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Interim Report on the 3rd quarter 2012

freenet AG • Hollerstraße 126 • 24782 Büdelsdorf

List of contents

Key financials 4

To our shareholders 7
Letter to shareholders 9
freenet AG on the capital market.. 12

Interim group management report.. 15
Overview of the business and operating performance
in the freenet Group.. 17
Assets, financial position and results 21
Forecast.. 27
Opportunities and risk report.. 27
Significant events after the reporting period 28
Transactions with related parties.. 29

Condensed interim consolidated financial statements 31
Overview.. 33
Consolidated income statement and consolidated
statement of comprehensive income for the period
from 1 January to 30 September 2012 34
Consolidated balance sheet as of 30 September 2012 36
Schedule of changes in equity for the period
from 1 January to 30 September 2012 38
Consolidated statement of cash flows
from 1 January to 30 September 2012 39
Selected explanatory notes in accordance with IAS 34 40

Further information.. 47
Financial calendar 49
Imprint, contact, publications.. 50

Key financials: overview Group

Result

Figures in € million	Q1—Q3/2012	Q1—Q3/2011 adjusted[1]	Q3/2012	Q2/2012 adjusted[1]	Q3/2011 adjusted[1]
Revenue	2,269.6	2,405.4	756.5	755.9	840.6
Gross profit	519.7	513.7	182.3	170.6	178.0
EBITDA	263.2	246.5[2]	92.5	85.6	84.2[3]
EBIT	152.1	111.0	55.5	48.6	40.1
EBT	122.0	70.9	45.8	38.7	28.1
Group result from continued operations	131.2	77.7	49.0	41.6	30.9
Group result from discontinued operations	0.0	0.1	0.0	0.0	0.0
Group result	131.2	77.8	49.0	41.6	30.9
Earnings per share (€) (diluted and undiluted)	1.02	0.61	0.38	0.32	0.24

Balance sheet

	30.9.2012	30.9.2011	30.9.2012	30.6.2012	30.9.2011
Balance sheet total in € million	2,272.2	2,446.8	2,272.2	2,324.6	2,446.8
Shareholders' equity in € million	1,148.8	1,109.9	1,148.8	1,099.9	1,109.9
Equity ratio in %	50.6	45.4	50.6	47.3	45.4

Finances and investments

Figures in € million	Q1—Q3/2012	Q1—Q3/2011	Q3/2012	Q2/2012	Q3/2011
Free cash flow[4,5]	195.9	184.3	71.9	51.6	60.1
Depreciation and amortisation	111.1	135.5	37.0	37.0	44.0
Net investments (CAPEX)[5]	12.2	14.0	5.7	4.3	4.4
Net cash[5,6]	–512.1	–575.2	–512.1	–575.7	–575.2

Share

	30.9.2012	30.9.2011	30.9.2012	30.6.2012	30.9.2011
Closing price XETRA (€)	12.70	8.80	12.70	11.47	8.80
Number of ordinary shares (in thousand)	128,061	128,061	128,061	128,061	128,061
Market capitalisation (in € thousands)[6]	1,626,375	1,126,937	1,626,375	1,468,860	1,126,937

Employees

	30.9.2012	30.9.2011	30.9.2012	30.6.2012	30.9.2011
Employees[6]	3,927	4,052	3,927	3,905	4,052

Key financials: overview
Mobile Communications segment

Customer development

Figures in million

	Q1—Q3/2012	Q1—Q3/2011	Q3/2012	Q2/2012	Q3/2011
Mobile Communications customers[6]	14.31	15.16	14.31	14.46	15.16
Thereof customer ownership	8.38	8.02	8.38	8.23	8.02
Thereof contract customers	5.72	5.80	5.72	5.69	5.80
Thereof no-frills customers	2.66	2.22	2.66	2.54	2.22
Thereof prepaid customers	5.93	7.15	5.93	6.23	7.15
Gross new customers	2.60	3.10	0.84	0.83	1.06
Net change	−0.88	−0.50	−0.15	−0.28	−0.04

Result

Figures in € million

	Q1—Q3/2012	Q1—Q3/2011 adjusted[1]	Q3/2012	Q2/2012 adjusted[1]	Q3/2011 adjusted[1]
Revenue	2,223.9	2,354.8	741.1	740.5	824.0
Gross profit	494.2	484.5	173.3	162.5	168.4
EBITDA	262.2	243.9[7]	92.9	87.2	86.5[8]
EBIT	154.6	112.1	57.2	51.3	43.6

Monthly average revenue per user (ARPU)

Figures in €

	Q1—Q3/2012	Q1—Q3/2011	Q3/2012	Q2/2012	Q3/2011
Contract customer	23.5	23.9	23.6	23.5	24.6
No-frills customer	3.9	4.7	3.9	4.0	4.9
Prepaid customer	3.0	3.1	3.1	2.9	3.2

1 The comparative figures in the key financials overview as well as in other tables in this report have been adjusted due to IAS 8, see item 4 under “Selected explanatory notes”.
2 Recurring EBITDA: Q1—Q3/2011: 263.9 million euros.
3 Recurring EBITDA: Q3/2011: 90.1 million euros.
4 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.
5 This information relates to the overall Group (including discontinued operations).
6 At the end of period.
7 Recurring EBITDA: Q1—Q3/2011: 260.4 million euros.
8 Recurring EBITDA: Q3/2011: 91.0 million euros.

To our shareholders

Letter to shareholders

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

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

freenet AG's positive performance of the first half of 2012 continued in the third quarter of the year. We resolutely continued to advance our goal of securing high profitability for the company long term by focusing on valuable customer relationships in the area of mobile voice and data services. Especially in the smartphone sector, we see continued high revenue potential going forward, which we want to exploit with a wide range of late-model devices, custom tariffs, and demand-driven accessories.

The figures for the past three months demonstrate that we are on the right track, in a competitive environment that remains challenging:

- Revenues increased from 755.9 million euros in the prior quarter to 756.5 million euros and are at 2.27 billion euros for the first nine months of 2012; previous year: 2.40 billion euros.
- Gross profit continued to improve and at 182.3 million euros in Q3/2012 is above that of Q3/2011 (178.0 million euros). At 519.7 million euros for the first nine months of 2012, this also represents an increase over the same period last year (513.7 million euros).
- The same is true for our EBITDA, which increased to 92.5 million euros in Q3/2012 and totals 263.2 million euros for the first three quarters of 2012, an increase of 6.8 percent over the previous year (246.5 million euros).
- The Group result for the first three quarters 2012 surged sharply year-on-year (previous year: 77.8 million euros), to 131.2 million euros.

