LYCOS Europe N.V

annual report 2008

for the year ended December 31, 2008

LYCOS

meet you there

key figures

		Year ended December 31, 2008[1]	Year ended December 31, 2007 (restated)[1]	Change
Revenues	in mln EUR	20.9	37.4	(44) %
EBITDA[2]	in mln EUR	(50.8)	(15.5)	>(100) %
EBIT[2]	in mln EUR	(59.5)	(23.7)	>(100) %
Net profit/(loss)	in mln EUR	(52.9)	40.1	>(100) %
Shares (total outstanding)[3]	number	312,300,000	312,300,000	0 %
Earnings/loss per share (diluted and undiluted)	in EUR	(0.17)	0.13	>(100) %
Share price (Xetra)	in EUR	0.15	0.49	(69) %
Cash, cash equivalents and other investments	in mln EUR	76.1	157.2	(52) %
Cash ratio (Cash, cash equivalents and other investments/total liabilities)	number	1.6	4.1	(61) %
Shareholders' equity	in mln EUR	60.6	166.9	(64) %
Equity ratio (Shareholders' equity/total assets)	in percent	56	81	(31) %
Employees[4]	number	501	505	(1) %

		Three months ended December 31, 2008 (unaudited)[1]	Three months ended December 31, 2007 (unaudited/ restated)[1]	Change
Revenues	in mln EUR	4.3	8.8	(51) %
EBITDA[1]	in mln EUR	(30.6)	(2.3)	>(100) %
EBIT[1]	in mln EUR	(37.7)	(3.9)	>(100) %
Net loss	in mln EUR	(35.7)	(4.0)	>(100) %
Shares (total outstanding)[2]	number	312,300,000	312,300,000	0 %
Loss per share (diluted and undiluted)	in EUR	(0.11)	(0.01)	>(100) %

1 2008 includes the continued business and 2007 has been restated for the effect on income statement of the discontinued operations Jubii Denmark, united-domains and Shopping.

2 EBITDA is Earnings Before Interest, Taxes, Depreciation, Amortization and Impairment, EBIT is Earnings Before Interest and Taxes.

3 Including Treasury shares.

4 Employee figures are presented on full time equivalent basis.

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This report to the shareholders should be read in conjunction with the (consolidated) financial statements and notes thereto. This report contains certain forward-looking statements and information relating to LYCOS Europe based on the beliefs of LYCOS Europe as well as assumptions made by and information currently available to LYCOS Europe. These statements include, but are not limited to, statements about LYCOS Europe's strategies, plans, objectives, expectations, intentions, revenues, expenditures and assumptions as well as other statements contained in this report that are not historical facts. When used in this document, words such as "anticipate", "believe", "estimate", "expect", "intend", "plan" and "project" and similar expressions, as they relate to LYCOS Europe or its management, are intended to identify forward-looking statements. These statements, which reflect LYCOS Europe's current views with respect to future events, are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Further, certain forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Investors are cautioned that forward-looking statements contained in this section involve both risk and uncertainty. Several important factors cause actual results to differ materially from those anticipated by these statements.

dear shareholders,

2008 was a very difficult year for LYCOS Europe. Following a strategic review process that spanned several months, we of the Management Board and Supervisory Board have come to the conclusion that the LYCOS Europe business model is no longer sustainable over the long term.

Revenues in 2008 continued their decline to EUR 20.9 million, down from EUR 37.4 million (restated) in the previous year. The significant decline is a result of decreasing revenues in most business units. The EBITDA was EUR (50.8) million in 2008, compared to EUR (15.5) million (restated) in 2007. The planned liquidation measures had an impact of EUR (32.8) million on annual operating results.

The in-depth analysis of the individual business units showed that despite significant cost savings, it is no longer possible to reach the profitability threshold in the near future given the continuing market consolidation. The only business unit operating in the black to date has been Domain Names.

We responded with a variety of efforts to shore up the company, secure jobs and maintain shareholder value in the event of changes to the ownership structure or the sale of business units. Unfortunately, these efforts coincided with one of the most severe economic crises in decades. The rampant insecurity, especially in the area of financing, has left potential buyers even more cautious.

After weighing all options, the Management Board and Supervisory Board have therefore agreed that the best solution is to sell the Shopping and Domain Names units and the Danish portal business and to suspend the operations of the European portal and Webhosting.

This means that almost 40 percent (based on revenues) of the LYCOS Europe business will be suspended and 60 percent will be sold.

We immediately paid out EUR 0.1605 per share from the company's premium reserves to you, the shareholders, following the corresponding resolution by the extraordinary general meeting. An additional payment may follow.

After over ten years of trying our utmost to achieve profitable growth for our LYCOS Europe shareholders, customers and employees, we must acknowledge with regret that this goal is no longer achievable with a reasonable chance.

From now on we will be selling the shopping business, liquidate parts of the operation and support the employees that will be made redundant to find other working opportunities.

I thank you for your trust and support in the past years.

C. Mohn

Christoph Mohn
Chief Executive Officer

business development

The stated objective of LYCOS Europe was to achieve sustainably profitable growth for its shareholders, customers and employees through international, innovative activities and superior technical and operative performance.

The latest business development has shown, however, that even cost savings programs were not enough to move the company out of the red. The ongoing market consolidation has also contributed to a worsening of the situation, pushing the date on which profitability can be achieved further down the road.

This was the background for the strategic review process designed to investigate options and find the best solution for the company and its shareholders as it was announced in April 2008. Considerations included a change in the previous ownership structure, the sale of the business as a whole or the sale of business units. Dresdner Kleinwort was brought on board as part of this review process.

During the discussions with more than 100 parties over whether to sell the company as a whole or in parts, serious interest in the Domain Names and Shopping units and the Danish portal business emerged. No serious interest in the remaining units was found.

Another option under consideration was to restructure the European portal operations and Webhosting unit. But it was questionable whether sustained profits could be earned in these units even after further cost-intensive restructuring.

After examining the available options and with an eye toward maintaining the assets, the only realistic option was to sell the Domain Names and Shopping units and the Danish portal business and suspend Webhosting and European portal operations.

