

# 3U HOLDING AG

## Quarterly Report 2/2008

# Summary of group results

| 3U Group (IFRS)  |                | Half-year comparison |            |
|--|----------------|----------------------|------------|
|  |                | H1<br>2008           | H1<br>2007 |
| Sales from continued operations  | (in € million) | 36.47                | 37.28*     |
| EBITDA from continued operations<br>(earnings before interest, taxes and amortisation) | (in € million) | 3.34                 | 0.80*      |
| EBIT from continued operations<br>(earnings before interest and taxes)                 | (in € million) | 3.02                 | 0.30*      |
| EBT from continued operations<br>(earnings before tax)                                 | (in € million) | 3.64                 | 0.38*      |
| Net income/loss for the period<br>from continued operations                            | (in € million) | 3.18                 | 0.36*      |
| Net income/loss for the period<br>from discontinued operations                         | (in € million) | 1.22                 | -3.37*     |
| Total earnings per share (basic)   | (in €)         | 0.09                 | -0.06      |
| Total earnings per share (diluted)   | (in €)         | 0.09                 | -0.06      |
| Equity ratio   | (in %)         | 47.00                | 39.76      |

| 3U Group (IFRS)  |                | Quarterly comparison |            |
|--|----------------|----------------------|------------|
|  |                | Q2<br>2008           | Q2<br>2007 |
| Sales from continued operations  | (in € million) | 18.29                | 18.94*     |
| EBITDA from continued operations<br>(earnings before interest, taxes and amortisation) | (in € million) | 1.89                 | 0.64*      |
| EBIT from continued operations<br>(earnings before interest and taxes)                 | (in € million) | 1.75                 | 0.39*      |
| EBT from continued operations<br>(earnings before tax)                                 | (in € million) | 2.11                 | 0.43*      |
| Net income/loss for the period<br>from continued operations                            | (in € million) | 1.74                 | 0.42*      |
| Net income/loss for the period<br>from discontinued operations                         | (in € million) | 0.85                 | -1.24*     |
| Total earnings per share (basic)   | (in €)         | 0.05                 | -0.01      |
| Total earnings per share (diluted)   | (in €)         | 0.05                 | -0.02      |
| Equity ratio   | (in %)         | 47.00                | 39.76      |

\*The figures for the previous year have been adjusted for discontinued operations.

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## Letter to our shareholders

### Dear shareholders,

We are pleased to have this opportunity, once again for the second quarter of 2008, to present you with a report that expresses so clearly the sustainable and positive earnings trends of our investments in the fixed-line telephony segment.

### Earnings forecast raised for the fixed-line telephony segment

Despite a slight dip in revenues, consolidated net profit for the period rose to € 4.40 million during the first half of 2008. It must be noted that depreciation and amortisation of companies held for sale are excluded at Group level in accordance with International Financial Reporting Standards (IFRSs).

Those investments in the fixed-line telephony segment designated for continuation generated a positive contribution to earnings amounting to € 3.18 million. Other key earnings indicators also show the positive earnings trend of our investments in the fixed-line telephony segment. Earnings before interest, taxes and depreciation and amortisation (EBITDA) from continued operations rose € 2.54 million year-on-year, from € 0.80 million to € 3.34 million. Earnings before taxes increased from € 0.38 million in the first half of 2007 to € 3.64 million in the first half of 2008.

The positive figures for the first half of 2008 and our ongoing optimisation measures allow us to raise the earnings forecast for the fixed-line telephony segment. For 2008 as a whole, we expect the fixed-line telephony segment to contribute roughly € 5 million to consolidated earnings.

### Potential investments examined

Over the past few months, we examined approximately 100 potential investments in the areas of innovative technologies and corporate restructuring together with other partners. However, to date we have not been entirely convinced by any one potential investment.

Although we have not entered into any further investments as yet, we are working very intently in this area and believe that we will have news of initial participations soon.

## Entry into Renewable Energies

In addition to examining individual investments, we conducted a detailed industry analysis in the sector of innovative technologies. As a result, we have defined renewable energies as a significant industry of focus.

The Erneuerbare-Energien-Wärmegesetz (EEWärmeG) [*Renewable Energies Heat Act*] recently written into law requires that from 1 January 2009, at least 15 % of the heating supply in new residential and functional buildings must be covered by solar heating facilities. In addition, a market incentive programme has been created that regulates the award of subsidies for renewable energies. From 2009 to 2012, they are set to increase to as much as € 500 million annually. The objective of the policy is to increase the proportion of renewable heating energy to all energy use for heating from what is currently 6 % to 14 % in 2020.

By entering the renewable energies business, we plan to draw profit from this high-growth future market. During this year we intend to work with partners to make deals through a project development company involving the project development, construction and financing of solar heating plants. In addition to building them, 3U HOLDING AG will also assume responsibility for structuring their financing for future purchasers.

## Restructuring of investments continues

With the removal of the investments in France, Belgium, the UK and Switzerland from our investment portfolio behind us, the sale of LambdaNet is our next priority.

Despite the challenging market conditions resulting from the ongoing sub-prime crisis, we are continuing to pursue the sale of LambdaNet, while still developing LambdaNet's business operations further.

## Course set for a positive future

Dear shareholders,

By spinning off the telecommunications business, restructuring the investment portfolio, streamlining the fixed-line telephony segment for improved profits, examining potential investment opportunities and finally by deciding to become involved in the renewable energies sector, we have taken important first steps in our strategic realignment. We are optimistic that the capital market will reward us and that the value of the company will increase as a result.

Marburg, August 2008

The Management Board

A handwritten signature in blue ink, appearing to be 'M. Schmidt', with a large, stylized initial 'M'.

Michael Schmidt

A handwritten signature in blue ink, appearing to be 'O. Zimmermann', with a large, stylized initial 'O'.

