freenet GROUP

mobilcom debitel

freenet

freeXmedia

TALKLINE

klarmobil.de

4PLAYERS.DE

MFE Energie

Interim Report on the 3rd quarter 2011

freenet AG ▪ Hollerstraße 126 ▪ 24782 Büdelsdorf

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Key financials

Overview Group

Result in € million	Q1—Q3/2011	Q1—Q3/2010 adjusted[1]	Q3/2011	Q2/2011	Q3/2010 adjusted[1]
Revenue	2,375.3	2,481.8	829.0	757.5	843.4
Gross profit	513.7	532.5	178.0	171.0	174.7
EBITDA	246.5	247.0	84.2	83.9	86.2
Recurring EBITDA	263.9	270.6	90.1	89.7	96.2
EBIT	111.0	104.8	40.1	38.2	40.1
EBT	70.9	71.7	28.1	19.4	31.1
Group result from continued operations	77.7	75.6	30.9	20.8	29.7
Group result from discontinued operations	0.1	–2.6	0.0	0.0	–1.1
Group result	77.8	73.0	30.9	20.8	28.6
Earnings per share (€)	0.61	0.57	0.24	0.17	0.22

Balance sheet	30.9.2011	30.9.2010	30.9.2011	30.6.2011	30.9.2010
Balance sheet total in € million	2,446.8	2,455.8	2,446.8	2,548.1	2,455.8
Shareholders' equity in € million	1,109.9	1,095.1	1,109.9	1,181.3	1,095.1
Equity ratio in %	45.4	44.6	45.4	46.4	44.6

Finances and investments in € million	Q1—Q3/2011	Q1—Q3/2010 adjusted[1]	Q3/2011	Q2/2011	Q3/2010 adjusted[1]
Free cash flow[2, 3]	184.3	148.4	60.1	51.7	55.9
Depreciation and amortisation	135.5	142.2	44.0	45.7	46.1
Investments[3]	15.2	18.6	4.6	5.9	5.9
Net cash[3, 4]	–575.2	–677.8	–575.2	–522.8	–677.8

Share	30.9.2011	30.9.2010	30.9.2011	30.6.2011	30.9.2010
Closing price XETRA (€)	8.80	8.63	8.80	9.55	8.63
Number of ordinary shares (in thousand)	128,061	128,061	128,061	128,061	128,061
Market capitalisation (in €'000s)	1,126,937	1,105,039	1,126,937	1,222,983	1,105,039

Employees	30.9.2011	30.9.2010	30.9.2011	30.6.2011	30.9.2010
Employees	4,052	4,049	4,052	4,069	4,049

1 The comparison figures have been adjusted retrospectively due to IFRS 5 (presentation of Next ID as a discontinued operation).
2 Free cash flow is defined as cash flow from operating activities, minus investments in property, plant and equipment and intangible assets, plus proceeds from the disposal of property, plant and equipment and intangible assets.
3 This information relates to the overall Group (including discontinued operations).
4 At the end of period.

Overview Mobile Communications segment

Customer development in million	Q1—Q3/2011	Q1—Q3/2010	Q3/2011	Q2/2011	Q3/2010
Mobile Communications customers[1]	15.16	15.84	15.16	15.20	15.84
Thereof contract customers	5.80	6.37	5.80	5.84	6.37
Thereof prepaid customers	7.15	7.56	7.15	7.32	7.56
Thereof no-frills customers	2.22	1.91	2.22	2.05	1.91
Gross new customers	3.10	2.91	1.06	0.87	1.00
Net change	−0.50	−1.73	−0.04	−0.44	−0.69

Result in € million	Q1—Q3/2011	Q1—Q3/2010	Q3/2011	Q2/2011	Q3/2010
Revenue	2,324.7	2,425.9	812.4	740.8	827.2
Gross profit	484.5	497.8	168.4	161.5	164.5
EBITDA	243.9	242.5	86.5	81.3	87.0
Non recurring items	−16.4	−21.5	−4.5	−7.1	−8.7
Recurring EBITDA	260.4	264.0	91.0	88.4	95.8
EBIT	112.1	109.0	43.6	36.9	43.8
Non recurring items	−16.4	−21.5	−4.5	−7.1	−8.7
Recurring EBIT	128.5	130.4	48.1	44.0	52.5

Monthly average revenue per user (ARPU) in €	Q1—Q3/2011	Q1—Q3/2010	Q3/2011	Q2/2011	Q3/2010
Contract customer	23.9	23.8	24.6	23.7	24.5
Prepaid customer	3.1	3.1	3.2	3.1	3.4
No-frills customer	4.7	5.1	4.9	4.7	5.5

1 At the end of period.

To our shareholders

Letter to shareholders

From left to right: Stephan Esch, Chief Technical Officer (CTO); Christoph Vilanek, Chief Executive Officer (CEO); Joachim Preisig, Chief Financial Officer (CFO)

Dear shareholders, customers, business partners and friends of freenet AG,

In the past quarters, we have informed you in detail about each of our measures as part of the strategic realignment of freenet AG—with the focus on mobile voice and data services as well as on valuable contract customer relationships forming essential elements of this. The overall objective was always to ensure our company's sustainable profitability in the long-term.

In this respect, we are pleased to once again be able to present significant progress on our path in the present report on the third quarter 2011. The realignment we are striving for has proven to be successful, and we are now reaping the fruits of our labour.

The success of our strategy is reflected in the third-quarter results: freenet AG is operating very profitably in the mobile communications segment. Our monthly average revenue per user (ARPU) has increased steadily in the year to date, especially in the valuable contract customer segment: from 23.3 euros in the first quarter of 2011, to 23.7 euros in the second quarter, to 24.6 euros during the quarter under review.

When we began focusing on valuable contract customer relationships two years ago, we deliberately initiated a corresponding qualitative alignment of our customer base, and the anticipated stabilisation is now becoming apparent.

In the third quarter we were able to achieve a net increase of 125,000 in our self-managed customer base of contract and no-frills customers. The decline in the important traditional contract customer base has halved to just 45,000 compared to the previous quarter—the lowest level in three years—while in the no-frills segment we have gained 170,000 new customers, or 8.3 percent. The total number of over one million gross new contracts in the last three months also speaks for our distribution power and the quality of our product range.

In the first nine months of 2011, EBITDA has reached the prior year's level at 246.5 million euros, despite the lower number of mobile communications customers.

Free cash flow, which is partly available for possible payouts to our shareholders, improved by 24 percent over the previous year, to 184.3 million euros in the first nine months of 2011. The Group result also increased slightly to 77.8 million euros during the same period. On this basis, we have steadily continued to systematically reduce our debt. Net financial debt, after dividends and principal payments during the past quarter, amounted to 575.2 million euros at the end of September 2011. Compared to the end of the same quarter last year, the company's debt was reduced by 102.6 million euros (end of September 2010: 677.8 million euros).