- At 71.9 million euros in Q3/2012 and 195.9 million euros for the first nine months, free cash flow is above that of the previous year (60.1 million euros/ 184.3 million euros).
- In the key segment of contract customers, ARPUs have continued to improve since the beginning of the year, to 23.6 euros in the quarter under review.
- The number of customers is also developing well, particularly the “customer ownership” count, which is essential for our company and increased again in the third quarter, by around 150,000 to currently 8.38 million. Of these, 5.72 million are contract customers (5.69 million in Q2/2012) and 2.66 million are customers in the no-frills segment (2.54 million in the prior quarter). The slight decrease in the total number of customers to 14.31 million is explained by the further optimisation of our prepaid customer pool.

We see this further validation of the strategy we have been pursuing for the past three years and resolutely pressed on with it in the third quarter: with attractive deals to generate high-end contract relationships; further enhanced services to benefit our customers; and optimised marketing initiatives.

Highlights include the sales launches of new, powerful smartphones in recent weeks: first and foremost the long-awaited iPhone 5, but also the newcomer HUAWEI Ascend P1, and most recently the Sony Xperia “Bond Edition”—exclusively at mobilcom-debitel—which apparently even 007 himself, now appearing in cinemas nationwide in “Skyfall”, cannot resist.

We have also further expanded our comprehensive portfolio of flat rates. For example, the Flat Allnet on the Vodafone network for 39.90 euros per month and Flat 4 You Plus for 29.90 per month. Both flat rates include comprehensive, low-cost mobile telephony, Internet and texting features and, in the case of the Flat 4 You Plus special offer, an additional 120 free minutes of calls to all national networks.

In other words, we give our customers the best possible selection of mobile phones and smartphones—from companies including Apple, LG, Nokia, Samsung and Sony—as well as tariffs that fit each customer’s individual requirements, for all four German networks. This underscores our unique competitive position, as well as the key message of the marketing campaign we launched in April under the slogan “Gemeinsam geht mehr” (“Getting more together”): as a service provider with over 14 million customers, we wield a solid negotiation position with network operators and device manufacturers.

We can pass on the resulting benefits to our customers while also giving them a free choice of network, which sets us apart from the network operators themselves. In August, as part of the umbrella campaign, we launched a new series of TV ads on all high-reach commercial channels. They communicate these individual advantages and specific value propositions for mobilcom-debitel customers in a more personalised manner.

Also in April, freenet AG began pilot sales of an innovative starter kit for the efficient energy management of homes via smartphone. Following the successful completion of the pilot project at selected mobilcom-debitel shops, at the end of the third quarter we began regular sales of “SmartHome”. Two versions of the kit are now available in around 150 shops for a monthly fee of 7.95 euros and 11.95 euros respectively, with a one-off connection fee of 19.95 euros. Without interfering with the heating system, they allow users to adjust their radiators individually using an app while they are on the go, which lets them reduce their energy costs by up to 30 percent.

SmartHome may be taken as evidence that we are on the ball in the digital lifestyle-related growth areas—and will continue to stay on it. As a service provider, we are leveraging our core competence of successfully marketing new high-tech products with our large sales force, consultancy expertise and customer proximity, without burdening ourselves with high development costs.

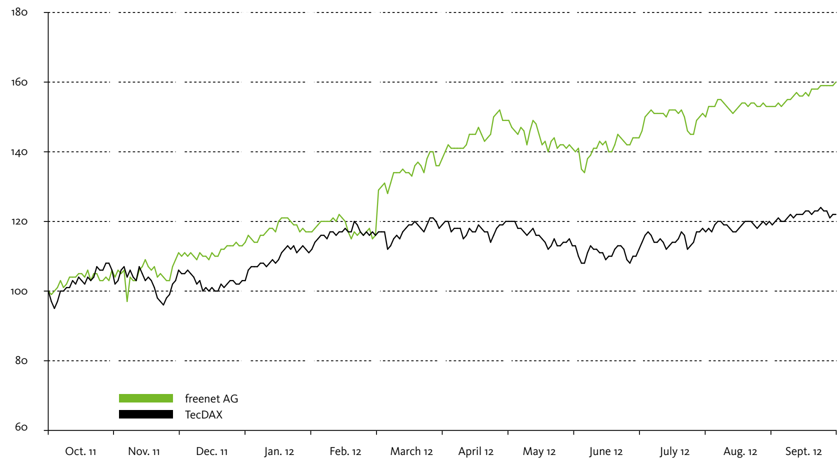
Given these developments, we go into the home stretch of this year with confidence and drive and expect that the success of our strategic focus on valuable revenue contributions will result in a higher Group EBITDA of 355 million euros and a higher free cash flow of 255 million euros.

Christoph Vilanek Joachim Preisig Stephan Esch

freenet AG on the capital market

Performance of the freenet share over the past twelve months

(indexed; 100 = XETRA closing price on 28 September 2011)



German stock market

Despite the sombre economic outlook in Germany, the German stock market developed positively in the third quarter of 2012. The DAX closed at 7,216 points on 28 September, reflecting an increase of around 11 percent during the quarter. The TecDAX also rose by nearly seven percent during the reporting period to 809 points.

freenet share

During the reporting period, the freenet share also saw a significant price increase of around nine percent. In Xetra trading, the share started the third quarter with a closing price of 11.65 euros. While it reached its lowest closing price of 11.53 euros at the end of July, the freenet share ended the quarter at its highest price of 12.70 euros. The average Xetra closing price during the reporting period was 12.20 euros.

In the past quarter a total of 30.1 million freenet shares were traded on the Xetra electronic trading platform, compared with 48.4 million in the third quarter of 2011. Thus, even the freenet share was not completely immune to the decline in revenue development on established trading platforms. In 65 trading days, the average daily trading volume on Xetra was 463,100 units. During the same period an average of 733,500 freenet shares were traded per day on Xetra compared to 620,700 units in the previous quarter (Q2/2012).

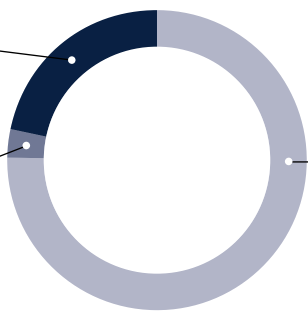
In the first nine months of the current financial year, with a price increase of over 37 percent the freenet share considerably outperformed its benchmark index, the TecDAX, which only recorded an increase of just under 16 percent.

Shareholder structure

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

The company received a voting rights notification in accordance with § 21 WpHG during the reporting period: on 12 September 2012 JPMorgan Chase of London announced that on 11 September 2012 its voting rights in freenet AG had fallen below the threshold of 3.00 percent and on that day amounted to 2.98 percent.

The shareholder structure for the reporting quarter is therefore as follows:



Source: freenet AG, 30 September 2012

Based on the voting rights notification, free float increased from 72.03 percent to 75.07 percent compared to the prior quarter.

Interim group management report

Overview of the business and operating performance in the freenet Group

In its core business of mobile communications/mobile internet, freenet AG markets mobile communications services for Germany's four major network operators on its own account, as well as its own products and services. Private customers (B2C) are its primary target group.