Oliver Zimmermann

## Summary of the 3U share

|  |                                    |
|--|------------------------------------|
| International Securities Identification Number (ISIN)            | DE0005167902                       |
| Wertpapierkennnummer (WKN)<br>[Securities Identification Number] | 516790                             |
| Stock exchange symbol  | UUU                                |
| Trading segment  | Prime Standard                     |
| Designated sponsor   | AXG Investmentbank AG              |
| Initial listing  | 26 November 1999                   |
| Registered share capital in EUR                                  | € 46,842,240.00                    |
| Number of shares   | 46,842,240                         |
| Share price on 30 June 2008*                                     | € 0.57 €                           |
| Share price high in period<br>from 1 January to 30 June 2008*    | € 0.84 (2 and 4 January 2008)      |
| Share price low in period<br>from 1 January to 30 June 2008*     | € 0.55 (25 March and 18 June 2008) |
| Market capitalisation at 30 June 2008                            | € 26,700,076.80                    |
| Earnings per share (basic)                                       | € 0.09                             |

Once again in the second quarter of 2008, the German stock market was in poor form. A record inflation rate of 4 % in the eurozone, due primarily to high raw materials and energy prices, along with the ongoing sub-prime crisis in the USA, resulted in an unfavourable investment climate and corresponding buying restraint among investors. The leading German index DAX dropped during the second quarter of 2008 to a new annual low of 6,418 points. This trend affected the Technology All Share index as well. After starting the 2008 trading year at 1,197 points, the benchmark index dropped by 22 % to 932 points as of 30 June 2008.

The price of the 3U HOLDING share followed the decline of the Technology All Share index and, after a performance marked by volatility, traded at € 0.57\* at the end of the second quarter of 2008. During the reporting period overall, 3,955,538 shares of 3U HOLDING AG were traded on the Frankfurt Stock Exchange and on the XETRA computer trading system, which corresponds to an average daily turnover of 60,268 shares.

\*Daily closing price Xetra

## Share price

### Price performance of 3U shares\* against the Technology All Share Index



## Investor relations

The dialogue with investors, analysts and the financial media continued in the second quarter of 2008. Positive reports in investor magazines and financial media on the potential of the share demonstrate that the restructuring of 3U HOLDING AG into a management and investment company has been well received by the news media.

However, we do not think the present share price reflects the true value of 3U HOLDING AG. In view of the success of our restructuring in the fixed-line telephony segment, the high level of cash on hand and the bright prospects of 3U HOLDING AG, it is reasonable to expect the share to be traded at a significantly higher price than it is at the moment.

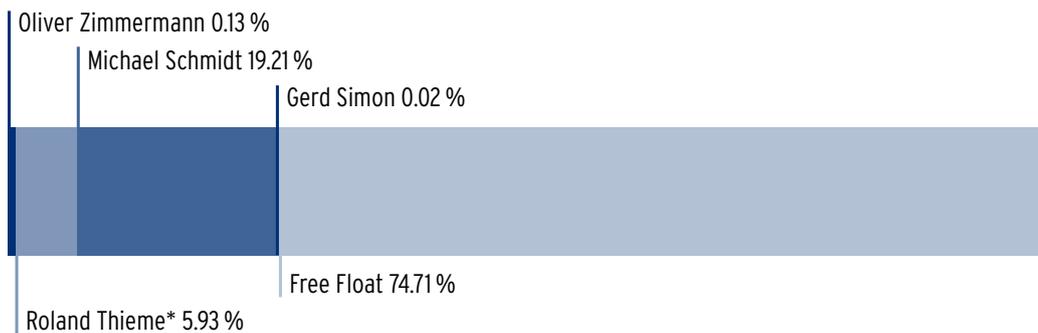
\*Daily closing price Xetra

## Shareholder structure

As of 30 June 2008, members of the governing bodies held the following shares with full voting and dividend rights:

| <b>Management Board</b>       |                         |
|-------------------------------|-------------------------|
| Michael Schmidt               | 8,999,995 shares        |
| Oliver Zimmermann             | 59,584 shares           |
| <b>Management Board total</b> | <b>9,059,579 shares</b> |

| <b>Supervisory Board</b>       |                      |
|--------------------------------|----------------------|
| Ralf Thoenes (Chairman)        | 0 shares             |
| Gerd Simon (Deputy Chairman)   | 10,000 shares        |
| Peter Coch                     | 0 shares             |
| <b>Supervisory Board total</b> | <b>10,000 shares</b> |



\*Manager of investments in the fixed-line telephony segment

## Report on business development

In the second quarter of 2008, the companies available for sale – LambdaNet Communications Deutschland AG, 3U TELECOM GmbH, Austria and 3U HOLDING INC., USA – were again reported as held for sale. This was done to comply with the relevant requirements of the International Financial Reporting Standards (IFRSs), and must be taken into account in any comparison with the corresponding period of the previous year. Net profit for the period of the held-for-sale companies is reported separately in the consolidated financial statements as of 30 June 2008. Depreciation and amortisation for the companies affected are not taken on the Group level.

### Results of operations

The figures for the first half of 2008 confirm our expectations for revenue growth. In respect of earnings, our targets were even exceeded.

Consolidated revenues for the first six months of the current financial year are attributable solely to those investments in the fixed-line telephony segment designated for continuation.

At € 36.47 million, revenues in the first six months were within the expected range and only slightly below the figure of the previous year (€ 37.28 million). The revenues of € 18.29 million for the second quarter of 2008 are almost equal to those in the first quarter of 2008 (€ 18.18 million).