A portion of the premium reserves has already been paid out to shareholders in the year under review. An additional payout might be possible once the sales are complete and the remaining units have been suspended.

European and Danish Portals

The European portal business maintains a matrix of internal and linked external networks in Europe. It is the fourth-largest portal in the UK and the sixth-largest in France and Germany.

The Danish portal is one of the largest portals in Denmark. Both portals—the European and the Danish—were losing money.

After a thorough examination of available options, it was decided to suspend the unprofitable European portal operations. In December 2008, a buyer was found for the Danish portal. It was sold effective December 31, 2008.

Domain Names

united-domains is among the top five domain name registrars in Germany and was the only unit operating in the black in the year under review.

The sale of the unit to United Internet AG was reported in December, shortly after the extraordinary general meeting. Pending approval by antitrust authorities, the sale came into effect January 1, 2009.[1]

Shopping

The Shopping unit is well positioned on the market and among the leading European players. The Shopping unit operates its own shopping sites in addition to the white label shopping solutions. The launch of the consumer guide portal "Decido" in April 2008 resulted in good traffic and redirect performance, but the shopping unit remains unprofitable. Here, too, the objective is to sell the entire unit. Corresponding negotiations were already underway in the year under review.

Webhosting

This unit is still operating at a deficit despite a solid market position in the UK, Germany, France and the Netherlands.

Since the review process was unable to find a serious potential buyer, this unit is to be suspended.

A partially automated changeover service to STRATO will assist LYCOS Europe Webhosting customers in changing providers.

1 Sale has been approved by antitrust authorities on January 30, 2009.

economic development

General Market Trend

According to the "Mediascope Europe 2008" EIAA study, the Internet is already the primary medium among 25- to 34-year-olds in Germany, who now spend as much time surfing on the internet as watching TV.

There are now over 178 million people online in Europe —up five percent from 2007. The 43.3 million Germans online constitute the largest segment in this group. But Germany still lags behind some of its European neighbors when it comes to broadband. About 60 percent of Germans have a broadband connection, while broadband is nearly universal in France (92 percent) and the UK (91 percent). There are plans in Germany to connect over 80 percent of households to broadband Internet by 2015, however ("Deutschland Online – Unser Leben im Netz" study).

The most popular online activity among Europeans is searching (84 percent), followed by e mail communication (79 percent) and exchanging information with other users through rating platforms and social networks.

Germany leads when it comes to online shopping: The study found that 36 percent made up to five online purchases in the six-month review period, while nearly one out of two (43 percent) made over six online purchases. Travel tickets, travel reservations and books are especially popular purchases. The Internet is used to research, compare and in many instances buy products. Even traditional offline purchases were often preceded by online research (ROPO: research online purchase offline).

The growing number of broadband connections and greater bandwidth also enable new and innovative forms of advertising. So it is not very surprising that the online advertising field exhibited high rates of growth in recent years. Experts predict that online advertising will continue to experience strong growth, though the current overall economic situation makes it likely that growth rates will slow. Changes in media usage are one reason why media budgets for print, TV and direct marketing are expected to shift to the Internet (EIAA "Marketers' Internet Ad Barometer 2008").

Effects on LYCOS Europe

Despite a generally positive market environment, the number of unique users of the LYCOS Europe Sales Network fell to 35.9 million in the year under review from 37.8 million in December 2007.

This constitutes a decline in reach to 22.2 percent in the relevant European markets.

A declining trend in traffic led to noticeable losses in revenues in the high-margin advertising business that could not be compensated by the other divisions or by cost savings and that had a direct impact on the net operating results.

As a consequence of ongoing declining revenues management started to evaluate different options for the business in 2008.

The following result analysis, balance sheet analysis and cash flow analysis is highly affected by management's decision to sell the lycos domains, the danish portals and the shopping activities and to discontinue the portal and webhosting activities.

The major effects which were caused by the aforementioned development could be summarized as follows:

- Capital repayment of EUR 50 million in 2008 which was charged to the premium reserve;
- Restructuring provision of EUR 23.5 million for costs for cancellation of long-lasting contracts, termination benefits for employees and costs for early termination of rental contracts.
- Total liquidation expenses will be approximately EUR 32.8 million
- The impairment charge was EUR 8.5 million

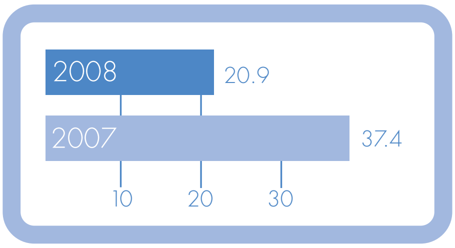
Furthermore assets, liabilities, revenues and costs as well as cash flows which relate to discontinuing operations are separately presented in the balance sheets, income- and cash flow statements according to IFRS 5.

Result analysis

Revenues

LYCOS Europe's revenues for the year ended December 31, 2008 amounted to EUR 20.9 million, which is a decrease of 44 percent compared to the restated revenues of EUR 37.4 million for the year ended December 31, 2007. This is not in conjunction with the overall market development. Main reason is the decrease in advertising revenues with 47 percent or EUR 10.7 million. Revenues from paid services and shopping decreased by 26 percent or EUR 2.6 million. Paid services and shopping contributed 37 percent, advertising 57 percent and other revenues 6 percent to LYCOS Europe's total revenues in the year ended December 31, 2008.

Revenues (EUR million)



Revenues generated by LYCOS Europe in the fourth quarter of 2008 amounted to EUR 4.3 million, which is a decrease of 51 percent compared to the reference period in 2007. This is mainly caused by the decrease in advertising revenues of 52 percent equaling EUR 3.1 million. Paid service and shopping revenues decreased by 43 percent compared to the three months ended December 31, 2007.

EBITDA

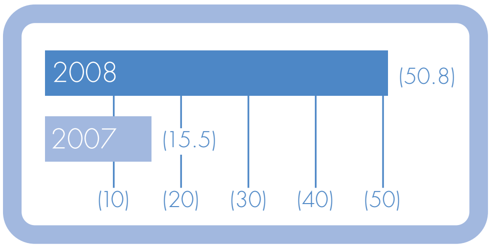
During 2008 the EBITDA of EUR (50.8) million decreased by EUR (35.3) million compared to the same period in 2007 (EUR (15.5) million).