Given the continued tough competition and rapidly changing prices in the industry, the company is focusing customer acquisition and customer base management for its main brand, mobilcom-debitel, on high-value contract relationships. Additionally, freenet caters to the no-frills sector, in particular with its discount brands "freenetmobile", "klarmobil" and "callmobile".

Smartphones and flat rates are becoming increasingly important in the high-end contract customer segment and in opening up new areas of growth. Over the course of the third quarter freenet AG expanded its range of products and services accordingly. Highlights included the marketing launch of the iPhone 5 and the HUAWEI Ascend P1 as well as attractive flat-rate tariffs. At the same time new apps and products were launched to augment the high-growth "digital lifestyle" area.

Marketing launch of the iPhone 5...

On 21 September, the iPhone 5, long awaited by Apple fans, went on sale. Since then, as an established partner of the US company, mobilcom-debitel has offered the device across Germany in all its shops, at Saturn and Media Markt stores, and at selected retailers. New and existing mobilcom-debitel customers could initially choose between our own Flat Smart and Flat All-Star tariffs on the D1 network and original Deutsche Telekom tariffs—with a monthly discount of 10 percent off the network operator's tariffs. A few days later mobilcom-debitel added fixed-term contracts to this offer with its own Flat Allnet and Flat 4 You Plus tariffs as well as original carrier tariffs on the Vodafone network - also with a 10 percent discount per month.

...and HUAWEI Ascend P1...

The HUAWEI Group, headquartered in Shenzhen, China, is a leading international telecommunications company with 140,000 employees worldwide, and serves around a third of the world's population as a manufacturer of network infrastructure, software, tablet PCs, and mobile devices. In July, mobilcom-debitel became the first German provider to start selling the new HUAWEI Ascend P1 smartphone with Android operating system in its more than 6,000 sales outlets.

The large, slim device weighing just 110 grams is an ideal addition to mobilcom-debitel's wide range of mobile phones and smartphones—which covers all market-relevant manufacturers including Apple, LG, Nokia, Samsung and Sony among others. It combines innovative and energy-saving technology with stylish design at a low price, and represents the first step in a long-planned collaboration between the two companies. The Ascend P1's features include brilliant colour intensity and razor-sharp display, an 8-megapixel camera with dual LED flash on the back and a front camera for video calls and HD video recording.

…with entry-level tariffs

mobilcom-debitel served up a matching entry-level smartphone tariff: the Flat Light tariff, which at 19.90 euros includes a mobile internet flat rate, the SMS Allnet Flat 3000 and an on-net flat rate, available for all four German mobile networks. Those who want to purchase the new HUAWEI Smartphone for an initial one-off price of 9.95 euros can also order the 'Handyoption 10' for an additional 10 euros per month.

Expansion of smartphone tariffs

Half of all new freenet AG customers at point of sale now choose one of our smartphone tariffs with several flat-rate components, or a "full flat rate". Given the increased demand for powerful smartphones from the likes of Apple, Samsung and Sony, this shows the increased customer benefit these tariffs offer.
In the third quarter, the company complemented the portfolio of the main mobilcom-debitel brand with further attractive offers in this segment. For instance, the smartphone Flat 4 You tariff—as the Flat 4 You Plus promotional offer—maintains 120 free minutes to all national networks in addition to its existing features. The latter includes a mobile internet flat rate for 29.90 euros a month, a quasi SMS Allnet and MMS on-net flat rate, and for voice calls, an on-net flat rate plus a flat rate to an external network of your choice. For either 5, 10 or 20 euros per month customers can also add a smartphone of their choice as needed.

Another highlight in the mobilcom-debitel flat rate portfolio is the Flat Allnet, which launched in the second half of September. For 39.90 euros per month, the tariff on the Vodafone network offers unlimited calls to all German mobile networks and German landlines, a mobile internet flat rate and a quasi SMS flat rate for 3,000 text messages. Here too, customers have the option of adding smartphone of their choice for 5 or 10 euros per month.

So freenet AG once again underscores its excellent competitive positioning as a service provider: A custom offer is available for every user profile, every network and every budget. Offers range from no-frills tariffs such as "klarmobil" with no standing charges and very low per-minute rates to flat rates starting at 20 euros on the E-Plus network, to premium rates such as the Flat All Star on the Deutsche Telekom network for unlimited communication. The latter mobilcom-debitel flat rates also include the subsidised purchase of mobile phones and smartphones—from all relevant manufacturers.

New app for price comparisons

In August freenet.de introduced a new free app for bargain hunters—“Pocket Preise” (Pocket Prices). The app developed for Android phones compares products found at bricks-and-mortar shops with the offers from various online retailers. The automated online search starts after the name of the product or barcode are entered. The user can also take a photo of the product on their smartphone, and the app automatically saves its details and the place it was taken as an “electronic note”. “Pocket Preise” is available to users as a free download from Google Play.

Expansion of the marketing campaign

In April, freenet AG launched an extensive new marketing campaign under the slogan “Gemeinsam geht mehr” (“Getting more together”), designed to highlight the company’s unique market position with over 14 million customers, its comprehensive range of services and the customer benefits that result from this. In August, as part of this campaign freenet launched a new series of TV ads on all high-reach commercial channels. In a much more personalised way than earlier ads, they communicate the individual advantages and specific value proposition for customers. freenet AG hardware partners and their products, such as the current HUAWEI Ascend P1 smartphone, are also included in the campaign.

Investment in service

freenet AG continues to invest in its chain of shops with the aim of achieving maximum closeness to customers and providing the best possible consultation. The successful completion of the installation of the “Instore TV” system in 350 shops in the first half of 2012 ensures that customers are provided with targeted and regionalised information via high-quality flat screen displays. In the third quarter, mobilcom-debitel began another project under the label “Z Shop”. By the middle of next year, as many as 200 converted or newly opened mobilcom-debitel “Z Shops” will be offering mobile accessories under the slogan “Mehr von allem” (more of everything). In the new concept, individual items are presented by theme and not by manufacturer, with a “Try it!” wall as a highlight where customers can put frequently changing products from different vendors through their paces.

The fact that the systematic service offensive is bearing fruit is shown in the results from a “mystery shopping” test carried out in mobilcom-debitel shops in collaboration with the independent market research and consulting institute Vocatus AG. This study showed that mobilcom-debitel has significantly further improved its service quality and expert advice. The findings from the research are included in targeted, customised training sessions and workshops for the staff, for example at our modern integrated training and education centre in Erfurt.

The resulting continuous improvement processes are aimed at optimally serving and supporting customers throughout their “lifecycle”—and to prevent losing them to competitors through effective churn management.