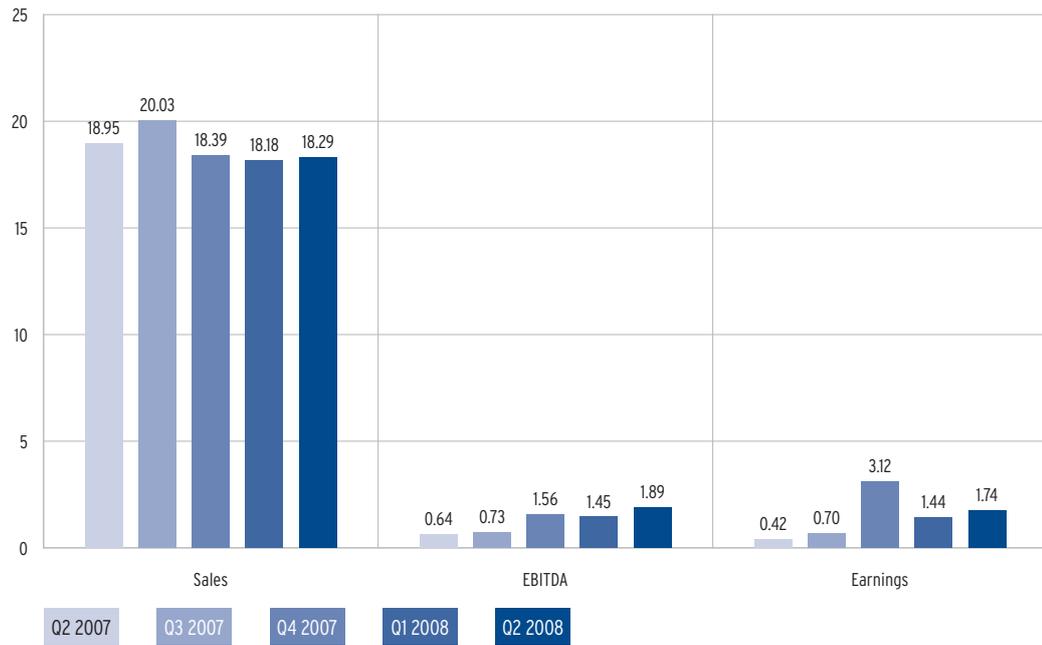
In the first half of 2008, despite slightly lower revenues, we increased EBITDA by € 2.54 million compared to the first half of 2007, from € 0.80 million to € 3.34 million. Improvement is also evident in the EBITDA margin, which came to 9.2 % in the first half of 2008 compared to 2.2 % the previous year.

Net income for the first half of 2008 reflects our consistent focus on profit. Net profit for the period in continued operations showed a very pleasing development, rising from € 0.36 million in the first six months of 2007 to € 3.18 million during the same period of 2008.

With € 1.22 million in net income for the period, the companies held for sale made a positive contribution to consolidated net income.

Earnings were impacted positively by the exclusion of depreciation and amortisation on the companies held for sale. The total amount of this depreciation and amortisation was € 4.37 million during the first half of 2008.

Development (sales, EBITDA, earnings) – 3U Group (continued operations) in € million\*



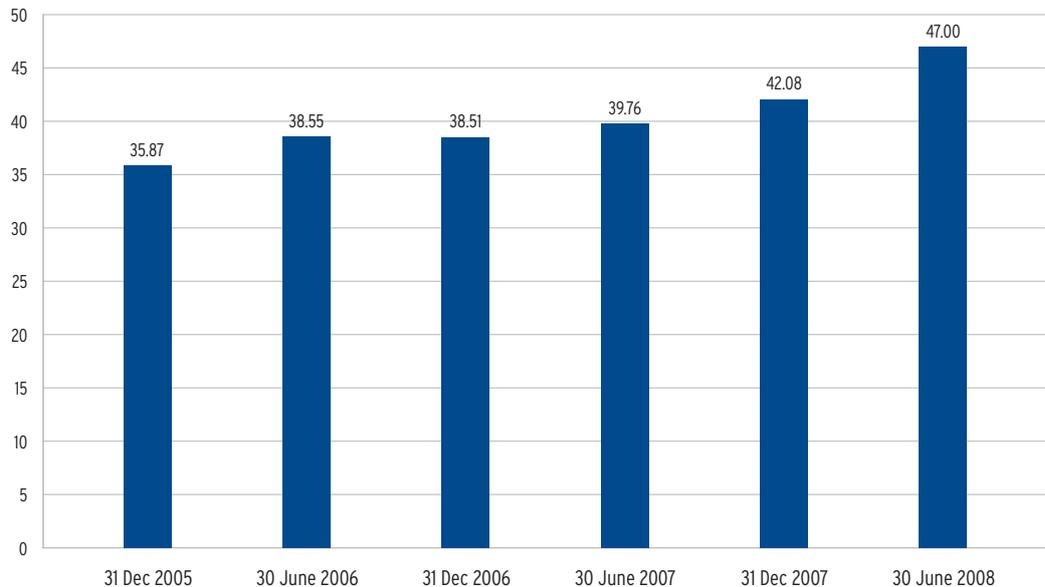
\*The comparative figures (sales, EBITDA and earnings) of the previous period have been adjusted for discontinued operations.  
The EBITDA figures were adjusted for 2007 to take into account the non-recurring positive non-recurring effects of € 1.38 million in income from investment securities (Q4 2007).

## Financial and asset position

The reclassification of assets and liabilities held for sale has changed balance sheet ratios considerably. With the exception of total assets and the item of shareholders' equity, those figures are no longer comparable.

The growing stability of the 3U Group is clearly reflected in the development of the equity ratio. In the past two and a half years the equity ratio has risen by more than 30 % to an impressive 47 % as of 30 June 2008.

### Development of equity ratio\*



Despite further repayments of € 2.31 million made at LambdaNet in the second quarter of 2008, as of 30 June 2008 cash and cash equivalents in the 3U Group at € 35.49 million were almost at the level of 31 March 2008 (€ 35.48 million).

On 30 June 2008, total assets were € 98.85 million (31 December 2007: € 99.92 million). Non-current assets as at the end of June 2008 were € 3.32 million (31 December 2007: € 3.81 million). Thus non-current assets at 30 June 2008 account for 3.36 % of total assets, representing a slight drop (31 December 2007: 3.81 %).

\*Figures in %

On the other hand, the share of current assets to total assets rose slightly. On 30 June 2008, at € 95.52 million (31 December 2007: € 96.12 million), they accounted for 96.64 % (31 December 2007: 96.20 %).

Non-current provisions of € 0.10 million as of 30 June 2008 are identical to those reported at 31 December 2007.

