



KIZOO AG

QUARTERLY FINANCIAL REPORT

AS OF SEPTEMBER 30, 2009

INTERIM ANNOUNCEMENT ACCORDING TO ARTICLE 37X WPHG

**FINANCIALS AT A GLANCE** / in mln. €

	Q1-Q3/2009	Q1-Q3/2008	Q3/2009	Q3/2008
OTHER OPERATING INCOME	3.3	0	0	0
MARKETING AND ADVERTISING	-0.1	0	0	0
GENERAL ADMINISTRATION COSTS	-2.5	-4.0	-0.9	-1.2
RESEARCH AND DEVELOPMENT COSTS	-0.2	0	-0.1	0
OPERATING INCOME FROM THE CONTINUED BUSINESS LINES	0.5	-4.0	-1.0	-1.2
FINANCIAL INCOME	0.9	14.1	0.2	0.7
PROFIT / (LOSS) BEFORE TAX	1.4	10.1	-0.8	-0.5
PROFIT / (LOSS) FROM CONTINUED BUSINESS LINES	1.4	10.1	-0.8	-0.5
PROFIT / (LOSS) FROM DISCONTINUED BUSINESS LINES	-0.9	-2.4	-0.4	-0.5
PROFIT / (LOSS) FOR THE PERIOD	0.5	7.7	-1.2	-1.1
OTHER PROFIT / (LOSS) FOR THE PERIOD (AFTER TAX)	93.5	-219.4	45.7	-111.6
COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	94.0	-211.7	44.5	-112.6
EARNINGS PER SHARE (IN €)	0.01	0.24	-0.04	-0.03
CASH AND CASH EQUIVALENTS AND OTHER SECURITIES (INCL. UNITED INTERNET SHARES)	289.2	232.3	289.2	232.3
SHAREHOLDERS' EQUITY	299.4	247.4	299.4	247.4
BALANCE SHEET TOTAL	310.8	260.2	310.8	260.2

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LETTER TO SHAREHOLDERS

FROM THE EXECUTIVE BOARD OF KIZOO AG

DEAR SHAREHOLDERS,

Fiscal 2009 continues to show a positive development for Kizoo AG. During the third quarter the company was again able to maintain its position. The quarter was marked by two new investments, significant appreciations of the United Internet investment as well as the conclusion of the agreement to sell our corporate real estate.

TECHNOLOGY VENTURES

During the last quarter we again reviewed a large number of possible investments and attended many events in order to examine interesting investment opportunities and capture the sentiment on the Venture Capital market. The focus of start-up activities in internet services and digital communication continues to be in Berlin, where we were represented at the relevant events such as the Venture Lounge or Mobile Monday.

From the large number of transactions reviewed, two investment projects emerged at the end of the day during the third quarter, of which one investment was already successfully completed by the end of the quarter. Through its subsidiary Kizoo Technology Capital, Kizoo has held a shareholding in the Munich based start-up MegaZebra since the beginning of September. MegaZebra is a developer and distributor of social games in Europe. The platform allows users of social networks to play either alone or with their friends. This concept has already turned MegaZebra into one of the fastest growing European providers of social services on Facebook. The games have already been used a million times over. Since its foundation in 2008 MegaZebra launched eight successful games on Facebook, and was the first provider to do so in different European languages – including a Kniffel adaptation under the name of Yazzy, a Sudoku game and the football manager game KickerBuddies. It was recently integrated into spickmich.de, one of the largest pupil networks in Germany. We are convinced that the highly motivated team will make its way on a very hotly contested market.

A non-binding preliminary agreement was likewise signed during the third quarter with PlayAll, a start-up based in Berlin. PlayAll has developed a unique service which allows players to play widespread, popular multiplayer games for real money. This concerns games of skill for very small amounts. The market of multiplayer games is a strongly growing segment and we are convinced that PlayAll will establish itself with its business model on this market. This investment has since been fixed in an agreement. The investment volume for the two start-ups was well under € 1 million and will be paid out in tranches depending on specific milestones being reached.

The online dating service “Find&Smile”, launched during the second quarter as a 100 percent investment, continues to be upgraded and positioned on the market as scheduled. The language learning platform Babbel continues to be very popular with users and currently tests different monetization concepts.



FINANCIALS DURING THE FIRST THREE QUARTERS 2009

The first three quarters 2009 developed as planned in operating terms on a significantly reduced cost level versus prior year.