SmartHome as a digital lifestyle product

At the end of September mobilcom-debitel began selling kits for intelligent home energy management via smartphone at around 150 shops. For a purchase price of 11.95 euros the SmartHome “M” package provides five radiator thermostats including adapters, a control unit and three window contacts that can be extended via additional components into a complex SmartHome network. The one-off cost for the technical setup is 19.95 euros plus a monthly fee of 11.95 euros.

The app allows users to control their home heating at all times while on the move without having to modify the heating system or requiring special tools. An “Eco Button” simultaneously sets all connected radiators to a reduced temperature with a single click, for example when users leave their apartment or house. Evaluation tests carried out during the first half of the year showed that heating costs can be reduced by up to 30 percent in this way. A lower-priced starter package with fewer components is also on offer for a monthly fee of 7.95 euros.

Streamlining the company’s structure

As part of its strategic focus on mobile communications and mobile internet, in recent years freenet AG has gradually divested from operations that are no longer part of its core business. As part of this structural reorganisation, at the end of September freenet signed an agreement with Versatel Holding regarding the sale of its 50-percent stake in the regional telecommunications provider KielNET.

Assets, financial position and results

Customer development

Figures in million	30.9.2012	30.6.2012	31.3.2012	31.12.2011	30.9.2011
Mobile Communications customers	14.31	14.46	14.74	15.19	15.16
Thereof customer ownership	8.38	8.23	8.16	8.12	8.01
Thereof contract customers	5.72	5.69	5.69	5.75	5.80
Thereof no-frills customers	2.66	2.54	2.46	2.37	2.22
Thereof prepaid customers	5.93	6.23	6.58	7.07	7.15

The contract customer segment has developed positively. While Q3/2011 had seen a year-on-year decline of 45,300 contract customers, developments finally stabilised in the second quarter of 2012. Now, with an increase of 31,100 contract customers compared to Q2/2012, we have now been able to strengthen our market position in this challenging market segment with 5.72 million contract customers. This is due to successful brand management and especially the further improvement of our sales activity and our award-winning customer service.

The customer base of 2.66 million customers in the no-frills customer segment, which we also count as one of our Customer Ownership internal control parameters, has developed dynamically once again with an increase of 118,000 on the previous quarter. This especially reflects the good positioning of our online sales platforms in the discount segment as well as the customisation and rapid adaption of our tariff offers to meet changing customer needs.

So our actively controllable customer base of 8.38 million, which we refer to as our “Customer Ownership” base, has developed positively with a significant increase of 149,100 mobile customers during the quarter under review. In the first nine months of the present financial year, our Customer Ownership base has thus increased significantly by 259,000 customers.

All in all, the number of mobile customers continued to develop as planned in the quarter under review, with a total customer base of 14.31 million.

Monthly average revenue per user (ARPU)

Figures in €	Q3/2012	Q2/2012	Q1/2012	Q4/2011	Q3/2011
Contract customers	23.6	23.5	23.4	23.7	24.6
No-frills customers	3.9	4.0	3.9	4.2	4.9
Prepaid customers	3.1	2.9	2.8	3.0	3.2

At 23.6 euros in Q3/2012, contract customer ARPU reached its highest level in the year to date. While in the corresponding quarter of 2011, a number of one-off items such as changes to SMS packages and roaming, etc. led to an exceptionally high ARPU of 24.6 euros, the increasing proportion of valuable smartphone tariffs is contributing to sustained growth in ARPU.

In the no-frills segment, ARPU stabilised at 3.9 euros, roughly on par with the prior quarter, and thus continues the positive trend of the present year in this dynamic discount market segment. In the corresponding quarter of 2011, ARPU was 4.9 euros.

ARPU in the prepaid customer segment has also stabilised as a result of network operators writing off inactive SIM cards in recent quarters, which did not affect net income. At 3.1 euros it is at the level of the corresponding quarter last year.

Revenue and results

Figures in € thousands	Q3/2012	Q3/2011	Change
Revenue	756,510	840,588	–84,078
Gross profit	182,278	177,977	4,301
Overhead expenses	–89,775	–93,811	4,036
EBITDA	92,503	84,166[1]	8,337
EBIT	55,479	40,142	15,337
EBT	45,792	28,115	17,677
Group result	**48,976**	**30,932**	**18,044**

1 Recurring EBITDA Q3/2011: 90.1 million euros.

Third-quarter **group revenue** amounts to 756.5 million euros and thus is on the same level as in the prior quarter (755.9 million euros). In the corresponding quarter of the previous year revenue still stood at 840.6 million euros. The decline compared to Q3/2011 mainly relates to low margin revenues.

The **gross profit margin** increased by 2.9 percentage points compared to Q3/2011, to 24.1 percent, which puts it significantly above the level of the prior quarter (22.6 percent). At 182.3 million euros, gross profit was up by 2.4 percent year-on-year.

Overhead expenses, which form the difference between gross profit and EBITDA, and which include the items **other operating income, other own work capitalised, personnel expenses, other operating expenses** and the **share of results of associates,** declined by 4.0 million euros compared to Q3/2011. It should be noted that in contrast to the quarter under review, the result for Q3/2011 included restructuring-related one-off items that were caused by the IT integration.

Consequently, group results from continued operations before depreciation and amortisation, interest and taxes **(EBITDA)** in the third quarter of 2012 improved by 8.3 million euros vs. Q3/2011, to 92.5 million euros. This is also a significant increase of 6.9 million euros, or 8.0 percent, over the prior quarter.

Third-quarter **depreciation and amortisation** decreased by 7.0 million euros year-on-year, to 37.0 million euros. One reason for this decrease is the lower impairment of intangible assets—such as customer relationships and trademarks—resulting from the purchase price allocation in connection with the debitel acquisition. In addition, due to last year's successful completion of the IT integration and the attendant decision about which IT systems the Group would be using in future, the depreciation for some assets expired. This, together with a comparably low volume of new investments, is another reason for the decrease of this item.

The **interest result,** obtained by offsetting interest income and interest expenses, came to –9.7 million euros for Q3/2012, an improvement of 2.3 million euros compared to the same quarter last year (–12.0 million euros), mainly due to lower average net debt.

Consequently, pre-tax group earnings **(EBT)** increased by 17.7 million euros year-on-year to 45.8 million euros.

Mainly against the backdrop of existing tax loss carryforwards, as in the previous-year quarter income from **taxes on income** are reported, namely in the amount of 3.2 million euros compared to 2.8 million euros in Q3/2011.

As in Q3/2011, the **Group earnings** reported for the third quarter of 2012 result exclusively from continued operations. They amount to 49.0 million euros—up by more than half from the 30.9 million euros reported for the corresponding quarter last year—and are the second-best Group earnings from continued operations in freenet's history.