Current provisions and liabilities declined to € 52.28 million as against 31 December 2007 (€ 57.78 million). They thus accounted for 52.89 % of total assets, representing a decline (31 December 2007: 57.83 %).

Mainly due to the reversal of provisions with an effect on liquidity and the increase in outstanding debts, operating cash flow for the first half of 2008 was some € 1 million lower year-on-year.

### **Capital expenditure**

During the first half of 2008, the Group had capital expenditure in the amount of € 1.69 million.

In the fixed-line telephony segment we invested € 0.20 million, primarily for switching technology.

Further investments were made at LambdaNet, mainly in expanding equipment locations. Overall, investments at LambdaNet during the first half of 2008 amounted to € 1.49 million.

## Employees

At 159, the number of people employed by the 3U Group as of 30 June 2008 was unchanged against 31 December 2007.

At 63, the number of employees in the continued fixed-line telephony segment rose slightly from the number at 31 December 2007 (62 employees).

3U TELECOM INC., USA, currently held for sale, continued to employ a staff of three as of 30 June 2008.

On 30 June 2008, LambdaNet employed a total staff of 93 compared to 94 at 31 December 2007.

# Related parties report

There were no extraordinary changes or developments in business relations with related parties in the first six months of the current financial year as against 31 December 2007.

## Report on risks and opportunities

With the judgement of the Federal Administrative Court on 2 April 2008, the regulatory risk recognised in the Annual Report for the year ended 31 December 2007 and in the report on the first quarter of 2008 under contingent liabilities and assets no longer applies.

Moreover, as of 30 June 2008, there were no material changes in risks and their assessment as reported in the 2007 Annual Report.

# Significant events since the end of the interim reporting period

## **Annual General Meeting**

The Annual General Meeting was held on 6 August 2008 in Marburg. The shareholders approved all agenda items.

# 16 Outlook

## Telecommunications

In the coming quarters as well, the plan is to continue optimisation measures with a focus on maximising earnings rather than revenues in the fixed-line telephony segment. The earnings contributions of the fixed-line telephony segment, which have remained positive with lasting effect, demonstrate that despite generally declining revenues, it is still possible to generate positive earnings.

LambdaNet Communications Deutschland AG continues to be available for sale. However, thanks to the cautious lending practices of banks in the area of investment financing, a response to the crisis on the US home financing market, the mergers and acquisitions business is still very challenging.

## Management and investment business

In the first six months, 3U HOLDING AG joined with partners to examine more than 100 potential investments in the areas of innovative technologies and corporate restructuring. They included companies in the sectors of renewable energies, lighting technology, acoustics and medical engineering. However, the Management Board was not entirely convinced by any of the opportunities available. Even so, the Management Board expects to report initial commitments soon.

Within the year, 3U HOLDING AG intends to work with partners to make deals through a project development company involving the project development, construction and financing of solar heating plants, primarily for cities and communities but also for companies. The solar heating plants are expected to deliver an output of 150 kW of heating energy for the supply of heat and hot water. They are expected to be sold as turnkey operations to individual special-purpose vehicles. In addition to construction of power plants, 3U HOLDING AG will assume responsibility for structuring financing for prospective purchasers. For the most part, financing is guaranteed through loans, public subsidies and investment grants of owners.

## Opportunities

Available cash and cash equivalents and positive earnings contributions from the investments in the fixed-line telephony segment have positioned 3U HOLDING AG well in terms of cash flow, allowing it to operate successfully in its investment business. The sale of LambdaNet would significantly improve this already good situation.

The decision to invest in the high-growth market of renewable energies signals a further step in implementing the strategic realignment.

Moreover, in the future as well, we will be examining a number of potential opportunities for financially attractive investments.

# 18 Consolidated balance sheet as of 30 June 2008 (IFRS)

| Assets<br>3U Group (in T€)   | 30 June<br>2008 | 31 December<br>2007 |
|--|-----------------|---------------------|
| <b>Non-current assets</b>  | <b>3,323</b>    | <b>3,806</b>        |
| Intangible assets  | 855             | 950                 |
| Property, plant and equipment  | 972             | 1,940               |
| Financial assets*  | 0               | 64                  |
| Prepaid network rentals – non-current                                | 1,496           | 852                 |
| <b>Current assets</b>  | <b>95,523</b>   | <b>96,115</b>       |
| Trade receivables  | 10,580          | 9,305               |
| Other current assets   | 1,024           | 1,015               |
| Current financial assets   | 2,000           | 2,000               |
| Cash and cash equivalents  | 30,106          | 32,446              |
| Assets held for sale and assets in liquidation*<br>(disposal groups) | 51,813          | 51,349              |
| <b>Total assets</b>  | <b>98,846</b>   | <b>99,921</b>       |

\*These include CityDial GmbH (associated company in liquidation) with T€ 60 (under financial assets in the previous year at T€ 64)

| <b>Shareholders' equity and liabilities<br/>3U Group (in T€)</b>                        | <b>30 June<br/>2008</b> | <b>31 December<br/>2007</b> |
|---|-------------------------|-----------------------------|
| <b>Shareholders' equity</b>   | <b>46,461</b>           | <b>42,043</b>               |
| Issued capital<br>(conditional capital T€ 4,560; previous year: T€ 4,560)               | 46,842                  | 46,842                      |
| Capital reserve   | 21,499                  | 21,499                      |
| Retained earnings   | -26,348                 | -27,989                     |
| Net income/loss   | 4,332                   | 1,641                       |
| Adjustment item for currency difference   | 11                      | -9                          |
| <b>Total shareholders' equity attributable<br/>to the shareholders of 3U HOLDING AG</b> | <b>46,336</b>           | <b>41,984</b>               |
| <b>Minority interests</b>   | <b>125</b>              | <b>59</b>                   |
| <b>Non-current provisions and liabilities</b>   | <b>103</b>              | <b>103</b>                  |
| Non-current provisions  | 103                     | 103                         |
| <b>Current provisions and liabilities</b>   | <b>52,282</b>           | <b>57,775</b>               |
| Current provisions  | 491                     | 1,416                       |
| Current tax provisions relating to income tax   | 2,123                   | 2,150                       |
| Trade payables  | 10,949                  | 9,998                       |
| Other current liabilities   | 979                     | 1,268                       |
| Liabilities held for sale (disposal groups)   | 37,740                  | 42,943                      |
| <b>Total shareholders' equity and liabilities</b>                                       | <b>98,846</b>           | <b>99,921</b>               |