Against this backdrop we can now reaffirm the mid-year increased forecast for the full financial year 2011.

We have taken major decisions on the product and sales front in the past few months to safeguard freenet AG's long-term prosperity. Our attractive smartphone tariffs "Flat 4 You", "Flat Smart" and "Flat Allnet"—which for 25 euros/month and 29.90 euros/month offer internet use, SMS, on-net/specific-net calls and free minutes—accounted for about 50 percent of our card activations in Q3/2011. In addition to these and other tariffs, we also offer our customers the option of choosing a high quality smartphone from our wide range for an additional monthly fee.

The exclusive cooperation with GRAVIS Computervertriebsgesellschaft mbH is a milestone for the successful development of our company. GRAVIS has sold Apple products since 1991 and has established itself as the largest retail chain for iPhones, iPads and Macs on the German market. Under our newly signed cooperation, we will initially equip 50 of our stores with shop-in-shop systems for the Apple world in the next few months, with 100 more to follow in 2012. They will focus on the sale of mobile devices like the iPhone, iPad and Airbook including accessories and services, which we will also handle through GRAVIS. In turn GRAVIS will stock mobilcom-debitel products at its 28 branches, with specially trained personnel on hand.

What advantages does this collaboration bring us? Well, there's really nothing that remains to be said about the appeal of the elegant Apple products and their veritable cult status among the 5 million "Apple addicts" in Germany alone. The decisive factor for freenet AG is that we expect

- a massive upgrading of the mobilcom-debitel brand also in the digital lifestyle sector,
- a significant strengthening of our competitive positioning, and
- additional new valuable customers and thus additional mobile internet revenue.

The implementation of the strategic cooperation does not entail any significant further expense, because a considerable number of our stores and salesforce are already certified for the iPhone by Apple.

Last but not least, we also have good news to report regarding our intra-Group IT migration project. Following various acquisitions in the past few years, it had tied up considerable resources. After the data migration was successfully completed in May 2011, we further stabilised the implemented processes in the third quarter, completed several additional projects and passed them to the line organisation.

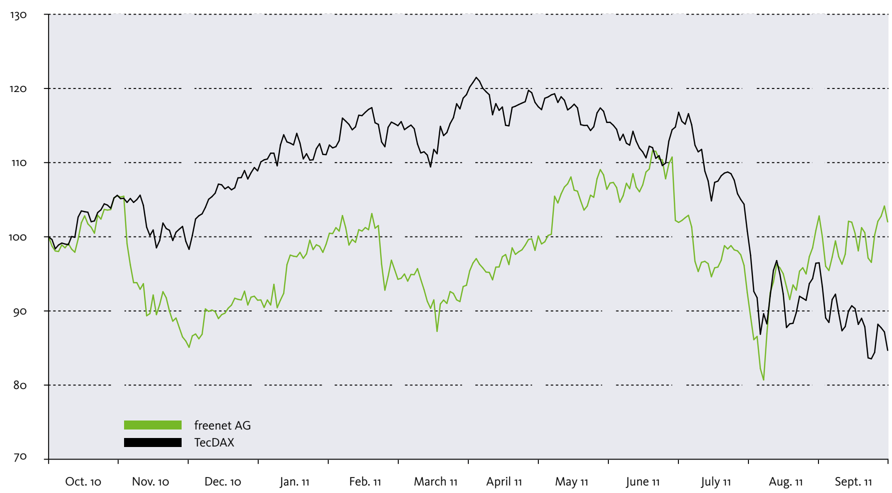
The now unified system landscape enhances our business processes, flexibility and innovation—which above all benefits our customers, business partners, employees, and of course also you, our shareholders. The entire "freenet AG" and "debitel Group" integration project will be completed by year-end. At the same time we will tackle the new challenges ahead with the same degree of rigor, enthusiasm and expertise that has led our intensive work of the past few quarters to lasting success.

Christoph Vilanek | Joachim Preisig | Stephan Esch

The freenet share

Performance of the freenet share over the past twelve months

(indexed; 100 = XETRA closing price on 30 September 2010)



German stock market

Amidst growing fears about an economic cool-down and a widening of the European debt crisis, the international stock markets underwent a massive collapse during the quarter under review.

In Germany, the key index DAX recorded the largest quarterly losses in nine years: it ended the third quarter of 2011 at 5,502 points, down 25.4 percent from the end of the previous quarter. The MDAX and TecDAX suffered similar losses, forfeiting 23.7 percent and 25.9 percent respectively in Q3/2011.

freenet share

Bucking the overall trend in the capital market, the freenet share was able to maintain its price level during the past quarter: closing at 8.80 euros on the last day of the third quarter 2011, it achieved a performance of 0.5 percent during the quarter under review—taking into account the dividend of 0.80 euro per share paid out on 1 July 2011. In Q3/2011, the freenet share had its lowest closing price on 9 August 2011 at 6.97 euros, and reached its peak of 8.99 euros on 29 September 2011.

The freenet share also clearly outperformed its benchmark index in the first nine months: its—dividend adjusted—price increased by 21.5 percent during the first nine months of 2011, while the TecDAX dropped 22.1 percent.

In all, 48.4 million freenet shares were traded via the XETRA system during the quarter, vs. 39.7 million in Q3/2010. Average daily trading volume during the quarter under review was 733.5 thousand shares as compared with 623.5 thousand shares in Q2/2011 and 602.2 thousand shares in Q3/2010.

Dividend

On 30 June 2011, the freenet AG Annual General Meeting approved the payment of a dividend for the financial year 2010 in the amount of 0.80 euro per dividend-entitled share. The dividend was paid out on 1 July 2011.

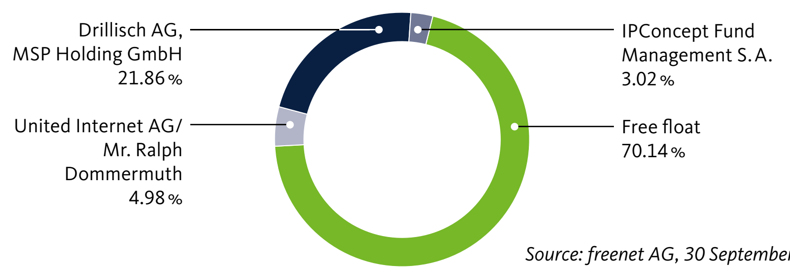
Shareholder structure

freenet AG's share capital totals 128,061,016 euros and is divided into 128,061,016 registered shares. Each share represents 1.00 euro of the share capital.

According to the notifications of voting rights received pursuant to § 21 WpHG (German Securities Trading Act), freenet AG's shareholder structure changed as follows during the quarter under review:

In July, Janus Capital Management LLC announced that its share of voting rights in freenet AG had dropped below the 3-percent threshold and at that time was 2.99 percent. In August, Classic Fund Management Aktiengesellschaft reported that its share of voting rights had declined to 2.89 percent, i.e. falling below the 3-percent threshold. We also received a notification of voting rights from IPConcept Fund Management S.A. in August, indicating that its shareholding in freenet AG had exceeded the 3-percent threshold and amounted to 3.02 percent at that time.