Assets and financial position

Assets

Figures in € million	30.9.2012
Non-current assets	1,759.2
Current assets	513.0
Balance sheet total	**2,272.2**

Figures in € million	30.6.2012
Non-current assets	1,776.6
Current assets	547.9
Balance sheet total	**2,324.6**

Shareholder's equity and liabilities

Figures in € million	30.9.2012
Shareholders' equity	1,148.8
Non-current and current liabilities	1,123.4
Balance sheet total	**2,272.2**

Figures in € million	30.6.2012
Shareholders' equity	1,099.9
Non-current and current liabilities	1,224.7
Balance sheet total	**2,324.6**

The **balance sheet total** as per 30 September 2012 amounted to 2,272.2 million euros, reflecting a decrease of 52.4 million euros or 2.3 percent compared to 30 June 2012 (2,324.6 million euros).

The **assets side** is characterised first of all by a 31.2 million euro decline in intangible assets to 389.8 million euros compared to 30 June 2012, mainly a consequence of the scheduled amortisation of customer relationships and trademarks arising from the debitel purchase price allocation, as well as the amortisation of distribution rights. Secondly, trade accounts receivable increased by 12.5 million euros to 439.3 million euros compared to the balance sheet date of the previous quarter; this is mainly a seasonal phenomenon due to the deferral of bonus claims against network operators. Thirdly and finally, a decrease in cash and cash equivalents by 33.9 million euros to 52.5 million euros must be mentioned. This is mainly due to the scheduled repayment of debt in the third quarter of 2012 amounting to 40.0 million euros and the lower utilisation of the revolving line of credit—while this was utilised to the full amount of 100.0 million euros as per 30 June 2012, as per 30 September 2012 35.0 million euros was utilised.

Due to a contract of sale that had been concluded but not yet completed by the balance sheet date, the shares in our associate company KielNET GmbH were first reported under “Non-current assets held for sale” within current assets on 30 September 2012 instead of under “Investments in associates” within non-current assets as in previous periods.

On the **liabilities side**, gross financial debt decreased by 97.5 million euros compared to 30 June 2012, to 564.6 million euros, primarily due to the aforementioned amortisation repayment totalling 40.0 million euros, and a 65.0 million euro reduction in our utilisation of the revolving credit line.

At 347.4 million euros, trade accounts payable were down by 12.7 million euros compared to the balance sheet date of the previous quarter, mainly due to the payment of a further instalment to a major distributor for a distribution right with a total nominal liability of 12.5 million euros. Other effects within the balance sheet item largely offset each other—while accounts payable to partners from the deferral of commissions from financial agreements increased seasonally, liabilities to hardware manufacturers related to the balance sheet date declined.

The remaining other payables and accrued expenses increased by 6.5 million euros compared to the balance sheet date of the previous quarter to 126.2 million euros—as in previous periods they mainly consist of prepaid credit balances which hadn't been used for phone calls by the balance sheet date.

Due to the group result of 49.0 million euros generated in the third quarter of 2012, the **equity ratio** increased from 47.3 percent as per the end of June 2012 to 50.6 percent as per the end of September 2012 and thus is in line with our financial strategy.

Primarily as a result of the 71.9 million euros in free cash flow generated in the third quarter of 2012, **net debt**, which amounted to 575.7 million euros as per 30 June 2012, was reduced by 63.6 million euros to 512.1 million euros—the second-lowest level at the end of a quarter since the acquisition of the debitel Group.

Cash flow

Figures in € million	**Q3/2012**	**Q3/2011**	**Change**
Cash flow from operating activities	77.6	64.4	13.2
Cash flow from investing activities	–5.0	–3.5	–1.5
Cash flow from financing activities	–41.5	–146.6	105.2
Change in cash and cash equivalents	**31.1**	**–85.7**	**116.8**
Free cash flow[1]	**71.9**	**60.1**	**11.8**

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

Cash flow from operating activities in the third quarter of 2012 is reported at 77.6 million euros, equivalent to a year-on-year increase of 13.2 million euros. This improvement is mainly a result of the 8.3 million euro increase in EBITDA as well as the 8.8 million euro decline in tax payments due to end-of-period effects, along with a slightly higher increase in net working capital compared to Q3/2011.

Cash flow from investing activities amounted to –5.0 million euros in Q3/2012, up from the –3.5 million euros in the third quarter of 2011 due to increased payments for investments in fixed assets.

Cash flow from financing activities came to −41.5 million euros in the quarter under review, vs. −146.6 million euros in Q3/2011. It should be noted that in Q3/2011 dividends of 102.4 million euros were paid out, while in 2012, dividend payments had already impacted the cash flow in the second quarter. Both in the reporting quarter and in the same quarter of the previous year an instalment of a redeemable loan was paid, leading to a 40.0 million euro reduction of gross financial debt.

In the third quarter of 2012, **free cash flow** was up by 19.6 percent year on year, to 71.9 million euros.

Key financials of the financial strategy

The following overview shows the development in the key financials of our financial strategy compared to the same quarter of the previous year. The last 12 months (i.e. October 2011 to September 2012, and October 2010 to September 2011 for the prior year) were used for all time-related figures such as recurring EBITDA and net interest results.

Key financials	Target	Q3/2012	Q2/2012	Q1/2012	Q3/2011
Debt factor	1.5 — 2.5	1.4	1.6	1.3[1]	1.6
Interest cover	> 5	8.7	8.2	6.9	7.2
Equity ratio	> 50 %	50.6 %	47.3 %	51.3 %[1]	45.4 %

1 Before dividend payout in Q2/2012.

It is clear that as per 30 September 2012 none of the above key financials fell short of the target or, in the case of a target range, exceeded the negative threshold.

The debt factor is currently slightly below the positive lower limit of 1.5 after 1.3 in Q1/2012 and 1.6 in Q2/2012.The interest cover has increased from 7.2 to 8.7 year on year, and is thus well above the target level as before.

The equity ratio as per 30 September 2012 is above the target of 50 percent, and reflects a year-on-year increase of 5.2 percentage points.

Employees

The number of employees decreased to 3,927 at the end of the third quarter 2012, compared to 4,052 at the end of the third quarter 2011 and 4,057 at the end of Q4/2011.

Opportunities and risk report

In the third quarter of 2012 no significant changes resulted compared to the opportunities and risks described in detail in the Interim Report Q2/2012 "Opportunity and Risk Report". The Interim Report Q2/2012 is available online at *http://www.freenet-group.de/investor/publications/quarterly-annual-reports/index.html*

Forecast

In its session of 6 November 2012, the Executive Board raised its guidance for the present year, which was published in March 2012 in conjunction with the preliminary figures for 2011.

Against the background of stable ARPUs the Executive Board increased its forecast for EBITDA (earnings before interest, taxes, depreciation and amortisation) to 355 million euros and for free cash flow to 255 million euros.

At the same time the Executive Board is expecting consolidated revenues of 3.0 billion euros for the financial year 2012. This slight decline in revenues is mainly attributable to lower income from low-margin businesses. The remaining KPIs in the 2012 guidance are confirmed.

As the budget for the 2013 financial year has not yet been finalised, the Executive Board does not plan to modify its guidance for 2013 at this time.

