>
Income taxes	-2,355	-2,327
Result from discontinued operations	1,000	18,202
<b>Net income</b>	<b>2,545</b>	<b>32,281</b>

## 7. Transactions with related parties

All transactions with related companies and persons during the period under review are presented below. The following groups of persons and companies are defined by IAS 24 "Related Party Disclosures" as "related":

- Members of the Management Board and Supervisory Board
- United Internet AG and its subsidiaries, as the majority shareholder of Sedo Holding AG
- Associated companies

### Members of the Management Board and Supervisory Board

With the exception of current remuneration, there were no other legal transactions with members of the Management Board and Supervisory Board during the period under review.

### United Internet AG and its subsidiaries

The operating business relations with United Internet AG described in the Annual Report 2009 continued on the whole in the period under review. The volume of services can be seen from the following table.

Object of business transaction	9 months 2010	9 months 2009
<b>In €k</b>		
Acquired inventories (domains)	185	279
Interest expenses	-	443
Rent paid	25	94
Other services received	675	1,100
Fees for parked domains	165	-
Sales revenue	3,069	4,645

Interest expenses in the previous year result from partial joint cash management of Sedo Holding AG and United Internet AG still conducted in 2009.

Other services received include the following items:

- Registration fees for domains,
- SAP services,
- Server services.

### **Associated companies**

This item comprises DomainsBot S.r.l. Intellectual Property Management Company was disclosed as an associated company last year but has been included in the consolidated financial statements as a fully consolidated company as of January 1, 2010. Other services received by DomainsBot S.r.l. in the first nine months of 2010 amounted to € 102k (prior year: € 33k).

The Management Board confirms that all the related-party transactions described above were carried out on an arm's length basis.

## **8. Other financial commitments and contingencies**

Other financial commitments, which comprised purchase commitments and rent obligations as of December 31, 2009, were reduced by approx. 20% as of September 30, 2010, as the purchase commitments only applied to the first quarter of 2010.

There were no significant changes to contingencies compared to December 31, 2009.

As reported in the ad-hoc announcement of July 9, 2009, concerning the sale of the Display Marketing business to the Hi-media Group, Sedo Holding AG granted the Hi-media Group a vendor loan at a standard market interest rate for the cash component. The vendor loan is to be repaid in cash no later than June 30, 2011. In addition, Sedo Holding AG has the possibility to increase its stake in Hi-media and – due to its subscription rights – to subscribe further shares in the case of a capital increase by Hi-media. In the case of such a capital increase at a subscription price of less than € 3.63, Sedo Holding AG is obliged to subscribe Hi-media shares (at a price of € 3.63) up to an amount of € 12.2 million. As of July 2010, the Hi-media share first fell below the agreed price of € 3.63. We expect that this represents a temporary weakness in the Hi-media share price and have thus not allowed for this fact in the balance sheet.

## **9. Subsequent events**

There were no events subsequent to the reporting period which may have resulted in a significantly different representation of Sedo Holding AG's business situation.

## Consolidated Statements of Comprehensive Income acc. to IFRS

in €	Q1 2010	Q2 2010	Q3 2010	Q3 2009
Sales	28,878,229	27,761,692	27,292,368	32,701,885
Cost of sales	-21,858,279	-20,924,174	-21,258,909	-25,619,142
Gross margin (in % of sales)	24.3%	24.6%	21.9%	21.7%
<b>Gross profit</b>	<b>7,019,950</b>	<b>6,837,518</b>	<b>5,974,367</b>	<b>7,082,743</b>
Selling expenses	-2,020,883	-3,696,197	-2,975,525	-1,883,500
General and administrative expenses	-2,951,752	-1,590,841	-1,960,624	-3,409,404
Other operating expenses	-788,967	-1,597,692	-939,422	-692,754
Other operating income	933,332	1,231,748	998,455	13,297,030
Amortization of capitalized assets in the scope of acquisitions	-480,920	-187,617	-196,504	-479,421
<b>Operating result</b>	<b>1,710,760</b>	<b>996,919</b>	<b>959,839</b>	<b>13,914,694</b>
Interest and similar expenses	-99,063	-56,328	-21,986	-290,044
Interest and similar income	122,313	113,639	128,057	46,720
Result from associated companies	5,153	24,350	15,854	-81,655
<b>Pre-tax result</b>	<b>1,739,163</b>	<b>1,078,580</b>	<b>1,081,764</b>	<b>13,589,716</b>
Income taxes	-961,284	-744,550	-648,665	-1,080,587
<b>Result from continued operations</b>	<b>777,879</b>	<b>334,030</b>	<b>433,099</b>	<b>12,509,128</b>
Result from discontinued operations	35,391	815,514	149,225	18,398,163
<b>Net income</b>	<b>813,270</b>	<b>1,149,544</b>	<b>582,324</b>	<b>30,907,291</b>
<b>Other comprehensive income</b>				
Losses/Earnings from currency translations	123,064	256,103	-182,929	-731,339
Losses from financial instruments classified as available for sale after taxes	0	0	0	-7,854,077
<b>Other comprehensive income after taxes</b>	<b>123,064</b>	<b>256,103</b>	<b>-182,929</b>	<b>-8,585,416</b>
<b>Total comprehensive income after taxes</b>	<b>936,334</b>	<b>1,405,647</b>	<b>399,395</b>	<b>22,321,875</b>
<b>Net income attributable to:</b>				
Shareholders of Sedo Holding AG	828,363	1,155,357	607,214	30,907,291
Minority interest	-15,093	-5,813	-24,890	0
<b>Total comprehensive income attributable to:</b>				
Shareholders of Sedo Holding AG	964,090	1,405,619	418,102	22,321,875
Minority interest	-27,756	28	-18,707	0

## Financial Calendar 2010

<b>MARCH 25, 2010</b>	<b>Financial Statements for Fiscal 2009, Press and Analyst Meeting</b>
<b>MAY 11, 2010</b>	<b>Publication 3-Month Report 2010</b>
<b>MAY 19, 2010</b>	<b>Annual Shareholders' Meeting</b>
<b>AUGUST 26, 2010</b>	<b>Publication 6-Month Report 2010</b>
<b>NOVEMBER 10, 2010</b>	<b>Publication 9-Month Report 2010</b>



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