Earnings before interest and taxes (EBIT) amounted on a group level during the reporting period Q3/2009 to € -1.0 million (Q3/2008: € -1.2 million). For Q3/2009 the EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to € -1.0 million (Q3/2008: € -1.1 million) with scheduled depreciations and amortizations in the amount of T€ 50.

During the third quarter of fiscal 2009 the investment of cash and cash equivalents and other securities generated a positive financial result of € 0.2 million (Q3/2008: € 0.7 million). The result from continuing business lines totaled € -0.8 million (Q3/2008: € -0.5 million). Furthermore, the result from the discontinued business lines “Real Estate” and “Data Center” in the amount of € -0.4 million (Q3/2008: € -0.5 million) needs to be taken into account. Consequently, the result for the period of the third quarter 2009 amounts to € -1.2 million (Q3/2008: € -1.0 million).

The comprehensive income of the group to be reported in accordance with IAS 1 since the second quarter, amounts for the third quarter to € 44.5 million (Q3/2008: € -112.6 million). This includes € 45.7 million variations in value of financial instruments held more particularly of the United Internet shares (€ +43.7 million in Q3/2009).

At the end of September the shareholders' equity of the company amounted to € 99.4 million and was significantly higher than the level on June 30, 2009 (€ 254.8 million). On the reporting date September 30, 2009 the equity ratio was hence 96.3 percent.

For the third quarter of fiscal 2009 the operating cash flow amounted to € 2.2 million versus € -2.2 million during the comparative half year of fiscal 2008. This was essentially attributable to the inflow of other operating income from Q2/2009 based on a transaction in the amount of € 3.3 million not relating to the period under review. As in the previous year, no noteworthy investments were made. During the past quarter no share buyback took place.

CORPORATE STRUCTURE, REAL ESTATE AND DATA CENTER

During the third quarter a buyer was found for the corporate Real Estate held through a leasing structure but fully attributable to the Group in economic terms. The sale of the Real Estate which had been rented 100 percent by the company up to now is expected to result in significant cost reductions from Q1/2010 onwards. With the execution of the transaction, which is expected for November, the company will also receive a high single digit million amount as free liquidity. This results from the repayment of lessee loans and the gain on disposal versus book value to which the company is entitled. The latter will also strengthen the net income for the year. The realization of the Data Center is likewise to be completed during this year. The streamlining of the Group structure has been concluded via merger of group subsidiaries no longer needed.



SHAREHOLDING IN UNITED INTERNET AG AND OTHER FINANCIAL INVESTMENTS

The shareholding of Kizoo AG in United Internet is still around 8.8 percent. The share recorded an extremely positive share price development during the past months and closed on the reporting date September 30, 2009 at € 10.31. The value of our block of shares increased during the third quarter by € 43.7 million. We assume that the United Internet share will continue to have a very positive development.

The company took advantage of the positive sentiment on the market for corporate bonds for further shifts towards even lower risk investment forms. The portfolio of cash and cash equivalents and fixed interest securities increased from € 54.6 million to € 60.3 million.

OUTLOOK

The company will continue to exploit the attractive environment for investments in young internet-based start-ups for further transactions and to successively enlarge the already existing portfolio. The focus of "Technology Ventures" will, in future, continue to be on internet services and digital communication.

The shareholding in United Internet remains of overriding significance for the assets situation of the company. We continue to believe that the company has a significant upside potential in terms of valuation. The positive share price development of the past months has confirmed our view.

Our targeted headcount has largely been reached. It cannot be further reduced, in particular in management and IT without jeopardizing continuing operations and strategy implementation. With a view to a sustainable improvement of results existing resources are to be better utilized in future through a targeted offering of services to third parties. At the same time, external consultancy services are to be further reduced. Positive impacts on result will be effective no later than during the first quarter of 2010.

The change in stock exchange listing, announced in October, from the Prime Standard of the regulated market to the General Standard of the regulated market of the Frankfurt Stock Exchange also serves the purpose of cost reduction. The Executive Board and the Supervisory Board are of the opinion that the additional expenditure involved in Prime Standard listing does not result in an adequate benefit. In the meantime, the Board of Directors of the Frankfurt Stock Exchange approved the change in segment to become effective on January 22, 2010.