Free float increased accordingly from 67.06 percent as of 30 June 2011 to 70.14 percent as of 30 September 2011, and is distributed among a broad base of private and institutional investors in Germany and abroad.



Source: freenet AG, 30 September 2011

Further information on the freenet share is available at *www.freenet-group.de/investor*

Interim group management report

Overview of the business and operating performance in the freenet Group

In its core business of **mobile voice and data services**, freenet AG markets its own products and services under the main **“mobilcom-debitel”** brand as well as mobile communications and data products of all German mobile network operators. This enables the company to offer its customers independence and expertise in the customer consultation and in the selection of products. The primary sales channels are freenet AG’s own store chain with around 550 shops, a large presence in electronics retail and superstores, as well as the online and direct-to-customer sales.

To further increase the value of its customer base, freenet AG is focusing on valuable postpaid contract relationships, both in its new customer acquisition and in its management of existing customers. The company relies on a wide-ranging product portfolio, which has been rounded off with new attractive offers in the field of voice and data tariffs in the past quarter.

- In July, the “Flat Allnet” was launched: in addition to a flat rate for calls to all German mobile networks and landlines, it also offers a flat rate for mobile surfing at 29.90 euros/month. The “Flat Allnet” is among the cheapest full flat rates available in Germany. In August 2011, the “Stiftung Warentest” consumer organisation recommended it for “constantly-on” users.
  The new tariff augments freenet AG’s attractive portfolio of existing products built around the “Flat Smart” and “Flat 4 You” tariffs, designed to cater especially to frequent smartphone users.
- Since August a revised “free” tariff has been available to new customers. With the relaunch, users can now choose to switch to the Telekom network as well under the option to switch networks anytime. In addition, all bookable flat rate options are now available at the low price of 9.95 euros per month. Also, since September, users can book three flat rate options for the price of two for a term of 24 months on the Vodafone network.
- In September, mobilcom-debitel partnered with the German Handball league team THW Kiel to launch the “THW fan tariff”, which includes unlimited free calls to other fans of the handball team signed up for the rate—at a monthly base price of 9.95 euros.

In addition to its range of tariffs, freenet AG offers its customers the opportunity to select a high-quality smartphone from a wide range for an additional monthly fee. Customers are increasingly taking advantage of this option.

Moreover, the company signed an exclusive cooperation with GRAVIS Computervertriebsgesellschaft mbH, Germany’s largest retail chain for Apple products, in early October. With that, the entire network-independent “mobilcom-debitel” mobile communications range is now available at all 28 GRAVIS branches and at *www.gravis.de*. In turn, freenet AG will gradually offer the range of Apple products sold by GRAVIS in its mobilcom-debitel shops across Germany. As a result the company now provides its customers with an even broader and very high-end selection of lifestyle hardware, which serves to strengthen its long-term positioning in the premium segment.

In the **no-frills segment**, freenet AG can look back on a successful third quarter of 2011. The company is very well positioned in this segment with an attractive product and tariff offer under the “klarmobil”, “callmobile”, “freenetMobile” and “debitel light” brands.

In order to better serve the individual needs of its customers, the company expanded its portfolio in this area during the quarter under review:

- In September, the company repositioned its data products, including the launch of the “Internet Flat 200”. This internet flat rate, which features UMTS data turbo up to a data volume of 200 MB at a price of 7.95 euros per month, is especially tailored to the needs of newcomers and people who don’t surf the internet much.
- Moreover, the company is increasingly focusing also on hardware offers in this area since August. At its online mobile phone shop, it markets leading brand devices: in addition to low-price outright purchases, it offers its customers the opportunity to select a higher priced device for an additional monthly fee. This enables the company to offer its customers convenient full service in the mobile communications sector.

In the **portal business**, freenet AG has further developed its product range and reaffirmed its strong competitive positioning with its high level of expertise and many years of experience.

freeXmedia, the freenet Group’s in-house online marketing agency, further expanded its portfolio in the third quarter of 2011 by signing new cooperations and renewing existing marketing agreements, thereby strengthening its marketing positions in its targeted Automotive, Gaming and Active Living sectors.

As part of the “freenet AG” and “debitel Group” **integration project**, the two remaining IT landscapes were unified into a single system in May 2011. The data migration was completed on schedule and without significant complications. In the third quarter of 2011, the implemented processes were further stabilised, and several projects were completed and passed to the line organisation. By unifying its system landscapes, freenet AG has considerably enhanced its innovative strength and flexibility in the marketplace and will increasingly benefit from the harmonised processes. The company still expects to be able to complete the overall project on schedule by the end of the year.

Assets, financial position and results

Customer and ARPU development

Customer development in million	30.9.2011	30.6.2011	30.9.2010
Mobile Communications customers	15.16	15.20	15.84
Thereof contract customers	5.80	5.84	6.37
Thereof no-frills customers	2.22	2.05	1.91
Thereof prepaid customers	7.15	7.32	7.56

Monthly average revenue per user (ARPU) in €	Q3/2011	Q2/2011	Q3/2010
Contract customer	24.6	23.7	24.5
No-frills customer	4.9	4.7	5.5
Prepaid customer	3.2	3.1	3.4

Customer development

At the end of the third quarter of 2011, the number of customers in the mobile communications segment amounted to 15.16 million. This figure changed only slightly from the previous quarter, dropping by 44,000. In the previous quarter, the decline had come to 434,000 and in Q3/2010 the decrease had amounted to 687,000.

The total number of customers in the important postpaid contract customer segment was 5.80 million at the end of the third quarter of 2011. As a result of our continued qualitative alignment of our customer base, we successfully reduced customer losses in the quarter under review to just 45,000, the lowest figure over the last three years.

The no-frills segment reported an increase in the number of subscribers by around 170,000 from the previous quarter, reaching a total of 2.22 million. In Q3/2010, the increase was roughly 62,000 customers. So far the customer base has grown by approximately 250,000 subscribers in the first nine months of the year.

The number of prepaid customers totalled 7.15 million at the end of the third quarter of 2011. The decline from the previous quarter was primarily a result of the deactivation of inactive SIM cards by network operators that led to roughly 168,000 customer losses which did, however, not affect earnings. In the comparable quarter of the previous year, the decrease in the number of prepaid customers amounted to 516,000.

ARPU

The monthly average revenue per user (ARPU), which had already stabilised in 2010, continued this trend in the third quarter of 2011.

For the first nine months of the year, cumulative postpaid ARPU was stable at 23.9 euros at the previous year's level of 23.8 euros. In the first three quarters of 2011, cumulative ARPU in the no-frills segment was 4.7 euros compared to 5.1 euros during the first nine months of 2010. A slight fall in the cumulative ARPU in this growth segment was due in particular to the tough competition in this segment where price plays an important role. Cumulative ARPU in the prepaid segment was 3.1 euros, exactly the same as the previous year's level.