## Consolidated income statement (IFRS)

| 3U Group (in T€)  | 3-month report<br>1 April-30 June |              | Half-year report<br>1 January-30 June |               |
|---|-----------------------------------|--------------|---------------------------------------|---------------|
|   | 2008                              | 2007         | 2008                                  | 2007          |
| Sales   | 18,293                            | 18,946       | 36,471                                | 37,284        |
| Cost of sales   | -14,696                           | -15,694      | -29,963                               | -31,772       |
| <b>Gross profit</b>   | <b>3,597</b>                      | <b>3,252</b> | <b>6,508</b>                          | <b>5,512</b>  |
| Selling expenses  | -393                              | -514         | -789                                  | -1,118        |
| General and administrative expenses   | -2,106                            | -2,219       | -3,543                                | -4,283        |
| Other operating income  | 829                               | 29           | 1,176                                 | 1,054         |
| Other operating expenses  | -174                              | -159         | -329                                  | -862          |
| <b>Earnings from continued operations<br/>before interest and taxes</b>                       | <b>1,753</b>                      | <b>389</b>   | <b>3,023</b>                          | <b>303</b>    |
| Interest income   | 409                               | 49           | 694                                   | 121           |
| Interest expenses   | -49                               | -5           | -78                                   | -40           |
| <b>Earnings from continued operations<br/>before income tax</b>                               | <b>2,113</b>                      | <b>433</b>   | <b>3,639</b>                          | <b>384</b>    |
| Income tax expense  | -379                              | -13          | -463                                  | -20           |
| <b>Earnings from continued operations<br/>before minority interests</b>                       | <b>1,734</b>                      | <b>420</b>   | <b>3,176</b>                          | <b>364</b>    |
| Earnings from discontinued operations   | 849                               | -1,239       | 1,223                                 | -3,367        |
| <b>Net income/loss for the period</b>   | <b>2,583</b>                      | <b>-819</b>  | <b>4,399</b>                          | <b>-3,003</b> |
| <b>Share of net income/loss for the period<br/>attributable to minority interests</b>         | <b>49</b>                         | <b>0</b>     | <b>67</b>                             | <b>0</b>      |
| <b>Share of net income/loss for the period<br/>attributable to 3U HOLDING AG shareholders</b> | <b>2,534</b>                      | <b>-819</b>  | <b>4,332</b>                          | <b>-3,003</b> |

| 3U Group (in €)  | 3-month report<br>1 April-30 June |       | Half-year report<br>1 January-30 June |       |
|--|-----------------------------------|-------|---------------------------------------|-------|
|  | 2008                              | 2007  | 2008                                  | 2007  |
| <b>Earnings per share from continued operations</b>    |                                   |       |                                       |       |
| Earnings per share, basic (in €)                       | 0.04                              | 0.01  | 0.07                                  | 0.01  |
| Earnings per share, diluted (in €)                     | 0.03                              | 0.01  | 0.06                                  | 0.01  |
| <b>Earnings per share total</b>                        |                                   |       |                                       |       |
| Earnings per share, basic (in €)                       | 0.06                              | -0.02 | 0.09                                  | -0.06 |
| Earnings per share, diluted (in €)                     | 0.05                              | -0.02 | 0.09                                  | -0.06 |
| <b>Earnings per share from discontinued operations</b> |                                   |       |                                       |       |
| Earnings per share, basic (in €)                       | 0.02                              | -0.03 | 0.02                                  | -0.07 |
| Earnings per share, diluted (in €)                     | 0.02                              | -0.03 | 0.03                                  | -0.07 |

## Cash flow statement (IFRS)

| 3U Group (in T€)   | 1 January-30 June |               |
|--|-------------------|---------------|
|  | 2008              | 2007          |
| <b>Net income/loss for the period</b> (including minority interest)<br>before extraordinary expense                                  | <b>4,399</b>      | <b>-3,003</b> |
| +/- Depreciation/write-ups of fixed assets   | 320               | 7,423         |
| +/- Increase/decrease of provisions  | -1,395            | -714          |
| +/- Other non-cash expenses/income   | 185               | -1,145        |
| -/+ Profit/loss on disposal of non-current assets  | -55               | 0             |
| -/+ Increase/decrease in inventories and trade receivables and other assets<br>not attributable to investing or financing activities | -1,615            | 2,125         |
| +/- Increase/decrease in trade payables and other liabilities<br>not attributable to investing or financing activities               | -183              | -2,031        |
| <b>Cash flows from operating activities</b>  | <b>1,657</b>      | <b>2,655</b>  |
| Of which: Cash flows from operating activities from continued operations   | 1,419             | 257           |
| Of which: Cash flows from operating activities from discontinued operations  | 238               | 2,398         |
| + Inflows from disposals of property, plant and equipment  | 832               | 29            |
| - Outflows for investments in property, plant and equipment  | -1,496            | -1,617        |
| + Inflows from disposals of intangible assets  | 30                | 0             |
| - Outflows for investments in intangible assets  | -165              | -3            |
| + Inflows from disposals of financial assets   | 0                 | 1,454         |
| - Outflows from additions to financial assets  | 0                 | -1,000        |
| <b>Cash flows from investing activities</b>  | <b>-799</b>       | <b>-1,137</b> |
| Of which: Cash flows from investing activities from continued operations   | 558               | 173           |
| Of which: Cash flows from investing activities from discontinued operations  | -1,357            | -1,310        |
| <b>Sum carried forward</b>   | <b>858</b>        | <b>1,518</b>  |