Securing and expanding long-term profitability and strong cash flow as well as further reducing debt are key elements of this business strategy. Beyond this, we will resolutely push forward with opening up possible additional areas of growth and exploring options for inorganic growth.

Significant events after the reporting period

On 25 October 2012 the sale of the shares in KielNET was closed. We refer to the chapter "Selected explanatory notes in accordance with IAS 34", item 9. There were no further significant transactions for the freenet Group after the balance sheet date.

Transactions with related parties

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

Figures in € thousands	1.1.2012 —30.9.2012	1.1.2011 —30.9.2011
Sales and income attributable to services		
Joint ventures		
FunDorado GmbH, Hamburg	209	184
Companies with a major influence on freenet AG		
b2c.de GmbH, Munich (Drillisch AG group of companies)	920	568
	1,129	**752**
Purchased services and onward charging		
Associated companies		
KielNET GmbH Gesellschaft für Kommunikation, Kiel	27	29
Joint ventures		
NetCon Media s.r.o., Hlucin, Czech Republic	2	2
siXXup new Media GmbH, Pulheim	98	54
Companies with a major influence on freenet AG		
Drillisch AG, Maintal	13	0
b2c.de GmbH, Munich (Drillisch AG group of companies)	13,795	5,548
	13,935	**5,633**

The following major receivables due from and liabilities due to related parties existed as of 30 September 2012:

Figures in € thousands	30.9.2012	30.9.2011
Receivables from regular transactions		
Joint ventures		
FunDorado GmbH, Hamburg	23	21
siXXup new Media GmbH, Pulheim	2	0
Companies with a major influence on freenet AG		
b2c.de GmbH, Munich (Drillisch AG group of companies)	176	0
	201	**21**
Liabilities from regular transactions		
Companies with a major influence on freenet AG		
b2c.de GmbH, Munich (Drillisch AG group of companies)	469	0
	469	**0**

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 2012 34
Consolidated balance sheet as of 30 September 2012 36
Schedule of changes in equity for the period from 1 January to 30 September 2012 38
Consolidated statement of cash flows from 1 January to 30 September 2012 39
Selected explanatory notes in accordance with IAS 34 40

Consolidated income statement and consolidated statement of comprehensive income for the period from 1 January to 30 September 2012

Figures in € thousands	Q1—Q3/2012 1.1.2012 —30.9.2012	Q1—Q3/2011 1.1.2011 —30.9.2011 adjusted	Q3/2012 1.7.2012 —30.9.2012	Q3/2011 1.7.2011 —30.9.2011 adjusted
Revenue	2,269,566	2,405,363	756,510	840,588
Other operating income	45,629	68,864	11,402	18,519
Other own work capitalised	4,816	9,111	1,621	2,455
Cost of materials	–1,749,885	–1,891,668	–574,232	–662,611
Personnel expenses	–117,719	–117,282	–39,363	–38,863
Depreciation and amortisation	–111,100	–135,503	–37,024	–44,024
Other operating expenses	–190,174	–228,624	–63,728	–76,222
Operating result	**151,133**	**110,261**	**55,186**	**39,842**
Share of results of associates	1,002	730	293	300
Interest receivable and similar income	2,179	3,836	696	921
Interest payable and similar expenses	–32,279	–43,946	–10,383	–12,948
Result before taxes on income	**122,035**	**70,881**	**45,792**	**28,115**
Taxes on income	9,157	6,774	3,184	2,817
Group result from continued operations	**131,192**	**77,655**	**48,976**	**30,932**
Group result from discontinued operations	**0**	**140**	**0**	**0**
Group result	**131,192**	**77,795**	**48,976**	**30,932**
Group result attributable to shareholders of freenet AG	131,113	77,632	48,939	30,888
Group result attributable to non-controlling interest	79	163	37	44
Earnings per share in € (undiluted)	**1.02**	**0.61**	**0.38**	**0.24**
Earnings per share in € (diluted)	**1.02**	**0.61**	**0.38**	**0.24**
Earnings per share from continued operations in € (undiluted)	1.02	0.61	0.38	0.24
Earnings per share from continued operations in € (diluted)	1.02	0.61	0.38	0.24
Earnings per share from discontinued operations in € (undiluted)	0.00	0.00	0.00	0.00
Earnings per share from discontinued operations in € (diluted)	0.00	0.00	0.00	0.00
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

Figures in € thousands	Q1—Q3/2012 1.1.2012 —30.9.2012	Q1—Q3/2011 1.1.2011 —30.9.2011	Q3/2012 1.7.2012 —30.9.2012	Q3/2011 1.7.2011 —30.9.2011
Group result	**131,192**	**77,795**	**48,976**	**30,932**
Change in fair value of held-for-sale financial instruments	–39	–42	–4	25
Taxes on income recognised directly in equity	11	12	1	–8
Change in value recognised directly in equity	–28	–30	–3	17
Consolidated comprehensive income	**131,164**	**77,765**	**48,973**	**30,949**
Consolidated comprehensive income attributable to shareholders of freenet AG	131,085	77,602	48,936	30,905
Consolidated comprehensive income attributable to non-controlling interest	79	163	37	44

Consolidated balance sheet as of 30 September 2012

Assets

Figures in € thousands	30.9.2012	30.6.2012	31.12.2011
Non-current assets			
Intangible assets	389,838	421,030	485,325
Goodwill	1,116,868	1,116,868	1,116,868
Property, plant and equipment	25,423	25,806	29,280
Investments in associates	0	2,613	3,060
Other investments	1,612	1,924	1,915
Deferred income tax assets	161,076	152,279	130,900
Trade accounts receivable	54,131	45,886	43,039
Other receivables and other assets	10,291	10,228	12,482
	1,759,239	**1,776,634**	**1,822,869**
Current assets			
Inventories	43,567	45,880	51,537
Current income tax assets	2,928	2,860	3,278
Trade accounts receivable	385,142	380,919	428,471
Other receivables and other assets	25,917	31,863	36,601
Cash and cash equivalents	52,538	86,422	185,673
Non-current assets held-for-sale	2,905	0	0
	512,997	**547,944**	**705,560**
	2,272,236	**2,324,578**	**2,528,429**

Shareholder's equity and liabilities

Figures in € thousands	30.9.2012	30.6.2012	31.12.2011
Shareholders' equity			
Share capital	128,061	128,061	128,061
Capital reserve	737,536	737,536	737,536
Revaluation reserve	–9	–6	19
Retained earnings	282,898	233,959	305,398
Capital and reserves attributable to shareholders of freenet AG	**1,148,486**	**1,099,550**	**1,171,014**
Capital and reserves attributable to non-controlling interest	358	321	279
	1,148,844	**1,099,871**	**1,171,293**
Non-current liabilities			
Trade accounts payable	380	381	407
Other payables	15,202	14,761	36,608
Borrowings	436,512	476,030	514,777
Pension provisions	26,284	25,945	25,428
Provisions for other liabilities and charges	10,939	10,931	11,173
	489,317	**528,048**	**588,393**
Current liabilities			
Trade accounts payable	347,020	359,765	399,370
Other payables	111,008	104,933	124,775
Current income tax liabilities	29,422	26,122	22,108
Borrowings	128,119	186,065	200,302
Provisions for other liabilities and charges	18,506	19,774	22,188
	634,075	**696,659**	**768,743**
	2,272,236	**2,324,578**	**2,528,429**