For the current fiscal year the Executive Board anticipates a net income for the year despite the passing of the United Internet dividend. This did not seem possible at the beginning of the year.

We thank you for your interest and very much hope that you will continue to accompany us on our future path as Shareholders of the company.

THE EXECUTIVE BOARD KIZOO AG

FINANCIALS Q3/2009



01 ..

**CONSOLIDATED PROFIT AND LOSS STATEMENT
(IFRS) AS OF SEPTEMBER 30, 2009**

/ in T€

	Q1-Q3/2009	Q1-Q3/2008	Q3/2009	Q3/2008
REVENUES	0	0	0	0
COST OF SALES	0	0	0	0
GROSS PROFIT	0	0	0	0
OTHER OPERATING INCOME	3,322	0	10	0
MARKETING AND ADVERTISING	-77	0	-34	0
GENERAL ADMINISTRATION COSTS	-2,500	-3,991	-914	-1,228
RESEARCH AND DEVELOPMENT	-249	0	-83	0
OPERATING RESULT	497	-3,991	-1,020	-1,228
FINANCIAL INCOME	1,078	13,668	349	594
FINANCIAL EXPENSES	-207	431	-167	127
FINANCIAL RESULT	872	14,099	182	720
NET RESULT BEFORE TAXES	1,369	10,108	-838	-508
TAX EXPENSE	0	-5	3	-5
RESULT FROM CONTINUED OPERATION	1,369	10,103	-835	-513
RESULT FROM DISCONTINUED OPERATIONS	-912	-2,355	-360	-538
RESULT FOR THE PERIOD	457	7,749	-1,195	-1,050
OTHER RESULT				
CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS AVAILABLE FOR SALE	93,533	-219,443	45,739	-111,590
OTHER RESULT FOR THE PERIOD (AFTER TAXES)	93,533	-219,443	45,739	-111,590
NET RESULT FOR THE PERIOD	93,990	-211,694	44,544	-112,640

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**CONSOLIDATED PROFIT AND LOSS STATEMENT
(IFRS) AS OF SEPTEMBER 30, 2009**

/ in T€

	Q1-Q3/2009	Q1-Q3/2008	Q3/2009	Q3/2008
EARNINGS PER SHARE (IN €)				
.. undiluted	0.01	0.24	-0.04	-0.03
.. diluted	0.01	0.23	-0.07	-0.03
EARNINGS PER SHARE FROM CONTINUED OPERATION				
.. undiluted	0.04	0.26	-0.03	-0.02
.. diluted	0.04	0.25	-0.03	-0.02
EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS				
.. undiluted	-0.03	-0.02	-0.01	-0.02
.. diluted	-0.03	-0.02	-0.01	-0.02
AVERAGE NUMBER OF OUTSTANDING SHARES UNDILUTED	31,717,212	32,910,019	31,717,212	31,712,779
AVERAGE NUMBER OF OUTSTANDING SHARES DILUTED	32,014,201	33,394,618	32,059,092	32,090,881



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**CONSOLIDATED BALANCE SHEET (IFRS)
AS OF SEPTEMBER 30, 2009**

/ in T€

	09/30/2009	12/31/2008
ASSETS		
LONG-TERM ASSETS		
INTANGIBLE ASSETS	60	81
PROPERTY, PLANT AND EQUIPMENT	946	1,010
OTHER LENDINGS	52	64
INVESTMENTS	700	400
MARKETABLE SECURITIES	252,437	25,961
TOTAL LONG-TERM ASSETS	254,194	27,516
SHORT-TERM ASSETS		
CASH AND CASH EQUIVALENTS	34,892	26,894
MARKETABLE SECURITIES	1,844	142,748
TRADE ACCOUNTS RECEIVABLE	168	60
TAX REFUND CLAIMS	3,659	2,796
OTHER ASSETS AND DEFERRED EXPENSES	219	465
SUBTOTAL SHORT-TERM ASSETS	40,781	172,963
NON-CURRENT ASSETS HELD FOR SALE	15,788	16,561
TOTAL SHORT-TERM ASSETS	56,569	189,524
TOTAL ASSETS	310,763	217,040