| 3U Group (in T€)   | 1 January-30 June |               |
|--|-------------------|---------------|
|  | 2008              | 2007          |
| <b>Sum carried forward</b>   | <b>858</b>        | <b>1,518</b>  |
| - Outflows from the repayment of bonds and (finance) loans   | -2,120            | -1,732        |
| - Repayment of lease liabilities   | -1,795            | -928          |
| <b>Cash flows from financing activities</b>  | <b>-3,915</b>     | <b>-2,660</b> |
| Of which: Cash flows from financing activities from continued operations                             | -4,298            | -187          |
| Of which: Cash flows from financing activities from discontinued operations                          | 383               | -2,473        |
| <b>Increase/reduction in cash and cash equivalents</b>   | <b>-3,058</b>     | <b>-1,142</b> |
| +/- Changes in cash and cash equivalents due to exchange rates, scope of consolidation and valuation | 0                 | -79           |
| Cash and cash equivalents at beginning of period from continued operations                           | 34,445            | 7,924         |
| Cash and cash equivalents at beginning of period from discontinued operations                        | 4,103             | 6,055         |
| <b>Cash and cash equivalents at beginning of period</b>  | <b>38,548</b>     | <b>13,979</b> |
| Cash and cash equivalents at end of period from continued operations                                 | 32,106            | 8,023         |
| Cash and cash equivalents at end of period from discontinued operations                              | 3,385             | 4,735         |
| <b>Cash and cash equivalents at end of period</b>  | <b>35,490</b>     | <b>12,758</b> |

## Statement of changes in equity (IFRS)

| 3U Group (in T€)                       | Issued capital | Capital reserve | Reserve for currency differences | Revaluation reserve |
|--|----------------|-----------------|----------------------------------|---------------------|
| <b>As of 1 Jan 2007</b>                | <b>46,842</b>  | <b>21,379</b>   | <b>-7</b>                        | <b>1,115</b>        |
| Consolidated profit*                   | 0              | 0               | 0                                | 0                   |
| Stock options                          | 0              | 120             | 0                                | 0                   |
| Revaluation securities                 | 0              | 0               | 0                                | 593                 |
| Income from the disposal of securities | 0              | 0               | 0                                | -1,708              |
| Changes taken directly to equity       | 0              | 0               | -2                               | 0                   |
| <b>As of 31 Dec 2007</b>               | <b>46,842</b>  | <b>21,499</b>   | <b>-9</b>                        | <b>0</b>            |

| 3U Group (in T€)                       | Issued capital | Capital reserve | Reserve for currency differences | Revaluation reserve |
|--|----------------|-----------------|----------------------------------|---------------------|
| <b>As of 1 Jan 2008</b>                | <b>46,842</b>  | <b>21,499</b>   | <b>-9</b>                        | <b>0</b>            |
| Consolidated profit**                  | 0              | 0               | 0                                | 0                   |
| Stock options                          | 0              | 0               | 0                                | 0                   |
| Revaluation securities                 | 0              | 0               | 0                                | 0                   |
| Income from the disposal of securities | 0              | 0               | 0                                | 0                   |
| Changes taken directly to equity       | 0              | 0               | 20                               | 0                   |
| <b>As of 30 June 2008</b>              | <b>46,842</b>  | <b>21,499</b>   | <b>11</b>                        | <b>0</b>            |

\*Thereof T€ -2,501 from discontinued operations

\*\*Thereof T€ 1,223 from discontinued operations

| Retained earnings | Share of net income/loss attributable to 3U HOLDING AG shareholders | Share of shareholders' equity attributable to 3U HOLDING AG shareholders | Minority interests | Total shareholders' equity |
|-------------------|---|--|--------------------|----------------------------|
| <b>-27,989</b>    | <b>0</b>  | <b>41,340</b>  | <b>25</b>          | <b>41,365</b>              |
| 0                 | 1,641   | 1,641  | 34                 | 1,675                      |
| 0                 | 0   | 120  | 0                  | 120                        |
| 0                 | 0   | 593  | 0                  | 593                        |
| 0                 | 0   | -1,708   | 0                  | -1,708                     |
| 0                 | 0   | -2   | 0                  | -2                         |
| <b>-27,989</b>    | <b>1,641</b>  | <b>41,984</b>  | <b>59</b>          | <b>42,043</b>              |

| Retained earnings | Share of net income/loss attributable to 3U HOLDING AG shareholders | Share of shareholders' equity attributable to 3U HOLDING AG shareholders | Minority interests | Total shareholders' equity |
|-------------------|---|--|--------------------|----------------------------|
| <b>-26,348</b>    | <b>0</b>  | <b>41,984</b>  | <b>59</b>          | <b>42,043</b>              |
| 0                 | 4,332   | 4,332  | 67                 | 4,399                      |
| 0                 | 0   | 0  | 0                  | 0                          |
| 0                 | 0   | 0  | 0                  | 0                          |
| 0                 | 0   | 0  | 0                  | 0                          |
| 0                 | 0   | 20   | 0                  | 20                         |
| <b>-26,348</b>    | <b>4,332</b>  | <b>46,336</b>  | <b>125</b>         | <b>46,461</b>              |

# Notes to the consolidated financial statements as of 30 June 2008 (IFRS)

- |                                     |  |
|-------------------------------------|--|
| • Order book                        | See "Report on Business Development", page 8 et seq. |
| • Development of costs and prices   | See "Report on Business Development", page 8 et seq. |
| • Employee participation programmes | No changes as against 2007 financial year            |
| • Number of employees               | See "Employees", page 12                             |

## General information about the Group

3U HOLDING AG (hereinafter also 3U HOLDING or the Company), headquartered in Marburg, was founded in 1999 as a result of a change in the form of 3U Telekommunikation GmbH, Eschborn (formerly registered with the Frankfurt am Main District Court, HRB number 47870). The company's registered office was relocated to Marburg in the 2003 financial year. It has since been registered in the Commercial Register there, under HRB number 4680.