The gross profit of EUR 10.3 million for the year ended December 31, 2008 decreased by 54 percent compared to the reference period in 2007 (EUR 22.2 million). Total cost of revenues decreased by 30 percent to EUR (10.6) million.

Ordinary sales and marketing expenses decreased by EUR 4.6 million during the year ended December 31, 2008. This is mainly the result of the strict cost management. Ordinary research and development costs decreased by EUR 1.6 million comparing the year 2008 to 2007. Ordinary general and administration expenses increased by EUR 3.3 million.

The EBITDA of EUR (30.6) million in the fourth quarter 2008 increased compared to the EBITDA of EUR (2.3) million in the prior year. This increase is mainly due to the aforementioned restructuring expenses.

EBITDA (EUR million)



Financial result

The net finance income was EUR 9.2 million compared to EUR 71.9 million for the year ended December 31, 2007. Last year result was affected by the gain on the sale of Seznam.cz, a.s. (EUR 64.8 million).

Net result

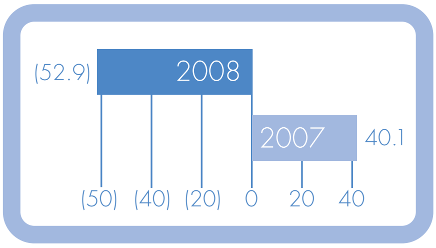
The above results in a net loss of EUR (52.9) million for the year ended December 31, 2008 compared to a net profit of EUR 40.1 million in the prior year (restated).

In line with the development of the net results the loss per share amounted to EUR (0.16) for the financial year 2008 compared to earnings per share of EUR 0.16 for the reference period in 2007.

Balance sheet analysis

Total assets decreased from EUR 205.2 million as at December 31, 2007 to EUR 108.2 million as at December 31, 2008. Cash, cash equivalents and other investments decreased to EUR 76.1 million as at December 31, 2008 compared to EUR 157.2 million as at December 31, 2007.

Net profit / loss (EUR million)



Property, plant and equipment and intangible assets excluding goodwill decreased to EUR 0.2 million as at December 31, 2008. Goodwill decreased to EUR 0 million as a result of a revaluation and a transfer to asset held for sale.

Total liabilities as at December 31, 2008 increased to EUR 47.6 million compared to EUR 38.3 million as at December 31, 2007. This is mainly the result of an increase of the restructuring provision.

The above leads to a cash ratio of 1.6 (cash, cash equivalents and other investments divided by total liabilities).

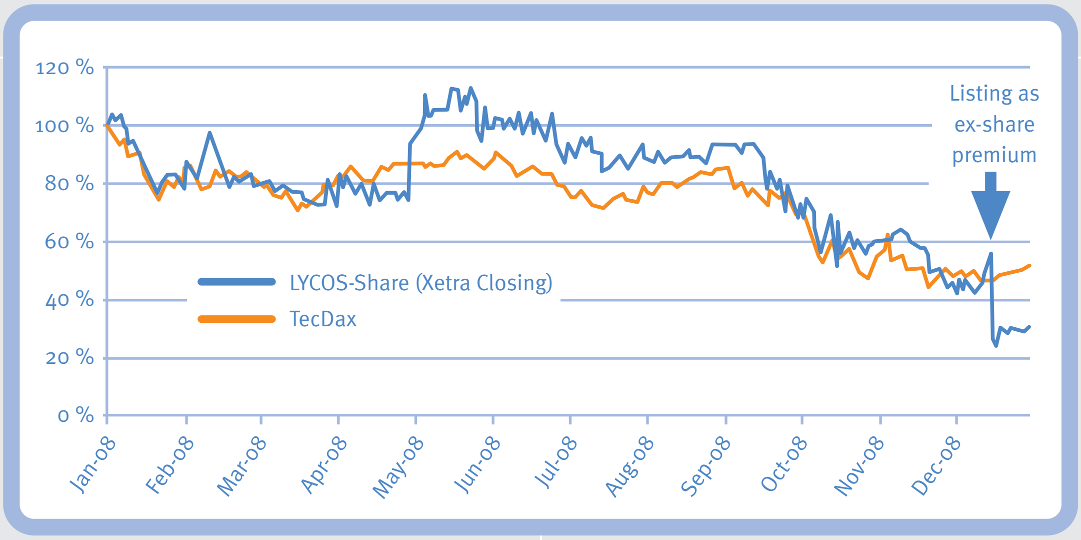
Cash flow analysis

The consolidated cash flow statements comprise of movements in cash and cash equivalents with an original maturity below three months. Other investments are classified as short term (original maturity 3–12 months) and long term other investments (original maturity above 12 months) in the balance sheet.

Cash and cash equivalents decreased by EUR 11.4 million to EUR 63.5 million during the year ended December 31, 2008. An amount of EUR (50.0) million was used for capital repayment which was charged to the premium reserve.

the share

LYCOS-Share (Xetra Closing) vs. TecDax



The national and international stock exchanges were hit hard in 2008 by the financial crisis and its fallout. Although only financial and real estate shares collapsed initially, the strong downward spiral soon engulfed nearly every industry.

The Dax posted a yearly loss of 3,000 points (39 percent), TecDax plunged 48 percent and the SDax shed 46 percent. The Prime Industrial Performance Index was also down 52 percent at year's end.

The top share price of EUR 0.54 in the period under review was reached on May 16, 19 and 23, 2008. Beginning on December 16, 2008, the LYCOS Europe share listed an ex-capital repayment with a corresponding discount. The share price bottomed out on December 17, 2008, at EUR 0.12*.

HSBC Trinkaus & Burkhardt served as the designated sponsor in 2008.

General Meeting

The ordinary general meeting of shareholders was held on May 29, 2008, in Amsterdam (Netherlands). The shareholders approved all proposed agenda items with clear majorities.