Revenue and results

In €'000s	Q3/2011	Q2/2011	Q3/2010 adjusted
Revenue	829.0	757.5	843.4
Gross profit	178.0	171.0	174.7
EBITDA	84.2	83.9	86.2
EBIT	40.1	38.2	40.1
EBT	28.1	19.4	31.1
Group result from continued operations	30.9	20.8	29.7
Group result from discontinued operations	0.0	0.0	–1.1
Group result	**30.9**	**20.8**	**28.6**

Group revenue in the third quarter of 2011 increased by 9.4 percent, or 71.6 million euros, compared to the previous quarter. This was mainly due to the seasonally stronger ARPU in all mobile communications segments with an overall stable customer base, to the increase in sales activities and higher revenue generated from hardware sales.

The **gross profit margin** decreased by 1.1 percentage points to 21.5 percent from the previous quarter, primarily as a result of the overall higher costs of customer acquisition arising from the increase in sales activities. This represents an improvement of 0.8 percentage points over the third quarter of 2010. A gross profit margin of 21.6 percent was reported for the first nine months of 2011, thus remaining stable compared to the same period the previous year (21.5 percent). As a result, an increase in gross profit of 7.0 million euros was reported compared to the previous quarter and an increase of 3.2 million euros compared to the same quarter in 2010.

Overhead expenses, calculated as the difference between gross profit and the Group result before interest, tax, depreciation and amortisation (EBITDA) from continued operations, amounted to 93.8 million euros for the quarter under review and are thus at a stable level compared to the previous quarters. As a result, **EBITDA** in the third quarter of 2011 increased from the previous quarter by 0.3 million euros to 84.2 million euros. When compared to the high level of the same quarter in 2010, this represents a drop of 2.0 million euros. For the first nine months of 2011, an EBITDA of 246.5 million euros was reported, thus remaining stable compared to the same period in 2010 (247.0 million euros). The result in the quarter under review 2011 was burdened by restructuring-related one-off items of 5.9 million euros arising from the IT migration; in the same period the previous year, these items stood at 10.0 million euros and in the second quarter of 2011, they amounted to 5.9 million euros. **Recurring EBITDA**—adjusted for one-off items—amounted to 90.1 million euros and thus continuously improved over the course of 2011; compared with the third quarter of 2010, this represents a decline of 6.1 million euros, or 6.3 percent.

Depreciation and amortisation in the quarter under review were reported at 44.0 million euros and are thus at a level similar to the previous quarter as well as to the same quarter last year.

Net interest income, calculated as the balance between interest income and interest expenses, was reported at –12.0 million euros in the third quarter of 2011. The improvement from the previous quarter (–18.8 million euros) of 6.8 millions euros can be attributed to the fact that one-off non-cash-effective interest expenses under the effective interest method were incurred in the amount of 6.9 million euros in the previous quarter as a result of the replacement of the old financing. Compared to the third quarter of 2010, net interest income deteriorated by 3.1 million euros, which can significantly be attributed to interest income from the market valuation of interest rate swaps in Q3/2010.

The **pre-tax Group earnings (EBT)** thus improved compared to the previous quarter by 8.7 million euros to reach 28.1 million euros, which represents a decline of 3.0 million euros from the same quarter the previous year (31.1 million euros).

The **Group result from continued operations** rose compared to the previous quarter (20.8 million euros) by 10.1 million euros to 30.9 million euros, which is equivalent to an increase of 1.3 million euros compared to the third quarter of 2010 (29.7 million euros).

A **Group result from discontinued operations** was not recorded in the quarter under review as was also the case in the previous quarter. The figure reported for the third quarter of 2010 included 1.1 million euros in losses, primarily resulting from the business generated by the companies in the Next ID Group.

In total, the **Group result** from continued and discontinued operations reported in the third quarter of 2011 amounted to 30.9 million euros, and thus increased considerably from the second quarter of 2011 by 10.1 million euros. Compared with a figure of 28.6 million euros in the same quarter of 2010, this represents an increase of 2.4 million euros. In the first nine months of 2011, a Group result from continued and discontinued operations of 77.8 million euros was generated, or an increase of 4.8 million euros compared to the same period in the previous year.

Assets and financial position

Assets in m€	**30. 9. 2011**
Non-current assets	1,821.9
Current assets	624.9
Balance sheet total	**2,446.8**

Shareholders' equity and liabilities in m€	**30. 9. 2011**
Shareholders' equity	1,109.9
Non-current and current liabilities	1,336.9
Balance sheet total	**2,446.8**

Assets in m€	**30. 6. 2011**
Non-current assets	1,841.5
Current assets	706.7
Balance sheet total	**2,548.1**

Shareholders' equity and liabilities in m€	**30. 6. 2011**
Shareholders' equity	1,181.3
Non-current and current liabilities	1,366.8
Balance sheet total	**2,548.1**

The **balance sheet total** on 30 September 2011 amounted to 2,446.8 million euros and thus decreased by 4.0 percent compared to 30 June 2011 (2,548.1 million euros).

The **assets** side of the balance sheet showed a decrease in intangible assets by 38.1 million euros from 30 June 2011 mainly attributable to the scheduled amortisation of customer relationships and trademarks arising from the debitel purchase price allocation as well as the amortisation of distribution rights. The increase in trade accounts receivable from the end of the previous quarter by 34.2 million euros is largely attributable to bonus claims against network operators. The lower balance sheet total on the assets side is mainly reflected in the decline in cash and cash equivalents by 85.7 million euros which was mainly influenced by the outgoing payments for dividends (102.4 million euros) and the scheduled repayment instalment of the bank loan (40.0 million euros) in the third quarter of 2011.

As a result, the company reduced its gross financial debt on the **liabilities** side from 30 June 2011 by 33.2 million euros to 706.5 million euros.

Group equity fell from the end of the previous quarter by 71.5 million euros—while Group net profit (30.9 million euros) had an upward effect, the dividend payment made in the amount of 102.4 million euros had the opposite effect. As of 30 September 2011, the **equity ratio** was 45.4 percent and is thus 1.0 percentage point lower than at the end of the previous quarter. Compared to the end of the same quarter last year, this represents an increase by 0.8 percentage point.

Net financial debt amounted to 575.2 million euros as of 30 September 2011 (31 December 2010: 623.1 million euros). Compared to 30 June 2011, this represents an increase by 52.5 million euros, which was mainly driven by the dividend payment made in Q3/2011 in the amount of 102.4 million euros.