On 31 October 2007, the name of the Company was changed from 3U TELECOM AG to 3U HOLDING AG on the basis of the resolution of the Annual General Meeting of 28 August 2007. In accordance with the resolution passed at the extraordinary General Meeting of 15 January 2007, the purpose of the company changed on 29 December 2007 to managing its own assets and the acquisition, management and disposal of investments in companies within and outside Germany, as well as rendering management and consulting services and other services for subsidiaries, investments and third parties. Effective 1 January, 2007, the service sectors held until that date by 3U HOLDING AG were spun off to 3U TELECOM GmbH.

The business activities of 3U HOLDING AG and its subsidiaries are asset management and the provision of telecommunication services in the fixed-line telephony and broadband/IP segments.

The address of the registered office of the Company is:  
Neue Kasseler Straße 62F, 35039 Marburg.

## Accounting principles

The interim financial report was prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS).

The present interim report has not been reviewed by auditors.

### **Supplementary disclosures in accordance with IAS 34**

The accounting policies and methods of calculation used in the consolidated financial statements as of 31 December 2007 were applied unchanged for the interim statements as of 30 June 2008.

In addition, please note in respect to accounting that LambdaNet Communications Deutschland AG, Hannover, 3U TELECOM INC., Henderson (NV), USA and 3U TELECOM GmbH, Vienna, Austria have been recognised as held for sale under IFRS 5.

In order to provide readers of the financial statements with a better assessment of the financial impact of the discontinued operations (IFRS 5.30), there has been no consolidation of income and expenses between the continued operations and those held for sale.

The disclosures contained in the Notes below pertain, with the exception of those made expressly under the item "Assets and liabilities held for sale (disposal groups) and discontinued operations", to continued service sectors.

There were no extraordinary developments in business with related parties and the Company in the first six months of 2008 as against the previous year. For information about individual business relations, please refer to our Annual Report of 31 December 2007, Section 9.3.

### **Scope of consolidation**

No changes to the scope of consolidation occurred as against 31 December 2007. CityDial GmbH is in liquidation.

The following companies were reclassified as "held for sale":  
LambdaNet Communications Deutschland AG, Hannover, Germany  
3U TELECOM INC., Henderson (NV), USA  
3U TELECOM GmbH, Vienna, Austria

## Segment reporting

The following table gives a general overview of the segments of 3U HOLDING AG for the first halves of 2008 and 2007.

| (In T€)  |                      | External sales | Internal sales | Total sales | EBIT   | Earnings from investments (equity method) | Scheduled depreciation and amortisation |
|--|----------------------|----------------|----------------|-------------|--------|---|---|
| <b>Continued service sectors</b>                             |                      |                |                |             |        |   |   |
| Continued fixed-line telephony segment                       | 1 Jan - 30 June 2008 | 36,471         | 13,230         | 49,701      | 2,470  | 0   | 320                                     |
|  | 1 Jan - 30 June 2007 | 37,284         | 13,388         | 50,672      | 176    | 0   | 496                                     |
| <b>Service sectors held for sale</b>                         |                      |                |                |             |        |   |   |
| Broadband/IP segment held for sale                           | 1 Jan - 30 June 2008 | 16,711         | 540            | 17,251      | 2,076  | 0   | 0                                       |
|  | 1 Jan - 30 June 2007 | 17,091         | 623            | 17,714      | -2,343 | 0   | 6,897                                   |
| Operations held for sale in the fixed-line telephony segment | 1 Jan - 30 June 2008 | 2,815          | 1,165          | 3,980       | 450    | 0   | 0                                       |
|  | 1 Jan - 30 June 2007 | 2,480          | 1,263          | 3,743       | 183    | 0   | 23                                      |
| <b>Transfer</b>  | 1 Jan - 30 June 2008 | 0              | -14,935        | -14,935     | 553    | -4  | 0                                       |
|  | 1 Jan - 30 June 2007 | 0              | -15,274        | -15,274     | 127    | -1  | 0                                       |
| <b>Group including discontinued operations</b>               |                      |                |                |             |        |   |   |
|  | 1 Jan - 30 June 2008 | 55,997         | 0              | 55,997      | 5,549  | -4  | 320                                     |
|  | 1 Jan - 30 June 2007 | 56,855         | 0              | 56,855      | -1,857 | -1  | 7,416                                   |

## Assets and liabilities held for sale (disposal groups) and discontinued operations

### Plan for disposal of LambdaNet Communications Deutschland AG

On 21 June 2007, the Management Board announced its intention to sell the subsidiary LambdaNet Communications Deutschland AG. LambdaNet operates in the Broadband/IP segment. The planned sale is part of the realignment of the 3U Group. Sales negotiations continue.

The earnings components presented in the consolidated income statement and allocable to discontinued operations are listed below. Comparable figures on earnings have been adjusted to include the operations classified as discontinued in the current business period.

| Income statement (in T€)   | 1 January - 30 June |               |
|----------------------------|---------------------|---------------|
|                            | 2008                | 2007          |
| Sales                      | 17,252              | 17,714        |
| Other operating income     | 163                 | 683           |
| Current expenses           | -16,470             | -21,950       |
| <b>Earnings before tax</b> | <b>945</b>          | <b>-3,553</b> |
| Taxes                      | -5                  | -1            |
| <b>Total earnings</b>      | <b>940</b>          | <b>-3,554</b> |

In the event of recognition as continued operations, current depreciation and amortisation of € 7.24 million would have been incurred since the second half of 2007. Should it not be possible to conclude the sales process successfully, contrary to the expectations of the Management Board, this depreciation will have to be posted during the 2008 financial year.

| <b>Assets held for sale (in T€)</b> | <b>30 June 2008</b> |
|-------------------------------------|---------------------|
| Property, plant and equipment       | 18,288              |
| Assets under finance lease          | 17,646              |
| Other non-current assets            | 6,087               |
| Current assets                      | 8,567               |
| <b>Total</b>                        | <b>50,588</b>       |

| <b>Liabilities held for sale (in T€)</b> | <b>30 June 2008</b> |
|--|---------------------|
| Expensed, non-current leased liabilities | 14,272              |
| Other non-current liabilities            | 4,731               |
| Expensed, current liabilities            | 2,102               |
| Other current liabilities                | 16,077              |
| <b>Total</b>                             | <b>37,182</b>       |

### Discontinued operations in the fixed-line telephony segment

As part of the realignment of the Group, the Management Board has entered into sales negotiations over its shares in the 3U companies in the USA and Austria. They were classified in accordance with IFRS 5 as of 31 December 2007.