Extraordinary General Meeting

The results of the strategic review process necessitated an extraordinary general meeting, which was held on December 12, 2008, in Amsterdam. All proposed resolutions at this meeting were also adopted with broad majorities, paving the way for implementation of the new strategy. The approved capital repayment of EUR 50 million, or EUR 0.1605 per share, was effected on December 19, 2008.

		1/2–12/30/2008
LYCOS share*	%	(69)
TecDax	%	(48)
Highest rate (May 16, 19 and 23, 2008)	EUR	0.54
Lowest rate (Dec. 17, 2008)*	EUR	0.121
Closing rate (Dec. 30, 2008)*	EUR	0.15
Average daily trading volume (Xetra)	Shares	126,450
Market capitalization (Dec. 30, 2008)	EUR	46,845,000

Based on: Xetra closing rates

* ex-capital repayment

Capital Stock

The company's capital stock consists of AA, AB and B shares, each with a par value of EUR 0.01. The average and absolute number of issued and outstanding shares, including 723,656 treasury shares with a nominal value of EUR 7,236.56, totaled 312,300,000. The number of voting shares outstanding therefore amounts to 311,576,344 as of December 31, 2008. The treasury shares were the result of both issuance and acquisition in the context of an indemnification from Spray Ventures in 2002. In addition to ordinary capital stock, the company has issued its employees stock options, of which 30,300 are outstanding and exercisable as of December 31, 2008.

Shareholder Structure

	Number of shares as of December 31, 2008	% of voting rights	% of shares	Number of shares as of December 31, 2007	% of voting rights	% of shares
LE Holding Corp.	100,000,000	32.1%	32.0%	100,000,000	32.1%	32.0%
Bertelsmann Internet Holding GmbH / Fireball Internet GmbH / Jahr VVG mbH & Co. KG	62,270,000	20.0%	19.9%	62,270,000	20.0%	19.9%
Christoph Mohn Internet Holding GmbH	37,730,000	12.1%	12.1%	37,730,000	12.1%	12.1%
LYCOS Europe N.V. (treasury shares)	723,656	0.0%	0.2%	723,656	0.0%	0.2%
Free float	111,576,344	35.8%	35.8%	111,576,344	35.8%	35.8%
Total	**312,300,000**	**100.0%**	**100.0%**	**312,300,000**	**100.0%**	**100.0%**

employees

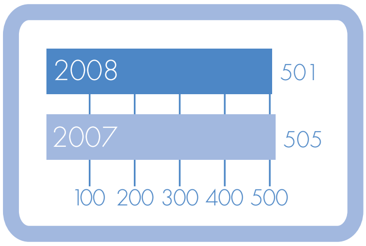
LYCOS Europe had 501 employees at the end of the year under review. This compares to 505 at the end of 2007.

These employees are affected by the structural measures.

The majority of LYCOS Europe employees worked at the locations in Germany (50 percent) and Armenia (41 percent). Another 5 percent worked for the company in France and an additional 4 percent in Italy, the Netherlands and the UK.

After the new strategy was announced, various measures were introduced to help departing employees find other employment opportunities.

Employees



corporate governance

LYCOS Europe endorses the importance of good corporate governance, which is understood to include honest and transparent acting on the part of management, correct supervision of this corporate governance and accepting responsibility for the supervision carried out. This section of the Company's annual report provides an outline of its corporate governance structure. LYCOS Europe applies the Dutch Corporate Governance Code to most points. Deviations are specifically discussed and explained in the subsection entitled "Deviations from the Dutch Corporate Governance Code" below.

LYCOS Europe's Management Board and Supervisory Board are responsible for weighing up the interests of the Company's customers, suppliers and employees among with interests of the shareholders.

The corporate governance principles LYCOS Europe employs are anchored in the Company's Articles of Association, the By-Laws of its Management Board, the By-Laws of its Supervisory Board and other documents. LYCOS Europe has a written code of business principles and a written whistleblowing policy. All of said documents and other information that LYCOS Europe is required to publish or deposit pursuant to provisions of company law and securities law applicable to the Company are posted on a separate corporate governance section on the Company's corporate information portal.

During the Company's 2005 Annual General Meeting of Shareholders its corporate governance policy has been discussed and its Management Board and Supervisory Board have given account accordingly. Substantial future changes to LYCOS Europe's corporate governance structure, if any, will be submitted to the General Meeting of Shareholders for discussion.

Management Board

Role and procedure

Management responsibilities

The management responsibility is vested in the Company's Management Board. This includes among other things responsibility for determining and achieving the Company's objectives, strategy and policies and the development of results. LYCOS Europe's Management Board reports on these matters to its Supervisory Board and to the General Meeting of Shareholders. In discharging its role, LYCOS Europe's Management Board focuses on the Company's interests taking into consideration the interests of its stakeholders. LYCOS Europe's Management Board provides its Supervisory Board with all the information necessary for the exercise of its duties in a timely fashion.

LYCOS Europe's Management Board is responsible for complying with all relevant legislation and regulations, managing the risks associated with the Company's activities and its financing. The Management Board reports on these matters to the Supervisory Board and the Audit Committee and discusses the internal risk management and control systems with these bodies.

Composition and appointment

Christoph Mohn, the Company's Chief Executive Officer ("CEO"), currently is the sole member of the Management Board. Christoph Mohn has been appointed for an indefinite period of time and LYCOS Europe is of the opinion that this cannot be changed unilaterally by the Company into a fixed-term position.

Pursuant to the Company's Articles of Association LYCOS Europe's Management Board must consist of one, two or three members who are appointed by the Company's General Meeting of Shareholders. The meeting of holders of LYCOS Europe's class AB shares has the right to make a binding nomination for filling one seat on the Company's Management Board. The person appointed in this seat is referred to as a managing director AB. Christoph Mohn is a managing director AB. The meeting of holders of LYCOS Europe's class AA shares may determine that a second Management Board member must be appointed and if so determined, it will have the right to make a binding nomination with respect to the second seat. The person appointed in that seat would be referred to as a managing director AA. If the meeting of holders of class AA shares has determined that there must be a managing director AA, the meeting of holders of class AB shares may determine that the Management Board shall consist of three managing directors. In that case, the third managing director will neither be a managing director AA nor a managing director AB and in respect of this seat no binding nomination rights exist. A nomination for appointment of a managing director AA or AB prepared by the shareholders of the relevant class will be binding if consisting of at least two candidates. The General Meeting of Shareholders can override the binding nature of such nomination only by a two-thirds majority representing more than one-half of the Company's issued share capital.