Cash flow

In m€	Q3/2011	Q2/2011	Q3/2010
Cash flow from operating activities	64.4	57.4	61.5
Cash flow from investing activities	–3.5	–2.6	–4.9
Cash flow from financing activities	–146.6	2.2	–77.2
Change in cash and cash equivalents	**–85.7**	**57.0**	**–20.6**
Free cash flow	**60.1**	**51.7**	**55.9**

Cash flow from operating activities was reported at 64.4 million euros for the third quarter of 2011 consistent with an increase compared to the previous quarter of 7.0 million euros. In the first nine months of 2011, cash flow from operating activities increased from the same period last year from 165.6 million euros to 198.2 million euros. At an almost constant EBITDA, this increase can be primarily explained from restructuring-related effects of the previous year's period such as the reduction in the provision for severance packages connected to the integration of the acquired debitel Group as well as the reduction of liabilities in the other segments experiencing a decline.

Cash flow from investing activities amounted to –3.5 million euros in the third quarter of 2011, and thus continued to develop at a low level compared to the previous quarter (–2.6 million euros) and the third quarter of 2010 at –4.9 million euros.

Cash flow from financing activities amounted to –146.6 million euros in Q3/2011, which was a considerable decrease from the previous quarter (+2.2 million euros). As already mentioned in the notes to the balance sheet, this development can largely be attributed to the scheduled repayment of financial debt (40.0 million euros) and the dividend payment (102.4 million euros) in the third quarter of 2011. The interest payments incurred in the quarter under review were 4.2 million euros, the same as in the previous quarter. The third quarter of the previous year saw a cash flow from financing activities that amounted to –77.2 million euros, of which 33.3 million euros from the scheduled repayment of financial debt, 25.6 million euros from dividend payments and 18.3 million euros for interest payments. The interest payments are thus lower than in the same quarter in 2010 by 14.1 million euros, mainly due to the reduction of net financial debt and as a result of a change in the payment interval: the interest on the corporate bond is paid annually in arrears.

The resulting **free cash flow** in the third quarter of 2011 amounted to 60.1 million euros compared to 51.7 million euros in the second quarter of 2011 and 55.9 million euros in the third quarter of 2010. Free cash flow in the first nine months of 2011 thus improved by 35.8 million euros year-on-year, to 184.3 million euros.

Employees

The number of employees at the end of the third quarter of 2011 decreased to 4,052 compared with 4,069 at the end of the second quarter of 2011.

Significant events after the reporting date

On 7 October 2011, freenet AG and GRAVIS Computervertriebsgesellschaft mbH, Berlin, announced an exclusive cooperation for marketing the range of mobile communication products and services of mobilcom-debitel GmbH and Apple products.

In October, IPConcept Fund Management S. A., Luxemburg-Strassen, Luxemburg, announced that its share of voting rights in freenet AG had fallen below the 3-percent threshold and at that time amounted to 2.9953 percent, 2.7187 percent of which were owned indirectly according to § 22 (1) sentence 1 no. 6 WpHG.

A few days later, IPConcept Fund Management S. A. reported that its share of voting rights had exceeded the 3-percent threshold and was 3.0316 percent at that time, 2.7550 percent of which were owned indirectly according to § 22 (1) sentence 1 no. 6 WpHG.

Risk report

During the third quarter of 2011, there were no major changes to the risks described in detail in the "Risk report" of the Annual Report 2010 and the half year report 2011.

The Annual Report 2010 and the half year report 2011 are available at *www.freenet-group.de/investor/publications/quarterly-annual-reports*

Opportunities and forecast

Please refer to the Group management report 2010 published at the end of March 2011 for details on the opportunities and forecast of the current financial year. In addition, the company raised its targets for 2011 communicated at the beginning of the year in light of a successful first half of the year 2011—provided that overall conditions remain stable—in connection with the half-year figures for 2011 published in the middle of August 2011.

The company is now expecting recurring Group EBITDA to reach 350 million euros (previously: 325 million euros), and free cash flow[1] to exceed 220 million euros (previously: over 200 million euros) for the full year. Furthermore, the company expects an improved development of the postpaid customer base and anticipates to lose less than 450,000 (previously: less than 500,000) customers in the financial year 2011.

The company will continue to focus on mobile voice and data services. The primary goals of this business approach are to secure and enhance its long-term profitability and strong cash flow, and to continue paying down its debt. In addition, the company will systematically continue to pursue tapping into potential new areas of growth.

The Annual Report 2010 and the half year report 2011 are available at *www.freenet-group.de/investor/publications/quarterly-annual-reports*

1 Free cash flow is defined as cash flow from operating activities, minus investments in property, plant and equipment and intangible assets, plus proceeds from the disposal of property, plant and equipment and intangible assets.

Transactions with related parties

The following major transactions have taken place between the Group and related parties:

In €'000s	9 months 2011	9 months 2010
Revenue attributable to services		
Associated companies		
KielNET GmbH Gesellschaft für Kommunikation, Kiel	0	1,119
Joint ventures		
FunDorado GmbH, Hamburg	184	178
Companies with a major influence on freenet AG		
b2c.de GmbH, Munich (Drillisch AG group of companies)	24	0
1&1 Internet AG, Montabaur	n/a	7,465
	208	**8,762**
Costs of purchased services		
Associated companies		
KielNET GmbH Gesellschaft für Kommunikation, Kiel	29	37
Joint ventures		
NetCon Media s. r. o., Hlucin, Czech Republic	2	3
FunDorado GmbH, Hamburg	0	12
siXXup new Media GmbH, Pulheim	54	55
	85	**107**
Interest expenses from vendor loan		
Companies with a major influence on freenet AG		
Telco (Netherlands) Holding B. V., Hoofddorp, the Netherlands	n/a	181

The following major receivables due from and liabilities due to related parties existed as of 30 September 2011:

In €'000s	30.9.2011	30.9.2010
Receivables from regular transactions		
Associated companies		
KielNET GmbH Gesellschaft für Kommunikation, Kiel	0	140
Joint ventures		
FunDorado GmbH, Hamburg	21	20
Companies with a major influence on freenet AG		
1&1 Internet AG, Montabaur	n/a	234
	21	**394**
Liabilities from regular transactions		
Associated companies		
KielNET GmbH Gesellschaft für Kommunikation, Kiel	0	3
Joint ventures		
FunDorado GmbH, Hamburg	0	3
	0	**6**

As far as companies and persons did not qualify as related parties according to IAS 24 in the period under review, no comparative information was given (n/a). All transaction prices were negotiated under commercial terms.