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**CONSOLIDATED BALANCE SHEET (IFRS)
AS OF SEPTEMBER 30, 2009**

/ in T€

	09/30/2009	12/31/2008
LIABILITIES		
SHAREHOLDERS' EQUITY		
COMMON SHARES AT € 1	31,717	31,717
CAPITAL RESERVE	44,269	44,254
OTHER RESERVE	71,794	-21,738
ACCUMULATED TOTAL RESULT	151,606	151,149
TOTAL SHAREHOLDERS' EQUITY	299,387	205,382
SHORT-TERM LIABILITIES		
TRADE ACCOUNTS PAYABLE	166	253
PROVISIONS	939	1,094
OTHER SHORT-TERM LIABILITIES	1,358	1,109
SUBTOTAL SHORT-TERM LIABILITIES	2,463	2,456
LIABILITIES CONCERNING NON-CURRENT ASSETS HELD-FOR-SALE	8,914	9,202
TOTAL SHORT-TERM LIABILITIES	11,377	11,658
TOTAL LIABILITIES	310,763	217,040



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**CONSOLIDATED CASH FLOW STATEMENT (IFRS)
AS OF SEPTEMBER 30, 2009**

/ in T€

	Q1-Q3/2009	Q1-Q3/2008
CASH FLOW FROM OPERATING ACTIVITIES		
NET RESULT FOR THE PERIOD	457	7,749
FINANCIAL YIELD	-1,078	-7,122
INTEREST PAID	368	431
TAX PAID	0	-5
DEPRECIATION / AMORTIZATION ON INTANGIBLE ASSETS AND TANGIBLE ASSETS	176	1,840
DEPRECIATION / AMORTIZATION ON LONG-TERM ASSETS CLASSIFIED AS HELD-FOR-SALE	420	0
OTHER NON-CASH INCOME	-555	0
EXPENDITURE FROM EMPLOYEE STOCK OPTION PLAN	15	40
RESULT FROM SALES OF MARKETABLE SECURITIES	101	-7,016
CHANGES IN TRADE ACCOUNTS RECEIVABLE	-195	-367
OTHER ASSETS AND DEFERRED EXPENSES	54	827
CHANGES IN SHORT-TERM LIABILITIES AND DEFERRED INCOME	649	-4,274
TAX REFUND	0	602
TAXES PAID	-318	0
CASH FLOW FROM OPERATING ACTIVITIES	96	-7,295
.. <i>therof from continued operation</i>	215	-5,460
.. <i>therof from discontinued operation</i>	-120	-1,835



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**CONSOLIDATED CASH FLOW STATEMENT (IFRS)
AS OF SEPTEMBER 30, 2009**

/ in T€

	Q1-Q3/2009	Q1-Q3/2008
CASH FLOW FROM INVESTING ACTIVITIES		
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT	-91	-99
CASH OUTFLOWS FROM INVESTMENTS IN SHAREHOLDINGS	-300	-200
CHANGE IN MARKETABLE SECURITIES	-219	18,146
INCOMING PAYMENTS FROM SALES OF MARKETABLE SECURITIES	7,500	13,770
DIVIDENDS RECEIVED	0	4,440
INTEREST RECEIVED	1,657	3,838
INCOMING PAYMENTS FROM THE RETIREMENT OF HELD-FOR-SALE ASSETS	0	1,593
CASH FLOW FROM INVESTING ACTIVITIES	8,546	41,488
.. <i>therof from continued operation</i>	8,546	39,895
.. <i>therof from discontinued operation</i>	0	1,593
CASH FLOW FROM FINANCING ACTIVITIES		
DIVIDENS PAID	0	-40,310
CAPITAL INCREASE OF SHARE OPTIONS	0	985
ACQUISITION OF TREASURY STOCK	0	-30,152
REPAYMENTS OF LIABILITIES OF THE PROPERTY LEASING COMPANY	-289	-2,418
REPAYMENTS OF LOANS	12	22
INTEREST PAID	-368	-431
CASH FLOW FROM FINANCING ACTIVITIES	-645	-72,303
.. <i>therof from continued operation</i>	12	-69,455
.. <i>therof from discontinued operation</i>	-657	-2,849
INCREASE OF CASH AND CASH EQUIVALENTS	7,997	-38,110
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	26,894	44,280
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	34,892	6,170



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**DEVELOPMENT OF SHAREHOLDERS' EQUITY (IFRS)
FROM 01/01/2009 TO 09/30/2009**