LYCOS Europe's Management Board must appoint a Chief Financial Officer ("CFO") whether or not from among its members, on the proposal of the CEO. However, if the Management Board consists of three members and provided the person who is neither a managing director AA nor a managing director AB is nominated by the CEO, that person shall be the CFO. Fred Wilsdorf is LYCOS Europe's CFO. He is not a member of the Management Board and therefore acted under the responsibility of the Management Board. The CFO is among other things responsible for formulating the Company's financial strategy, overseeing and ensuring the integrity of its accounts and its financial reporting.

Remuneration

Amount and composition of the remuneration

LYCOS Europe places a high importance on attracting and retaining qualified directors and personnel, whilst safeguarding and promoting the Company's medium- and long-term interests. The Remuneration Policy for members of the Company's Management Board is reflective thereof. It is designed to support LYCOS Europe's strategy for value creation and shareholder alignment and to strengthen the Company's Management Board members' commitment.

The Remuneration Policy for the members of LYCOS Europe's Management Board includes fixed and variable components. The ownership of shares in the Company's capital by Management Board members is for long-term investment.

An overview of the remuneration of Christoph Mohn, who is currently LYCOS Europe's sole Management Board member, can be found on page 103.

Determination and disclosure of remuneration

LYCOS Europe's current Remuneration Policy that has been discussed and adopted by its 2005 Annual General Meeting of Shareholders can be found on the Company's corporate information portal. Subsequently, every material amendment to the Remuneration Policy will also be submitted to the General Meeting of Shareholders.

Conflicts of interest

Any member of LYCOS Europe's Management Board is required to immediately report any conflict of interest or potential conflict of interest that is of material significance to the Company or to the member of the Management Board to the Chairman of the Supervisory Board. Where the Supervisory Board decides that a particular transaction must be treated as a transaction in which a Management Board member has a conflict of interest, it shall also decide on the internal decision-making process to be followed in respect thereof. All transactions in which there are conflicts of interest with a Management Board member are agreed on arm's length conditions. Decisions to engage in transactions in which conflicting interests of a Management Board member are involved, which are of material significance to LYCOS Europe and/or to the Management Board member require the approval of the Supervisory Board. In the event of a conflict of interest between LYCOS Europe and a Management Board member, the Company shall be represented by the person or persons designated for such purpose by the Supervisory Board (which may but need not be the Management Board member concerned), save when one or more other persons were previously designated by the General Meeting of Shareholders for that purpose.

Acknowledging that Christoph Mohn has a personal financial interest in and is a supervisory board member of Bertelsmann AG, LYCOS Europe's Supervisory Board closely monitors the Company's dealings with Bertelsmann and its affiliates.

Supervisory Board

Tasks and procedure

LYCOS Europe's Supervisory Board's responsibility is to supervise the policy of the Company's Management Board and the general affairs of LYCOS Europe and its business as well as to assist the Company's Management Board by providing advice. In doing so, the Supervisory Board is guided by the Company's interests and takes into account the relevant interests of its stakeholders. The Supervisory Board is responsible for the quality of its own functioning.

Independence

Composition and appointment

The members of the Supervisory Board are appointed by the General Meeting of Shareholders for a period of four years. As a general rule, LYCOS Europe's Supervisory Board members may serve a maximum of three terms of four years on the Supervisory Board.

In 2008 LYCOS Europe's Supervisory Board consisted of six members, being three supervisory directors AA and three supervisory directors AB. The meeting of holders of the Company's class AA shares have the right to make binding nominations for the appointment of supervisory directors AA and the meeting of holders of the Company's class AB shares have the right to make binding nominations for the appointment of supervisory directors AB. A nomination for appointment of a supervisory director AA or AB made up by the shareholders of the relevant class will be binding if consisting of at least two candidates. The General Meeting of Shareholders can override the binding nature of such nomination only by a two-thirds majority representing more than one-half of the issued share capital.

The expertise and composition requirements of LYCOS Europe's Supervisory Board are laid down in a Supervisory Board Profile which is annexed to the By-Laws of the Company's Supervisory Board. The Supervisory Board is responsible for promoting, within the limits of its powers, that the size of LYCOS Europe's Supervisory Board is at all times such that the Supervisory Board as a whole can perform its duties effectively and responsibly and that each individual member of the Company's Supervisory Board is able to make a contribution by his or her specific qualities.

The composition of LYCOS Europe's Supervisory Board is such that its members can act critically and independently of one another, and of the management and any particular interest, acknowledging, however, that under the Company's Articles of Association the meeting of holders of its class AA shares and the meeting of holders of its class AB shares have special nomination rights with respect to the appointment of Supervisory Board members and provided that LYCOS Europe does bear certain characteristics of a joint venture between the holders of its class AA and AB shares justifying that the Company's Supervisory Board members are selected from persons occupying functions (as a director, officer or otherwise) with a holder of class AA or AB shares or parties related thereto.

Under the criteria of the Dutch Corporate Governance Code, only two of LYCOS Europe's Supervisory Board members qualify as independent. Messrs., Rovira de Ossó and Velo Puig-Durán, who are LYCOS Europe's supervisory directors AA, are not independent as they are directors or officers of Telefónica SA or its affiliates, which is the parent of the Company that owns LYCOS Europe's class AA shares, representing over 10 percent of the Company's share capital. Mr. Richter, one of LYCOS Europe's supervisory directors AB and the Chairman of the Supervisory Board, was formerly employed with and has a business relationship with Bertelsmann AG, which is the parent of the majority holder of LYCOS Europe's class AB shares, representing over 10 percent of the Company's share capital. Mr. Buch, also a super-

visory director AB, is employed with an affiliate of Bertelsmann AG. Mr. Rodriguez Vina who is also a supervisory director AA, is independent, notwithstanding the fact that he was an officer of a Telefónica affiliate in the past. Mr. Bohnert, who is also a supervisory director AB, is independent, notwithstanding the fact that he was the advisor to a company which in the past was an affiliate of Bertelsmann AG and notwithstanding the fact that he is a partner of a law firm of which other partners do certain work for Bertelsmann AG or its affiliates.