Condensed interim consolidated financial statements

Overview

Consolidated income statement and consolidated statement of comprehensive income for the period from 1 January to 30 September 2011

In €'000s	Q1—Q3/2011 1.1.2011 —30.9.2011	Q1—Q3/2010 1.1.2010 —30.9.2010 adjusted	Q3/2011 1.7.2011 —30.9.2011	Q3/2010 1.7.2010 —30.9.2010 adjusted
Revenue	2,375,268	2,481,821	829,007	843,420
Other operating income	68,864	65,319	18,519	20,509
Other own work capitalised	9,111	7,361	2,455	2,653
Cost of materials	–1,861,573	–1,949,310	–651,030	–668,673
Personnel expenses	–117,282	–117,331	–38,863	–39,157
Depreciation and impairment write-downs	–135,503	–142,164	–44,024	–46,093
Other operating expenses	–228,624	–242,010	–76,222	–72,957
Operating result	**110,261**	**103,686**	**39,842**	**39,702**
Share of results of associates	730	1,121	300	372
Interest receivable and similar income	3,836	16,347	921	2,748
Interest payable and similar expenses	–43,946	–49,462	–12,948	–11,700
Result before taxes on income	**70,881**	**71,692**	**28,115**	**31,122**
Taxes on income	6,774	3,898	2,817	–1,453
Group result from continued operations	**77,655**	**75,590**	**30,932**	**29,669**
Group result from discontinued operations	**140**	**–2,626**	**0**	**–1,094**
Group result	**77,795**	**72,964**	**30,932**	**28,575**
Group result attributable to shareholders of freenet AG	77,632	73,002	30,888	28,607
Group result attributable to non-controlling interest	163	–38	44	–32
Earnings per share (undiluted) in €	**0.61**	**0.57**	**0.24**	**0.22**
Earnings per share (diluted) in €	**0.61**	**0.57**	**0.24**	**0.22**
Earnings per share from continued operations (undiluted) in €	0.61	0.59	0.24	0.23
Earnings per share from continued operations (diluted) in €	0.61	0.59	0.24	0.23
Earnings per share from discontinued operations (undiluted) in €	0.00	–0.02	0.00	–0.01
Earnings per share from discontinued operations (diluted) in €	0.00	–0.02	0.00	–0.01
Weighted average of shares outstanding in thousand (undiluted)	128,061	128,061	128,061	128,061
Weighted average of shares outstanding in thousand (diluted)	128,061	128,061	128,061	128,061

In €'000s	Q1—Q3/2011 1.1.2011 —30.9.2011	Q1—Q3/2010 1.1.2010 —30.9.2010	Q3/2011 1.7.2011 —30.9.2011	Q3/2010 1.7.2010 —30.9.2010
Group result	**77,795**	**72,964**	**30,932**	**28,575**
Change in fair value of held-for-sale financial instruments	–42	28	25	15
Taxes on income recognised directly in equity	12	–8	–8	–4
Change in value recognised directly in equity	**–30**	**20**	**17**	**11**
Consolidated comprehensive income	**77,765**	**72,984**	**30,949**	**28,586**
Consolidated comprehensive income attributable to shareholders of freenet AG	77,602	73,022	30,905	28,618
Consolidated comprehensive income attributable to non-controlling interest	163	–38	44	–32

Consolidated balance sheet as of 30 September 2011

Assets in €'000s	30.9.2011	31.12.2010	30.9.2010
Non-current assets			
Intangible assets	508,675	578,722	616,587
Goodwill	1,116,921	1,115,924	1,116,504
Property, plant and equipment	31,363	37,678	42,010
Investments in associates	2,712	3,403	3,193
Other investments	2,326	2,258	2,267
Deferred income tax assets	103,595	79,828	58,177
Trade accounts receivable	36,905	19,530	2,967
Other receivables and other assets	19,382	11,006	17,587
	1,821,879	**1,848,349**	**1,859,292**
Current assets			
Inventories	48,189	51,897	48,200
Current income tax assets	3,336	3,486	7,653
Trade accounts receivable	410,371	407,539	381,450
Other receivables and other assets	31,773	44,500	37,507
Cash and cash equivalents	131,217	174,334	121,662
Assets of disposal group classified as held-for-sale	0	12,283	0
	624,886	**694,039**	**596,472**
	2,446,765	**2,542,388**	**2,455,764**

Shareholders' equity and liabilities in €'000s	30.9.2011	31.12.2010	30.9.2010
Shareholders' equity			
Share capital	128,061	128,061	128,061
Capital reserves	737,536	737,536	737,536
Revaluation reserve	26	56	61
Retained earnings	244,034	268,811	229,380
Capital and reserves attributable to shareholders of freenet AG	**1,109,657**	**1,134,464**	**1,095,038**
Capital and reserves attributable to non-controlling interest	218	0	103
	1,109,875	**1,134,464**	**1,095,141**
Non-current liabilities			
Trade accounts payable	429	387	533
Other payables	48,556	11,796	47,657
Borrowings	513,492	584,583	586,131
Pension provisions	25,732	24,638	24,756
Provisions for other liabilities and charges	10,634	19,211	18,739
	598,843	**640,615**	**677,816**
Current liabilities			
Trade accounts payable	374,727	355,191	294,740
Other payables	129,827	132,082	126,471
Current income tax liabilities	21,712	27,339	23,044
Borrowings	192,960	215,435	213,343
Provisions for other liabilities and charges	18,821	26,929	25,209
Liabilities of disposal group classified as held-for-sale	0	10,333	0
	738,047	**767,309**	**682,807**
	2,446,765	**2,542,388**	**2,455,764**

Schedule of changes in equity for the period from 1 January to 30 September 2011

In €'000s	Share capital	Capital reserves	Revaluation reserve	Retained earnings	Capital and reserves attributable to shareholders of freenet AG	Capital and reserves attributable to non-controlling interest	Shareholders' equity
As of 1.1.2010	**128,061**	**737,536**	**41**	**181,980**	**1,047,618**	**141**	**1,047,759**
Dividend payment	0	0	0	–25,602	–25,602	0	–25,602
Consolidated comprehensive income	0	0	20	73,002	73,022	–38	72,984
As of 30.9.2010	**128,061**	**737,536**	**61**	**229,380**	**1,095,038**	**103**	**1,095,141**
As of 1.1.2011	**128,061**	**737,536**	**56**	**268,811**	**1,134,464**	**0**	**1,134,464**
Dividend payment	0	0	0	–102,409	–102,409	0	–102,409
First-time consolidation of subsidiaries	0	0	0	0	0	55	55
Consolidated comprehensive income	0	0	–30	77,632	77,602	163	77,765
As of 30.9.2011	**128,061**	**737,536**	**26**	**244,034**	**1,109,657**	**218**	**1,109,875**

Consolidated statement of cash flows from 1 January to 30 September 2011

In €'000s	1. 1. 2011 —30. 9. 2011	1. 1. 2010 —30. 9. 2010
Earnings before interest and taxes (EBIT) from continued and discontinued operations	**111,150**	**102,051**
Adjustments		
Depreciation and impairment on items of fixed assets	135,503	142,739
Share of results of associates	–730	–1,121
Proceeds from the sale of subsidiaries	0	–4,398
Loss on disposals of fixed assets	665	2,958
Increase in net working capital not attributed to investing or financing activities	–25,640	–67,389
Other non-payment components	–99	–66
Income taxes paid	–22,619	–9,219
Cash flow from operating activities	**198,230**	**165,555**
Investments in property, plant and equipment and intangible assets	–15,246	–18,551
Proceeds from the disposal of property, plant and equipment and intangible assets	1,288	1,443
Purchase of subsidiaries	–763	0
Proceeds from the sale of subsidiaries	0	17,028
Return of capital from associates	1,430	1,573
Interest received	3,734	3,279
Cash flow from investing activities	**–9,557**	**4,772**
Dividend payment	–102,409	–25,602
Proceeds from new borrowings	631,644	0
Cash repayments of borrowings	–700,578	–454,047
Interest paid	–16,410	–47,111
Cash flow from financing activities	**–187,753**	**–526,760**
Cash-effective change in cash and cash equivalents	**920**	**–356,433**
Cash and cash equivalents at 1. 1.	**30,297**	**331,418**
Cash and cash equivalents at 30. 9.	**31,217**	**–25,015**