/ in T€

	Common stock	Capital reserve	Other reserves	Accumulated result	Treasury stock	Total
JANUARY 1, 2008	35,001	80,408	223,637	199,863	-10,350	528,559
RESULT FOR THE PERIOD			-219,443	7,749		-211,694
TRANSACTIONS WITH OWNERS						
CAPITAL INCREASE OF STOCK OPTIONS	129	-224			1,080	985
CANCELLATION OF TREASURY STOCK	-3,417	-36,005			39,422	0
ACQUISITION OF TREASURY STOCK					-30,152	-30,152
EFFECT FROM EMPLOYEE STOCK OPTION PLAN		40				40
DIVIDEND				-40,310		-40,310
SEPTEMBER 30, 2008	31,713	44,219	4,194	167,302	0	247,428
JANUARY 1, 2009	31,717	44,253	-21,738	151,150	0	205,382
RESULT FOR THE PERIOD			93,533	457		93,990
TRANSACTIONS WITH OWNERS						
CAPITAL INCREASE OF STOCK OPTIONS						0
CANCELLATION OF TREASURY STOCK						0
ACQUISITION OF TREASURY STOCK						0
EFFECT FROM EMPLOYEE STOCK OPTION PLAN		15				15
DIVIDEND						0
SEPTEMBER 30, 2009	31,717	44,268	71,794	151,607	0	299,386



NOTES TO THE CONDENSED FINANCIAL STATEMENTS Q3/2009

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2009

BUSINESS DEVELOPMENT DURING THE THIRD QUARTER 2009

During the third quarter further steps were taken on the path to the successful implementation of the corporate strategy. After the major improvement in the environment of Venture Capital investments, the company again carried out transactions through its subsidiary Kizoo Technology Capital GmbH. During the third quarter one investment was successfully completed and, for a further transaction, one as yet non-binding preliminary agreement was reached. The latter has now been contractually fixed. The two investments match the defined investment focus and can be attributed to online gaming, a business model which the company rates as highly attractive. The online dating service "Find&Smile", launched during the second quarter as a 100% investment, is constantly upgraded and positioned on the market as scheduled.

The other operating income of € 3.3 million already shown in the Q2 report from a transaction not relating to the reporting period has, in the meantime, accrued to the company.

Operating expenses developed in Q3/2009 on a uniform level; the market launch of Find&Smile involved for the first time again minor costs for advertising / distribution. Transaction costs also slightly increased in connection with the investments, the simplification of the Group structure and the sale of the Real Estate. Total operating expenses for the continuing business line amounted in Q3/2009 to € 1.0 million after € 1.2 million in Q3/2008 and € 1.0 million in Q2/2009, respectively.

T€ 914 of the total operating expenses of Q3/2009 concern administration costs. They mainly include costs for the development of the business segment "Technology Ventures", personnel expenses for employees in administration as well as legal and consulting fees. The costs for research and development with an amount of T€ 83 concern personnel expenses within the framework of product development, mainly for "Find&Smile". Marketing and distribution expenses of T€ 34 were incurred for external services.

The financial situation of the group improved significantly within the framework of the easing of tension on the financial markets. On the reporting date September 30, 2009 cash and cash equivalents and securities amount to € 289.2 million (June 30, 2009: € 242 million). They break down into € 60.3 million cash and cash equivalents and fixed interest securities and € 228.9 million for the 8.8% share in United Internet AG. As a result the book losses caused by the crisis were compensated to a large extent in particular by the United Internet shares (closing price September 30, 2009: € 10.31 versus € 6.29 on December 31, 2008 and € 8.34 on June 30, 2009). The portfolio values of the fixed interest securities held continued to recover during the third quarter as well. The company took advantage of the positive sentiment on the market to make further shifts towards even lower risk investment forms.

After long negotiations a buyer for the “Real Estate” held through a leasing structure but fully attributable to the Group in economic terms was found during the second quarter. The notarized contract between the leasing company and the buyer was entered into in July. Once all conditions precedent for payment will be met, the amount remaining after the premature dissolution of the leasing structure will accrue to the company in terms of earnings and liquidity. This is expected, in the same way as the sale of the remaining Data Center, for the fourth quarter, which means that the realization of the discontinued business lines can be completed on schedule. The streamlining of the Group structure has been concluded via merger of group subsidiaries no longer needed.