Role of the Chairman of the Supervisory Board and the Company Secretary

The Chairman and Vice Chairman (if any) of LYCOS Europe's Supervisory Board are appointed by the meeting of holders of the Company's class AB shares. The Chairman is not a former member of the Management Board.

The duties of the Chairman of LYCOS Europe's Supervisory Board include preparing the agenda and chairing Supervisory Board meetings, monitoring the satisfactory functioning of the Supervisory Board and its Committees, arranging the adequate provision of information to the Supervisory Board members, ensuring that there is sufficient time for making decisions, being the main contact point on behalf of the Supervisory Board for the Management Board, initiating the evaluation of the functioning of the Supervisory Board and the Management Board and as Chairman ensuring the orderly and efficient conduct of General Meetings of Shareholders. The Chairman of the Supervisory Board is assisted by the Company Secretary who is as such also the secretary of the Supervisory Board.

Composition and role of the Committees of the Supervisory Board

Without prejudice to its own responsibility, LYCOS Europe's Supervisory Board has established an Audit Committee and a Remuneration Committee, each consisting of three members of the Supervisory Board. The task of these Committees primarily is to prepare the decision-making of the Supervisory Board.

In view of the binding nomination rights of the holders of LYCOS Europe's class AA and AB shares regarding appointments to the Company's Supervisory Board and Management Board, the Supervisory Board has not established and does not intend to establish a nomination committee.

Audit Committee

The purpose of the Audit Committee is to assist LYCOS Europe's Supervisory Board on the execution of its supervisory responsibility concerning among other things the Company's policy and procedures in the area of financial administration and financial reporting and internal control systems, the integrity of the financial reports and the evaluation and independence of the Company's external auditor.

The Audit Committee shall decide if and when LYCOS Europe's CEO, its CFO and/or its external auditor should attend its meetings. In addition, independent experts may be invited to attend meetings of the Audit Committee. Each member of the Supervisory Board may attend meetings of the Audit Committee. The Audit Committee may require any of LYCOS Europe's officers or employees, its external legal advisers or its external auditor to attend a meeting of the Audit Committee or to consult with members or advisers of the Audit Committee. When need arises, the external auditor may request the Chairman of the Audit Committee to be allowed to attend a meeting of the Audit Committee.

Remuneration Committee

The purpose of the Remuneration Committee is to assist LYCOS Europe's Supervisory Board with, among other things, resolving on the compensation of the CEO and any other Management Board members, if appointed, and the proposal for and regular review of the remuneration policy.

Conflicts of interests

Any member of LYCOS Europe's Supervisory Board is required to immediately report any conflict of interest or potential conflict of interest that is of material significance to the Company or to the member of the Supervisory Board concerned to the Chairman of the Supervisory Board. Where the Supervisory Board decides that a particular transaction must be treated as a transaction in which a Supervisory Board member has a conflict of interest, it will also decide on the internal decision-making process to be followed in respect thereof. All transactions in which there are conflicts of interest with a Supervisory Board member are agreed on arm's length conditions. Decisions to engage in transactions in which conflicting interests of a Supervisory Board member are involved, which are of material significance to LYCOS Europe and/or to the Supervisory Board member concerned require the approval of the Company's Supervisory Board.

LYCOS Europe's Supervisory Board is also responsible for decision-making concerning the handling of conflicts of interest of members of the Management Board, large shareholders and the external auditor in relation to the Company.

Acknowledging that two members of the LYCOS Europe's Supervisory Board are not independent from Telefónica SA, or affiliates thereof and that two other are not independent from Bertelsmann AG, or affiliates thereof, LYCOS Europe's Supervisory Board closely monitors the Company's dealings with Telefónica SA, Bertelsmann AG and their respective affiliates.

Remuneration

The remuneration of the members of the Supervisory Board, if any, is determined by the General Meeting of Shareholders. No shares and/or rights to shares in LYCOS Europe's capital are granted to Supervisory Board members by way of remuneration.

The shareholders and the general meeting of shareholders

Powers

Good corporate governance assumes full participation of shareholders in the decision-making process in the General Meeting of Shareholders. It is in the Company's interest that as many shareholders as possible participate in the decision-making process in the General Meeting of Shareholders and that the General Meeting of Shareholders plays a full role in the system of LYCOS Europe's "checks and balances".

The most important powers of LYCOS Europe's General Meeting of Shareholders are:

- adoption of the Company's Dutch statutory annual accounts;
- granting release from liability to the Company's Management Board and Supervisory Board members;
- appointment, suspension and removal of the Company's Management Board and Supervisory Board members;
- adoption of a policy on remuneration of the Company's Management Board members and determination of the remuneration of its Supervisory Board members;
- appointment and removal of the external auditor;

- approval of decisions of the Company's Management Board on significant changes to LYCOS Europe's identity or character (within the meaning of those terms under Section 2:107a of the Dutch Civil Code) or the identity or character of LYCOS Europe's business, in any case concerning the transfer of (nearly) the Company's entire business, the entering into or terminating of joint ventures which are of fundamental importance to LYCOS Europe and the acquiring or disposing of participations the value of which equals or exceeds one third of the sum of the Company's assets according to its latest adopted consolidated balance sheet;
- delegation to the Company's Management Board of the power to issue shares in the Company's capital, it being understood that the exercise of such delegated power by the Management Board is subject to approval by the Supervisory Board;
- authorization of the Company's Management Board to make LYCOS Europe repurchase shares in its own capital, it being understood that upon authorization the exercise of such power by the Management Board is subject to approval by the Supervisory Board; and
- approval of any amendments to the Company's Articles of Association.

Furthermore, any substantial modification to LYCOS Europe's corporate governance structure will be presented to the General Meeting of Shareholders for discussion.