Derivation of cash and cash equivalents	**30. 9. 2011**	**30. 9. 2010**
Cash and cash equivalents of continued operations	131,217	121,662
Cash and cash equivalents of discontinued operations	0	0
Liabilities as part of current finance scheduling due to banks	–100,000	–146,677
	31,217	**–25,015**

Cash flow from operating activities	198,230	165,555
Investments in property, plant and equipment and intangible assets	–15,246	–18,551
Proceeds from the disposal of property, plant and equipment and intangible assets	1,288	1,443
Free cash flow (FCF)	**184,272**	**148,447**

Selected explanatory notes in accordance with IAS 34

Significant accounting, valuation and consolidation policies

1. In accordance with Regulation 1606/2002 of the European Parliament and Council, based on the International Financial Reporting Standards (IFRS) as adopted by the European Union, the present condensed interim consolidated financial statements were prepared in accordance with IAS 34. The Group took into account all IFRS adopted and mandated by the EU. The present condensed interim consolidated financial statements were not subjected to review by an auditor.
   The Group has applied all accounting standards that became mandatory as of the financial year 2011, including the revised IAS 34. The accounting standards to be applied for the first time have, however, no significant effect on the presentation of the Group's assets, financial position and results.
   In preparing the interim report as of 30 September 2011 and determining the comparable figures for the previous year, the same accounting and valuation methods as in the consolidated financial statements 2010 were used in principle—taking the circumstances outlined below into account. A detailed description of these methods may be found in the notes to the consolidated financial statements 2010 of freenet AG.

Major events and transactions

2. As described in the consolidated financial statements 2010, the operation "Next ID Group" was sold at the end of 2010, with effect from 1 January 2011. In the previous year comparable figures shown in the present condensed interim consolidated financial statements this operation is presented as a discontinued operation in accordance with IFRS 5. This represents a retrospective adjustment to the previous year comparable figures as published in the condensed interim consolidated financial statements as of 30 September 2010, in which Next ID Group was still reported as a continued operation.
   The Next ID Group was deconsolidated on 1 January 2011. The 140 thousand euros in profit reported from the discontinued operation Next ID Group for the first nine months of 2011 results from the final deconsolidation of the Next ID companies.
   In the comparable period of the previous year 2010, the result from discontinued operations contains subsequent earnings contributions from the "DSL business" and "STRATO Group"—which were sold at the end of 2009—in addition to the Next ID Group's earnings contribution.

3. The period result of discontinued operations is broken down as follows:

In €'000s	9 months 2011				9 months 2010 adjusted			
	Next ID	DSL business	STRATO	Total	Next ID	DSL business	STRATO	Total
Revenue	0	0	0	0	9,463	2,383	0	11,846
Other operating income	0	0	0	0	964	144	45	1,153
Profit from the disposal of discontinued operations	159	0	0	159	0	4,513	–115	4,398
Cost of materials	0	0	0	0	–3,464	513	0	–2,951
Personnel expenses	0	0	0	0	–4,242	–2,962	0	–7,204
Depreciation	0	0	0	0	–575	0	0	–575
Other operating expenses	0	0	0	0	–5,403	–4,020	0	–9,423
Interest receivable and similar income	0	0	0	0	215	0	0	215
Taxes on the profit from the disposal of discontinued operations	–19	0	0	–19	0	–85	0	–85
Result from discontinued operations	**140**	**0**	**0**	**140**	**–3,042**	**486**	**–70**	**–2,626**

4. The figures in the cash flow statement were given for the overall Group (continued and discontinued operations) in each case.
During the first nine months of 2011 there was no cash flow related to discontinued operations.
Of the reported cash flow from operating activities, the discontinued operation DSL business accounted for a cash outflow of 3.6 million euros during the first nine months of 2010. There was no cash flow from investing and financing activities for the DSL business.
There was no cash flow related to the STRATO Group in the first nine months of 2010.
During the first nine months of 2010, the discontinued operation Next ID Group generated cash outflow of 1.3 million euros from operating activities and cash outflow of 0.3 million euros from investing activities. Cash flow from financing activities was of low amount.
The starting point for determining the cash flow statement is the earnings before interest and taxes (EBIT) from continued and discontinued operations. The following sets out the process of calculating this result from the consolidated income statement and also from the breakdown of the result from discontinued operations for the period:

In €'000s	**1.1.2011 —30.9.2011**	**1.1.2010 —30.9.2010**
Earnings before taxes from continued operations	70,881	71,692
Interest payable and similar expenses from continued operations	43,946	49,462
Interest receivable and similar income from continued operations	–3,836	–16,347
Result from discontinued operations	140	–2,626
Taxes on income from discontinued operations	19	85
Interest receivable and similar income from discontinued operations	0	–215
Earnings before interest and taxes (EBIT) from continued and discontinued operations	**111,150**	**102,051**

5. Of the 700.6 million euros paid out for servicing debts in the first nine months of 2011, 35.3 million euros were incurred as part of the old financing. On 20 April 2011, cash and cash equivalents of 625.3 million euros were repaid to the banks when the Group refinanced its debt. Finally, at the end of September 2011 the first scheduled instalment of the amortisable loan newly borrowed in April 2011 was repaid in the amount of 40.0 million euros.
   At the same time, on 20 April 2011 the Group received a cash inflow of 631.6 million euros from its new financing. This sum is composed of nominal amounts totaling 640.0 million euros (of which 400.0 million euros from the corporate bond and 240.0 million euros from the amortisable loan), minus 8.4 million euros in one-off costs for arranging the refinancing.
   While the Group had a revolving credit line totalling 150.0 million euros under the old financing, of which 146.6 million euros had been drawn down at 31 March 2011, under the new financing there is a revolving credit line amounting to 100.0 million euros which is fully utilised as of 30 September 2011. In economic terms this means that another 46.6 million euros of debt has been redeemed, resulting in a corresponding reduction in both borrowings and cash and cash equivalents in the same amount compared to 31 March 2011.
   In the nomenclature of the consolidated statement of cash flows the repayment of these funds from the revolving credit line is not shown as repayment, but represents a movement within the cash and cash equivalents.
   Until now, significant assets of the guarantee-giving freenet companies were pledged to the creditors to secure their claims under the credit agreements. As part of the refinancing, this collateral has been released by the creditors. The new financing involves no collateral security, but a so-called negative declaration whereby the freenet companies provide no collateral to the creditors while also committing themselves to not pledge any significant assets to third parties.
6. Net interest income (balance of interest receivable and similar income and of interest payable and similar expenses) for the first nine months of 2011 decreased by 7.0 million euros year-on-year. It should be noted, however, that, first, the figure for the first nine months of 2010 contained interest income of 13.5 million euros from the market valuation of interest swaps; and second, when the old financing was replaced, one-off non-cash-effective interest expenses under the effective interest method were incurred in the amount of 6.9 million euros in the first nine months

of 2011. Adjusted by this figure, net interest income improved by 13.4 million euros, due primarily to the significant drop in the average net financial debt.