EBITDA, EBIT AND RESULT FOR THE PERIOD

For Q3/2009 the EBITDA (earnings before interest, taxes, depreciation and amortization) amounts to € -1.0 million (Q3/2008: € -1.1 million) after scheduled depreciations and amortizations of T€ 50.2 (Q3/2008: T€ 582).

Earnings before interest and taxes (EBIT) on the Group level amounted during the reporting period to € -1.0 million (Q3/2008: € -1.2 million).

During the third quarter 2009 the investment of cash and cash equivalents and other securities resulted in a positive financial income of € 0.2 million (Q3/2008: € 0.7 million). This clear reduction reflects the adjustment of the last year’s capital resources of as well as the reduced interest income from investments due to the current interest level and the overnight investment of large parts of the resources.

The result of the discontinued business lines includes the current expenses and the transaction costs incurred so far for the Real Estate

and Data Center for sale (Q3/2009: € 0.3 million; Q3/2008: € 0.5 million). This primarily concerns interest payment from Real Estate financing. Other operating expenses were reduced to expenses necessary to preserve the assets. Furthermore, an unscheduled depreciation in the amount of € 0.15 million was made in respect of the Data Center during the reporting quarter.

This results in a deficit of € 1.2 million (Q3/2008: € -1.1 million) for the third quarter 2009.

Balance Sheet, Investments and cash flow The shareholders’ equity in the consolidated balance sheet amounts to € 299.4 million at the end of September 2009. The increase by € 94.5 million versus December 31, 2008 (€ 205.4 million) largely reflects the appreciation of the United Internet shares. The equity ratio amounts to 96.3% on the reporting date September 30, 2009.

The balance sheet total of the group rose significantly, too. At the end of the third quarter it amounts to € 310.8 million (December 31, 2008: € 217.0 million).

During the third quarter 2009 the operating cash flow amounted to € +2.2 million versus € -2.2 million during the comparative prior year quarter. During the reporting quarter no noteworthy investments were made, just as during the comparative prior year quarter. During the last quarter no shares were bought back.

For the purpose of the cash flow statement in the condensed financial statements, cash and cash equivalents break down as follows:

	09/30/2009 (in T€)	09/30/2008 (in T€)
CURRENT ACCOUNTS	34,892	1,169
TERM MONEY ACCOUNTS	0	3,000
TIME DEPOSIT ACCOUNTS	0	2,000
TOTAL CASH AND CASH EQUIVALENTS	34,892	6,169

GENERALLY ACCEPTED ACCOUNTING AND VALUATION PRINCIPLES

The quarterly financial statements of Kizoo AG for the period from January 1 to September 30, 2009 were prepared in accordance with IAS 34 “Interim Financial Reporting” as condensed interim financial statements. The condensed interim financial statements do not include all information prescribed for the financial statements of a full fiscal year, and should be read in connection with the annual financial statements as at December 31, 2008 and the interim financial report for the first half year of June 30, 2009.

The generally accepted accounting and valuation methods used in the preparation of the condensed interim financial statements are, without exception, in conformity with the methods applied in the last annual financial statements as at December 31, 2008.

Due to the realization of the Real Property and Data Center decided at the end of fiscal 2008 and the related discontinuation of the corresponding business lines, the comparative figures had to be adjusted for fiscal 2009 in order to ensure comparability.

TREASURY SHARES

The company does not currently hold any treasury shares. The registered nominal capital currently amounts to € 31,717,212.

SHARE-BASED COMPENSATION

On September 30, 2009 a total of 718,169 options for current and former employees of Kizoo AG were outstanding. During the past quarter no options were exercised. In the same way no options were allocated. As far as further details concerning the existing stock option plans for the benefit of employees are concerned, we refer to the statements in the Annual Report 2008 Pages 60 ff.

NON-CURRENT ASSETS AVAILABLE FOR SALE

Of the assets classified as available for sale on December 31, 2008 further assets were sold during the third quarter with an insignificant value (Q3/2009: T€ 4; Q3/2008: T€ 385).

SEGMENT REPORTING

After the classification of the segments “Real Estate” and “Data Center” as discontinued business lines and the combination of the segment “Communication Services” with the investment in young internet ventures in the “Technology Ventures” segment, the group only has one segment left.

TRANSACTIONS WITH RELATED PARTIES

The group of related persons and companies remained unchanged compared to the annual financial statements. There were no material transactions with related persons and companies. Further details on the related parties can be found in the Annual Report 2008 on pages 76 f.