The right to place an item on the agenda

Shareholders who, alone or jointly, represent at least one percent of the issued capital or a shareholding, alone or jointly, at least worth EUR 50,000,000 according to the official price list of any stock exchange, shall have the right to request to the Management Board or the Supervisory Board that items be placed on the agenda of the General Meeting of Shareholders. These requests will be honored by the Management Board or the Supervisory Board under the conditions: (1) that important company interests do not dictate otherwise; and (2) that the request is received by the CEO or the Chairman of the Supervisory Board in writing at least 60 days before the date of the General Meeting of Shareholders. It should be noted, however, that these powers of shareholders are the subject of change pursuant to the changes in the Dutch Corporate Governance Code effective as of January 2008 as well as legislative proposals in the Netherlands. LYCOS Europe will adhere to these changes.

Provision of information

LYCOS Europe informs all shareholders and other parties within the financial market equally and simultaneously about affairs that could influence the share price. The contacts between the Management Board on the one hand and the press, financial analysts and individual investors on the other hand are carefully handled and structured and LYCOS Europe does not carry out any dealings that affect the independence of the analysts with regard to the Company and vice versa.

LYCOS Europe's Management Board and Supervisory Board must provide the General Meeting of Shareholders with all relevant information that it needs for the exercise of its powers. If, during a General Meeting of Shareholders, information that could affect the share price is provided or answering shareholders' questions leads to such sensitive information being provided, this information shall be made public immediately.

The audit of the financial reporting and the position of the external auditor

Financial reporting

LYCOS Europe's Management Board is responsible for the quality and completeness of the financial information that is made public. The Company's Supervisory Board must see to it that the Management Board fulfils this responsibility.

Role, appointment, remuneration and assessment of the functioning of the external auditor

LYCOS Europe's external auditor is appointed by the Company's General Meeting of Shareholders each year to audit the annual accounts for the then-current financial year. A nomination for appointment is made by LYCOS Europe's Supervisory Board, for which purpose both the Audit Committee and the Management Board advise the Supervisory Board. The remuneration for the external auditor will forthwith be approved by LYCOS Europe's Supervisory Board on the proposal of the Audit Committee after consultation with the Management Board. Besides the annual assessment, the Management Board and the Audit Committee have thoroughly assessed the external auditor in 2005. Their conclusions were satisfactory and discussed in the Supervisory Board.

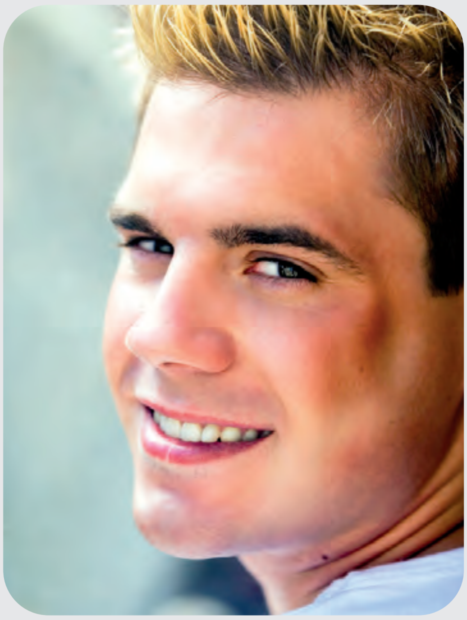
Relationship and communication of the external auditor with LYCOS Europe's corporate bodies

The external auditor shall in any event attend the meetings of each of the Supervisory Board and the Audit Committee once a year and may request the Chairman of the Audit Committee to attend any further meetings of the Audit Committee if and when he deems appropriate. The external auditor reports his findings concerning the audit of the financial statements to the Management Board, the Supervisory Board and the Audit Committee.

Deviations from the Dutch Corporate Governance Code

As indicated above, LYCOS Europe endorses the importance of good corporate governance and applies the Dutch Corporate Governance Code to most points. Deviation from certain code provisions follows from or is justified by specific aspects of LYCOS Europe's legal structure, shareholder structure, business and other circumstances, including but not limited to the following aspects in which LYCOS Europe differs from most other Dutch listed companies: (i) LYCOS Europe was founded and in certain respects still operates as a joint venture company between two (groups of) large shareholders; and (ii) LYCOS Europe is a company whose registered office is in the Netherlands, but (part of) whose shares are solely listed in the German Prime Standard and on the French Euronext, and not on any Dutch stock exchange. As a consequence of the latter LYCOS Europe believes there are instances where non-compliance with code provisions specific to the Dutch environment is justified.

Below is an overview of the matters where LYCOS Europe deviates from the best practice provisions of the Dutch Corporate Governance Code (numbers in brackets below refer to the numbers of the relevant code provisions):



- LYCOS Europe's current CEO, Mr. Mohn, has been appointed for an indefinite period of time and the Company believes this cannot be unilaterally changed. The variable part of Mr. Mohn's remuneration for 2007 has not contained a long-term incentive, based on the long-term alignment of interests between him and LYCOS Europe deriving from his personal investment (through a personal holding) in the Company as a shareholder. Depending on the circumstances, in the event of dismissal, termination payments from LYCOS Europe to Mr. Mohn may exceed one year's salary as Mr. Mohn is retained by a subsidiary of LYCOS Europe under a German law employment contract. Any termination payments will therefore be subject to German law, regulation and practice on termination of employment contracts. (II.1.1; II.2; II.2.7)
- In the event of conflicts of interest between LYCOS Europe and members of its Management Board or Supervisory Board, the Company's Supervisory Board will decide on the internal decision-making process to be followed in respect thereof. This does not necessarily mean that the relevant board member will be excluded from taking part in a discussion and/or decision-making on the relevant subject. Also, LYCOS Europe does not acknowledge that transactions with Bertelsmann or Telefónica or their respective affiliates that are of minor importance to LYCOS Europe must per se be treated as transactions involving conflicts of interests. (II.3.2; II.3.3; III.6.1; III.6.2)
- All of LYCOS Europe's Supervisory Board members but two occupy functions (as a director, officer or otherwise) or are otherwise engaged with a holder of class AA or AB shares or parties related thereto. These Supervisory Board members do therefore not qualify as "independent" within the meaning of the relevant code provisions; however, otherwise said Supervisory Board members meet all criteria for independence set forth in the relevant code provisions (III.2.1; III.2.2; III.3.2; III.5.1; III.5.7)