### 3U TELECOM INC., USA

The earnings components presented in the consolidated income statement and allocable to discontinued operations are listed below. Comparable figures on earnings have been adjusted to include the operations classified as discontinued in the current business period.

| Income statement (in T€)   | 1 January - 30 June |            |
|----------------------------|---------------------|------------|
|                            | 2008                | 2007       |
| Sales                      | 2,737               | 2,156      |
| Other operating income     | 42                  | 1,376      |
| Current expenses           | -2,556              | -3,380     |
| <b>Earnings before tax</b> | <b>223</b>          | <b>152</b> |
| Taxes                      | 0                   | 0          |
| <b>Total earnings</b>      | <b>223</b>          | <b>152</b> |

| Assets held for sale (in T€)  | 30 June 2008 |
|-------------------------------|--------------|
| Property, plant and equipment | 86           |
| Other non-current assets      | 56           |
| Current assets                | 466          |
| <b>Total</b>                  | <b>608</b>   |

| Liabilities held for sale (in T€) | 30 June 2008 |
|-----------------------------------|--------------|
| Other current liabilities         | 216          |
| <b>Total</b>                      | <b>216</b>   |

Sales negotiations continue.

**3U TELECOM GmbH, Austria**

The earnings components presented in the consolidated income statement and allocable to discontinued operations are listed below. Comparable figures on earnings have been adjusted to include the operations classified as discontinued in the current business period.

| <b>Income statement (in T€)</b> | <b>1 January - 30 June</b> |             |
|---------------------------------|----------------------------|-------------|
|                                 | <b>2008</b>                | <b>2007</b> |
| Sales                           | 1,243                      | 1,587       |
| Other operating income          | 19                         | 2           |
| Current expenses                | -1,159                     | -1,544      |
| <b>Earnings before tax</b>      | <b>103</b>                 | <b>45</b>   |
| Taxes                           | -43                        | -11         |
| <b>Total earnings</b>           | <b>60</b>                  | <b>34</b>   |

| <b>Assets held for sale (in T€)</b> | <b>30 June 2008</b> |
|-------------------------------------|---------------------|
| Property, plant and equipment       | 6                   |
| Other non-current assets            | 85                  |
| Current assets                      | 464                 |
| <b>Total</b>                        | <b>555</b>          |

| <b>Liabilities held for sale (in T€)</b> | <b>30 June 2008</b> |
|--|---------------------|
| Other current liabilities                | 342                 |
| <b>Total</b>                             | <b>342</b>          |

Sales negotiations continue.

**Significant events since the end of the interim reporting period**

Please see page 15 of this quarterly report.

**Statement required by Section 37y of the German Securities Trading Act (WpHG)  
in conjunction with Section 37w (2) no. 3 of the WpHG**

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Marburg, 22 August 2008

The Management Board



Michael Schmidt



Oliver Zimmermann

# 34 Financial calendar

- **Publication of report on Q3 2008**  
25 November 2008
- **Analysts' conference**  
December 2008

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This quarterly report contains statements relating to the future which are subject to risks and uncertainties and which are assessments of the management of 3U HOLDING AG and reflect its current opinions with regard to future events. Such predictive statements can be recognised by the use of terms such as “expect”, “assume”, “estimate”, “anticipate”, “intend”, “can”, “plan”, “project”, “will” and similar expressions. Statements relating to the future are based on current and valid plans, estimates and expectations. Such statements are subject to risks and uncertainties, most of which are difficult to estimate and which are generally beyond the control of 3U HOLDING AG. The following are – by no means exhaustive – examples of factors that may trigger or affect a deviation: the development of demand for our services, competitive factors – including price pressure –, technological changes, regulatory measures, risks in the integration of newly acquired companies. If any of these or other risks and uncertain factors occur, or if the assumptions on which the statements are based prove to be incorrect, the actual results of 3U HOLDING may differ materially from those outlined or implied in these statements. The company does not undertake to update predictive statements of this nature.

This quarterly report contains a range of figures which are not part of commercial regulations and the International Financial Reporting Standards (IFRS), such as EBT, EBIT, EBITDA and EBITDA adjusted for special influences, adjusted EBITDA margin, investments (capex). These figures are not intended to substitute the information for 3U HOLDING AG in accordance with the German Commercial Code (HGB) or IFRS. It should be noted that the figures for 3U HOLDING AG which are not part of commercial regulations and the IFRS, can only be compared to the corresponding figures of other companies to a certain extent.

# 3U Group

## Subsidiaries of 3U HOLDING AG in Germany

**010017 Telecom GmbH**  
Neue Kasseler Straße 62F  
35039 Marburg

**fon4U Telecom GmbH**  
Neue Kasseler Straße 62F  
35039 Marburg

**OneTel Telecommunication GmbH**  
Neue Kasseler Straße 62F  
35039 Marburg

**3U TELECOM GmbH**  
Neue Kasseler Straße 62F  
35039 Marburg

**LambdaNet Communications  
Deutschland AG**  
Günther-Wagner-Allee 13  
30177 Hannover

**Discount Telecom S&V GmbH**  
Neue Kasseler Straße 62F  
35039 Marburg

**LineCall Telecom GmbH**  
Neue Kasseler Straße 62F  
35039 Marburg

## Foreign subsidiaries of 3U HOLDING AG

**3U TELECOM GmbH**  
Mariahilfer Straße 123/3  
1060 Vienna  
Austria

**3U TELECOM INC.**  
2654 W. Horizon Ridge Parkway,  
Suite B5-143  
Henderson, NV 89052  
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