Schedule of changes in equity for the period from 1 January to 30 September 2012

Figures in € thousands	Share capital	Capital reserve	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 1.1.2011	**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
Group result	0	0	0	77,632	77,632	163	77,795
Change in fair value of held-for-sale financial instruments	0	0	–30	0	–30	0	–30
As of 30.9.2011	**128,061**	**737,536**	**26**	**244,034**	**1,109,657**	**218**	**1,109,875**
As of 1.1.2012	**128,061**	**737,536**	**19**	**305,398**	**1,171,014**	**279**	**1,171,293**
Dividend payment	0	0	0	–153,613	–153,613	0	–153,613
Group result	0	0	0	131,113	131,113	79	131,192
Change in fair value of held-for-sale financial instruments	0	0	–28	0	–28	0	–28
As of 30.9.2012	**128,061**	**737,536**	**–9**	**282,898**	**1,148,486**	**358**	**1,148,844**

Consolidated statement of cash flows from 1 January to 30 September 2012

Figures in € thousands	1.1.2012 —30.9.2012	1.1.2011 —30.9.2011
Result from continued and discountinued operations before interest and taxes (EBIT)	**152,135**	**111,150**
Adjustments		
Depreciation and impairment on items of fixed assets	111,100	135,503
Share of results of associates	–1,002	–730
Loss on disposals of fixed assets	308	665
Increase in net working capital not attributed to investing or financing activities	–41,091	–25,640
Other non-payment components	–28	–99
Income taxes paid	–13,355	–22,619
Cash flow from operating activities	**208,067**	**198,230**
Investments in property, plant and equipment and intangible assets	–12,824	–15,246
Proceeds from the disposal of property, plant and equipment and intangible assets	619	1,288
Purchase of subsidiaries	0	–763
Return of capital from associates	1,156	1,430
Proceeds from the sale of other shareholdings	152	0
Interest received	1,718	3,734
Cash flow from investing activities	**–9,179**	**–9,557**
Dividend payments	–153,613	–102,409
Proceeds from new borrowings	0	631,644
Cash repayments of borrowings	–80,183	–700,578
Interest paid	-33,227	–16,410
Cash flow from financing activities	**–267,023**	**–187,753**
Cash-effective change in cash and cash equivalents	**–68,135**	**920**
Cash and cash equivalents at beginning of period	**85,673**	**30,297**
Cash and cash equivalents at end of period	**17,538**	**31,217**

Derivation of cash and cash equivalents Figures in € thousands	30.9.2012	30.9.2011
Cash and cash equivalents of continued operations	52,538	131,217
Liabilities as part of current finance scheduling due to banks	–35,000	–100,000
	17,538	**31,217**
Cash flow from operating activities	208,067	198,230
Investments in property, plant and equipment and intangible assets	–12,824	–15,246
Proceeds from the disposal of property, plant and equipment and intangible assets	619	1,288
Free cash flow (FCF)	**195,862**	**184,272**

Selected explanatory notes in accordance with IAS 34

Key accounting and valuation methods and consolidation principles

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 are mandatory as of the 2012 financial year. However, the accounting standards to be applied for the first time have, such as the amendment to IFRS 7 (financial instruments, data) with a review of data on the transfer of financial assets, have no appreciable effect on the presentation of the Group's assets, financial position and results.
   In preparing the interim report as at 30 September 2012, and in determining the comparable figures for the previous year, the same accounting and valuation methods were used as in the consolidated financial statements 2011, with the exception of the mandatory new standards and a change in an accounting method; see item 4 in these selected explanatory notes. A detailed description of these methods may be found in the notes to the consolidated financial statements 2011 of freenet AG.

Major events and transactions

2. There was no Group result from discontinued operations in the first nine months of 2012. In the same period of the previous year, 140 thousand euros were shown under "result from discontinued operations", of which 159 thousand euros were attributable to follow-up profits from the sale of the Next ID Group, and –19 thousand euros was tax relating to this capital gain. All items in the cash flow statement are given for the Group as a whole (continuing and discontinued operations). There were no cash flows from discontinued operations for the first nine months of 2012, or for the comparable period of the previous year.
3. 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:

Derivation of the output variable for the consolidated statement of cash flows

Figures in € thousands	1.1.2012 —30.9.2012	1.1.2011 —30.9.2011
Earnings before taxes from continued operations	122,035	70,881
Interest payable and similar expenses from continued operations	32,279	43,946
Interest receivable and similar income from continued operations	–2,179	–3,836
Result from discontinued operations	0	140
Taxes on income from discontinued operations	0	19
Interest receivable and similar income from discontinued operations	0	0
Earnings before interest and taxes (EBIT) from continued and discontinued operations	**152,135**	**111,150**

4. From the third quarter of 2012, the Group has applied a changed accounting method for certain contracts. In the past, in certain transactions in the mobile communications sector, a sale of mobile devices to retailers or distributors and a later signing of a mobile phone contract with end customers including a device component were linked in the accounting. Based on the latest knowledge, for the transactions in question, we now conclude that there is no systematic link between them, so that now the two legal transactions are shown on the accounts separately.
This change in method has no impact on the Group's assets and financial position or result. Compared with the earlier accounting method, it is a pure reclassification within gross profit: the sales revenue and the cost of materials are shown comparatively higher on the books, each by an identical amount.
Therefore, these condensed interim consolidated financial statements contain a retrospective adjustment of the "Revenue" and "Cost of materials" positions in the consolidated income statement for the comparative periods of 2012 and 2011. Please refer to the following summary table for the exact amount of the effects.