7. In May 2011 the data migration to unify the existing IT systems was successfully implemented, resulting in negative one-off effects on profits in the first nine months of 2011, including follow-up costs. On the other hand, the result of the first nine months of 2011 contains out-of-period income from a change in estimates in a one-digit million euro amount, which resulted in a non-cash-effective reduction of other provisions.
8. In January 2011, the freenet Group and Media-Saturn Deutschland GmbH agreed that the cooperation between these two companies would be continued until the end of 2013. With the exception of products of Telefonica O_2 Germany, freenet AG will continue to offer the mobile communications products of the network operators Telekom, Vodafone and E-Plus as well as its own products in all Media Markt and Saturn stores in Germany.
   The new distribution right did not lead to any cash outflow in the first nine months of 2011. As a non-cash-effective investment, the new distribution right had no effect on cash flow from investing activities in the first nine months of 2011. The new distribution right did give rise to liabilities in the balance sheet as of 30 September 2011 and therefore to a mathematical effect with regard to net working capital—however due to the lack of cash-effectiveness of the transaction, this effect was offset by a counter-entry in net working capital, so that the new distribution right also did not affect the net working capital and thus the cash flow from operating activities of the first nine months of 2011. The resulting liability is the main explanation for the increase in non-current other payables compared to the balance sheet as of 31 December 2010.
9. In accordance with the resolution passed by the ordinary Annual General Meeting of freenet AG on 30 June 2011, dividends totalling 102.4 million euros were paid out to the shareholders on 1 July 2011, corresponding to 80 cents per dividend-entitled share.
10. On 7 October 2011, freenet AG and GRAVIS Computervertriebsgesellschaft mbH, Berlin, announced an exclusive cooperation for marketing the range of mobile communication products and services of mobilcom-debitel GmbH and Apple products.

Other notes

11. As in the consolidated financial statements 2010, current and deferred income tax was calculated based on an average tax rate of 29.4 percent (previous year: 30.2 percent).
12. Segment report (on the following pages)

Segment report 1.1.2011—30.9.2011 In €'000s	**Mobile Communi-cations**	**Other**	**Elimination of intersegment revenue and costs**	**Effects regarding IFRS 5**	**Total**
Third-party revenue	**2,322,955**	**52,313**	**0**	**0**	**2,375,268**
Intersegment revenue	1,713	3,919	–5,632	0	0
Revenue, total	2,324,668	56,232	–5,632	0	2,375,268
Cost of materials, third parties	**–1,837,839**	**–23,734**	**0**	**0**	**–1,861,573**
Intersegment cost of materials	–2,366	–2,309	4,675	0	0
Cost of materials, total	–1,840,205	–26,043	4,675	0	–1,861,573
Segment gross profit	**484,463**	**30,189**	**–957**	**0**	**513,695**
Other operating income	58,437	13,750	–3,164	–159	68,864
Other own work capitalised	8,653	458	0	0	9,111
Personnel expenses	–96,225	–21,057	0	0	–117,282
Other operating expenses	–211,392	–21,353	4,121	0	–228,624
Share of results of associates	0	730	0	0	730
Segment EBITDA	**243,936**	**2,717**	**0**	**–159**	**246,494**
Depreciation and impairment write-downs	–131,883	–3,620	0	0	–135,503
Segment EBIT	**112,053**	**–903**	**0**	**–159**	**110,991**
Group financial result					–40,110
Taxes on income					6,774
Group result from continued operations					77,655
Group result from discontinued operations					140
Group result					**77,795**
Group result attributable to shareholders of freenet AG					77,632
Group result attributable to non-controlling interest					163
Cash-effective investments in continued operations	**13,367**	**1,879**			**15,246**

Segment report 1. 1. 2010—30. 9. 2010 (adjusted) In €'000s	**Mobile Communi-cations**	**Other**	**Elimination of intersegment revenue and costs**	**Effects regarding IFRS 5**	**Total**
Third-party revenue	**2,422,438**	**71,115**	**0**	**–11,732**	**2,481,821**
Intersegment revenue	3,423	4,775	–8,198	0	0
Revenue, total	2,425,861	75,890	–8,198	–11,732	2,481,821
Cost of materials, third parties	**–1,926,251**	**–25,896**	**0**	**2,837**	**–1,949,310**
Intersegment cost of materials	–1,787	–4,673	6,460	0	0
Cost of materials, total	–1,928,038	–30,569	6,460	2,837	–1,949,310
Segment gross profit	**497,823**	**45,321**	**–1,738**	**–8,895**	**532,511**
Other operating income	61,055	10,605	–2,757	–3,584	65,319
Other own work capitalised	6,831	530	0	0	7,361
Personnel expenses	–96,122	–28,413	0	7,204	–117,331
Other operating expenses	–227,048	–26,913	4,495	7,456	–242,010
Share of results of associates	0	1,121	0	0	1,121
Segment EBITDA	**242,539**	**2,251**	**0**	**2,181**	**246,971**
Depreciation and impairment write-downs	–133,561	–9,178	0	575	–142,164
Segment EBIT	**108,978**	**–6,927**	**0**	**2,756**	**104,807**
Group financial result					–33,115
Taxes on income					3,898
Group result from continued operations					75,590
Group result from discontinued operations					–2,626
Group result					**72,964**
Group result attributable to shareholders of freenet AG					73,002
Group result attributable to non-controlling interest					–38
Cash-effective investments in continued operations	**14,557**	**3,670**			**18,227**

Further information

Financial calendar

10 November 2011
Publication of interim report III/2011

March 2012[1]
Publication of Consolidated Financial Statements/Annual Report 2011

May 2012[1]
Annual General Meeting

May 2012[1]
Publication of interim report I/2012

August 2012[1]
Publication of interim report II/2012

November 2012[1]
Publication of interim report III/2012

1 Probable dates.

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The Annual Report and our interim reports are also available at
www.freenet-group.de/investor/publications/quarterly-annual-reports

The English version of the interim report is a translation of the German version of the interim report. The German version of this interim report is legally binding.

Current information concerning freenet AG and the freenet share is available on our website at *www.freenet-group.de*

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