**EMPLOYEES**

On the reporting date September 30, 2009 the Kizoo Group employed a total of nine employees (prior year: 15).

DIRECTORS' HOLDINGS

The reportable shareholdings of executive and non-executive directors as at September 30, 2009 are as follows:

	Shares	Options
MANAGEMENT		
MICHAEL GREVE ¹⁾²⁾	21,877,205	none
MATTHIAS HORNBERGER ³⁾	73,049	86,430
FRANK SCHÜLER	41,303	46,336

	Shares	Options
SUPERVISORY BOARD		
HANSJÖRG REITER	none	none
FELIX GREVE	none	none
KARL SCHLAGENHAUF	none	none

- 1) Cinetic Gesellschaft zur Entwicklung and Vertrieb von Medientechnik mbH, Karlsruhe, continues to hold 21,584,505 shares in Kizoo AG, of which Mr Michael Greve holds 50%.
- 2) Through MIRA Vermögensverwaltungs- und Beteiligungsgesellschaft mbH Michael Greve holds indirectly 292,700 shares in Kizoo AG.
- 3) The shares to be allocated to Mr Matthias Hornberger are held by a related person.

LEGAL DISPUTES

In June a court settlement was entered into with a former asset manager of the company under which the company was allocated damages totaling € 3.3 million which were paid in July 2009. The court proceedings are hence closed.

Compared to December 31, 2008, there have not been, apart from that, any major changes concerning court proceedings. As far as a more detailed description of the legal disputes is concerned, reference is made to the notes to the consolidated financial statements as at December 31, 2008.

RESULTS AFTER THE BALANCE SHEET DATE

There were no material events after the balance sheet date.

OUTLOOK AND CURRENT DEVELOPMENTS

The focus of the Group is on extending the "Technology Ventures" business line, the completion of the realization of the Real Estate and Data Center as well as close monitoring of investments in United Internet and other securities. Furthermore, all possibilities in view of a further reduction and / or efficient coverage of operating expenses are to be exhausted.

In future, the company intends to exploit the attractive environment for investments in young internet-based start-ups with a view to further transactions and to successively enlarging the existing portfolio. The focus of "Technology Ventures" will continue to be on internet services and digital communication. Investment volumes of less than € 1 million per transaction remain unchanged.

The targeted headcount has largely been reached. It cannot be further reduced, in particular in management and IT, without jeopardizing continuing operations and strategy



implementation. With a view to the sustainable improvement of results, existing resources are to be better utilized in future through a targeted offering of services to third parties. At the same time external consultancy services are to be further reduced. Positive impacts on result will be effective no later than during the first quarter of 2010.

The change in stock exchange listing of the company from the Prime Standard of the regulated market to the General Standard of the regulated market of the Frankfurt Stock Exchange announced on October 14 also serves cost reduction purposes. The Executive Board and the Supervisory Board are of the opinion that the additional expenditure involved in a Prime Standard listing does not result in an appropriate benefit. Meanwhile the Board of Directors of the Frankfurt Stock Exchange has approved switch of the listing with effect as of January 22, 2010.

The sale of the Real Estate, which had been rented 100% by the company up to now, will likewise result in significant cost reductions from Q1/2010. With the execution of the transaction which is expected to take place in November, the company will receive a high single digit million amount as free liquidity. This is due to the repayment of lessee loans and the gains on disposal to which the company is entitled compared to the book value. The latter will also strengthen the net income for the year. Within the framework of the transaction the company will enter into a lease agreement for a part of the Real Estate subject to standard terms and conditions which also includes the possibility for subletting parts of it.

The shareholding in United Internet continues to be of overriding importance for the assets situation of the company. The price increases during the last months have significantly strengthened the assets of the company. We continue to believe that the company has an ongoing significant upside potential. Market experts support this view. The dividend payment announced by United Internet for next year would have a significant impact on the result next year. For the current year the Executive Board expects, at the end of the day, despite the passing of the United Internet dividend, a positive result for the year. This did not seem to be possible at the beginning of the year.

THE EXECUTIVE BOARD KIZOO AG

KIZOO AG

AMALIENBADSTRASSE 41 · 76227 KARLSRUHE · GERMANY

PHONE +49 (0) 721 5160 0 · FAX +49 (0) 721 183 75 86

WWW.KIZOO.COM