Effects from the retrospective adjustment

Figures in € thousands	Q2/2012	Q1/2012	Q3/2011	Q1–Q3/2011	Financial year 2011
Increase of revenue	13,661	13,006	11,581	30,095	48,718
Increase of cost of materials	–13,661	–13,006	–11,581	–30,095	–48,718
Change of gross profit	**0**	**0**	**0**	**0**	**0**

5. Compared to the first nine months of 2011, depreciation and amortisation decreased by 24.4 million euros to 111.1 million euros. One reason for this is the reduced impairment of intangible assets such as customer relationships and trademarks from the purchase price allocation in connection with the debitel acquisition. In addition, because of last year's successful completion of the IT integration and the associated assessment of which IT systems are to be used by the Group in the future, impairment for a series of investments expired and combined with a comparatively low level of new investment. This represents another reason for the decrease of this item.
   The 111.1 million euros in depreciation and amortisation during the reporting period can be broken down into 110.8 million of depreciation (including 103.8 million euros on intangible assets and 7.0 million euros on property, plant and equipment) and 0.3 million euros for impairments. Of the depreciation of intangible assets, 76.6 million euros relate to the purchase price allocation in connection with the debitel acquisition, and 18.1 million euros refer to depreciation on distribution rights.
   The 12.8 million euros in payments for investments in property, plant and equipment and intangible assets in the first nine months of 2012 are primarily attributable to 4.8 million euros for internally developed software, 3.3 million euros for purchased software and licences, and 2.9 million euros for other operating and office equipment.
6. The decrease in other operating expenses in the first nine months of 2012 to 38.5 million euros, vs. 190.2 million euros for the same period last year, can be seen mainly in connection with the previous year's expenses for integrating the IT systems into a common platform, and the accompanying integration of major mobile companies at the corporate law level.
7. The 23.2 million euro year-on-year decrease in other operating income during the reporting period of 2012, to 45.6 million euros, is primarily due to lower income from dunning and chargeback fees, lower income from advertising allowances non-dependent on new customer activation, and the fact that in the previous year this item included non-period income from changes in estimates due to concluded settlements that amounted to a sum in the high single-digit millions.
8. Gross financial debt decreased by 150.5 million euros to 564.6 million euros during the first nine months of 2012, mainly due to scheduled repayments of the bank loan totalling 80.0 million euros and a reduction of 65.0 million euros in the utilisation of the revolving credit facility.
   Net financial debt decreased by 17.3 million euros during the same period, to 512.1 million euros. The dividend payout in May 2012 had a negative impact totalling 153.6 million euros, while the free cash flow of 195.9 million euros in the first nine months of 2012 had a positive impact on net financial debt.
9. With the signing of a purchase agreement on 25 September 2012, freenet Group sold its 50-percent stake in KielNET GmbH Gesellschaft für Kommunikation, Kiel ("KielNET" in the following) to Versatel Holding GmbH. KielNET offers telecommunications services within the licence region of Kiel.

Until now KielNET was included as an associate company in the consolidated financial statements, and under "Other" in the segment report.
At the balance sheet date of 30 September 2012, the sale was pending regulatory approval. Since this has been received in the meantime, the purchase agreement was finalised on 25 October 2012. freenet Group's shareholding is worth approximately 7.7 million euros at the purchase price, including interest.
The deconsolidation of KielNET and the realisation of the profit from the sale, which will amount to 4.8 million euros, will take place on the transaction date. In these condensed consolidated interim financial statements, the carrying amount relating to KielNET in the amount of 2,905 thousand euros was reported under "current assets held for sale", after having been reported in non-current assets under "Investments in associates" until now.

Other notes

10. The group of consolidated companies has not changed since the consolidated financial statements at 31 December 2011. During the reporting period, the stake in Libri.de, Hamburg, reported under other financial assets, was disposed of. The payments received for this, amounting to 152 thousand euros, were recorded in the consolidated cash flow statement under "Proceeds from sale of other investments."
11. As in the consolidated financial statements 2011, current and deferred income tax was calculated based on an average tax rate of 29.4 percent (previous year: 29.4 percent).
12. No events of material significance occurred after the reporting date—see above for the completion of the sale of the shares in KielNET.
13. Segment report (on the following pages)

Segment report 1.1.2012—30.9.2012

Figures in € thousands	Mobile Communications	Other	Elimination of intersegment revenue and cost	Total
Third-party revenue	**2,220,282**	**49,284**	**0**	**2,269,566**
Intersegment revenue	3,587	7,050	–10,637	0
Revenue, total	2,223,869	56,334	–10,637	2,269,566
Cost of materials, third parties	**–1,726,198**	**–23,687**	**0**	**–1,749,885**
Intersegment cost of materials	–3,491	–3,504	6,995	0
Cost of materials, total	–1,729,689	–27,191	6,995	–1,749,885
Segment Gross profit	**494,180**	**29,143**	**–3,642**	**519,681**
Other operating income	40,454	8,444	–3,269	45,629
Other own work capitalised	4,244	623	–51	4,816
Personnel expenses	–97,080	–20,639	0	–117,719
Other operating expenses	–179,585	–17,551	6,962	–190,174
Share of results of associates	0	1,002	0	1,002
Segment EBITDA	**262,213**	**1,022**	**0**	**263,235**
Depreciation and impairment write-downs	–107,599	–3,501	0	–111,100
Segment EBIT	**154,614**	**–2,479**	**0**	**152,135**
Group financial result				–30,100
Taxes on income				9,157
Group result from continued operations				**131,192**
Group result from discontinued operations				**0**
Group result				**131,192**
Group result attributable to shareholders of freenet AG				131,113
Group result attributable to non-controlling interest				79
Investments in continued operations	**9,825**	**2,999**		**12,824**

Segment report 1. 1. 2011—30. 9. 2011 (adjusted)

Figures in € thousands	Mobile Communications	Other	Elimination of intersegment revenue and cost	Effects regarding IFRS 5	Total
Third-party revenue	**2,353,050**	**52,313**	**0**	**0**	**2,405,363**
Intersegment revenue	1,713	3,919	–5,632	0	0
Revenue, total	2,354,763	56,232	–5,632	0	2,405,363
Cost of materials, third parties	**–1,867,934**	**–23,734**	**0**	**0**	**–1,891,668**
Intersegment cost of materials	–2,366	–2,309	4,675	0	0
Cost of materials, total	–1,870,300	–26,043	4,675	0	–1,891,668
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
Investments in continued operations	**13,367**	**1,879**			**15,246**

Further information

Financial calendar

26 March 2013[1]
Publication of the consolidated financial statements/Annual Report 2012

8 May 2013[1]
Publication of interim report for the 1st quarter of 2013

23 May 2013[1]
Annual General Meeting

August 2013[1]
Publication of interim report for the 2nd quarter of 2013

November 2013[1]
Publication of interim report for the 3rd quarter of 2013

1 Expected dates.

Imprint, contact, publications

freenet AG
Hollerstraße 126
24782 Büdelsdorf
Germany

Phone: +49 43 31/69-10 00
www.freenet-group.de

freenet AG
Investor Relations
Deelbögenkamp 4c
22297 Hamburg
Germany

Phone: +49 40/5 13 06-7 78
Fax: +49 40/5 13 06-9 70
investor.relations@freenet.ag

The annual report and our interim reports are also available on at:
http://www.freenet-group.de/investor/publications/quarterly-annual-reports/index.html

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.

If your mobile phone has QR code recognition software, scanning the code will forward you to the freenet Group website.

freenet GROUP

freenet AG • Hollerstraße 126 • 24782 Büdelsdorf

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