- Nominations for appointments to LYCOS Europe's Management Board and Supervisory Board are made by the holders of the Company's class AA shares or the holders of its class AB shares. Under the Company's Articles of Association, said classes of shareholders hold the power to make up binding nominations with respect to managing and supervisory directors AA and AB respectively, as discussed in the above subsections of this report in more detail. LYCOS Europe's Supervisory Board is not charged with making such nominations and has not established a nominations committee. (III.5; III.5.13; IV.1.1)
- LYCOS Europe does not require its Management Board and Supervisory Board members to give periodic notice to the Company of changes in their holdings in securities in Dutch listed companies. LYCOS Europe believes the relevant code provisions to be quite specific to the Netherlands and that deviation is justified by the Company's international character. (II.2.6; III.7.3)
- LYCOS Europe does not have an internal auditor function of its own which the Company believes is justified given the size and complexity of its business and the duties and involvement of its external auditors. (V.3.1)
- None of the Audit Committee members is designated as such as a "financial expert" within the meaning of that term under the Dutch Corporate Governance Code. The Supervisory Board does believe however that the expertise of the members of the Audit Committee taken together is sufficient for the Supervisory Board to discharge its supervisory duties in financial and audit-related matters. (III.5.7)

In addition, certain of LYCOS Europe's policies deviate from the formal text of specific provisions of the Dutch Corporate Governance Code where the Company does believe, however, that its policies are in conformity with the spirit of such code provisions. Those differences are apparent from textual differences between certain provisions in the By-Laws of LYCOS Europe's Management Board and Supervisory Board and Committee Terms of Reference on the one hand and best practice provisions in the Dutch Corporate Governance Code on the other. In the case of such differences, the text of said By-Laws and Terms of Reference prevails. LYCOS Europe believes such differences do not require any further explanation in this annual report and such differences are not further discussed herein.

risk management

The risk management in the year under review outlined below was based on the assumption that business operations would continue.

LYCOS Europe maintains a comprehensive and effective risk management system to identify, monitor and control potential risks early on. The system is also designed to actively counteract any risks that manifest themselves.

Risk management and internal control are core business responsibilities and an integral part of company management. The Management Board ensures the company's compliance with all relevant legislation and regulations. It reports to the Audit Committee and the Supervisory Board on the internal risk management and control systems as well as significant changes or planned improvements to these systems and is responsible for these systems. The system of risk management and internal control covers not only the financial controls that are essential for proper and timely reporting on the financial condition of the group but also all other operations of importance in achieving the business objectives of LYCOS Europe.

Risk Management
With this program, LYCOS Europe systematically compiles significant risks that could affect the company. These risks are then quantified and assessed, their ramifications are documented and measures are determined to confront these risks. In addition, certain employees are assigned responsibility for specific and general risks. They are accountable for monitoring potential risks and ensuring that the agreed measures are implemented.

The following is a list of key risks or areas of risk among the identified basic risks to which the company is exposed from a current perspective.

Economic Environment

LYCOS, as a company active in the Internet sector, faces several risks in its competitive environment. This may include risks related to competitors, the overall market, the behavior of its users and advertising and sales in general. LYCOS Europe therefore monitors its economic environment regularly and acts as needed to avert possible risks.

Legal Regulations

LYCOS Europe is exposed to several risks related to legal regulations, such as data protection rules, sales contracts, licenses and the misuse of internal information. For this reason, the company maintains a legal department to identify, minimize and ideally avoid these and similar risks early on.

Financial Risks

Risks in the performance of financial instruments could potentially harm the company. Financial instruments consist primarily of cash, cash equivalents, investments and accounts receivable. The company's main objective is to ensure the safety of these investments until their maturity date. These risks are counteracted by selecting business partners with a good credit rating and holding the cash equivalents and deposits mainly with German banks, which are regularly monitored for full coverage by the depositor's guarantee fund. In light of the ongoing financial crisis, the monitoring cycles have been shortened to allow an even quicker response to changes in the risk structure.

The company is also dependent on the payment practices of its customers. Accounts receivables are typically unsecured and derive from revenues earned from customers located primarily in Europe. The company performs ongoing credit evaluations of its customers and maintains appropriate reserves for potential credit losses.

IT and Infrastructure

LYCOS Europe maintains a mainly standardized, centralized and almost completely outsourced IT environment. The company is thus exposed to several risks related to its dependence on single systems and the general system failures this can cause. LYCOS Europe reduces this risk in part through secure data processing centers, the implementation of modern backup systems, firewalls, virus scanners, access systems and the extensive monitoring of operations.

Personnel Risks

LYCOS Europe is dependent on highly qualified employees. To reduce the loss of expertise due to the fluctuation of qualified personal, the company offers its employees incentive programs, performance-based compensation systems and international development opportunities.

Product Development

Innovative and up-to-date products are a key success factor for the future development of the company. Research and development activities play a decisive role in the Internet business. Products must also meet high quality and safety standards. LYCOS Europe applies an appropriate organizational structure to reduce the risk of developing products that do not make it to market. The product management team analyzes user demand and incorporates the results into future product developments.

Internal Control

The core policies and procedures that define the group's internal control environment are communicated within the company in part through handbooks and written policies. The varying tasks of the finance and administrative team are clearly separated.

Accounting

LYCOS Europe prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) and internal accounting guidelines. The accounting departments of all the groups' entities are responsible for issuing their local financial statements and corresponding reports. This information is transferred to the group's consolidation department, whose chief responsibility is to examine the plausibility of the financial statements on the basis of which it creates the consolidated financial statements.

Invoicing

The internal billing department shares responsibility for optimizing automatic procedures in order to prevent possible fraud on payments for premium services.

Controlling

At least once monthly, the company management receives financial data to monitor the operating results of the group and its subsidiaries. This information together with other financial information is used for operative control and monitoring of possible risks. The controlling department also analyzes additional financial and strategic data (such as budgets and forecasts), with a special focus on monitoring sales revenues, and shares this information with the group management. Sales contracts and the corresponding deliveries and posted revenues are reviewed centrally. Cost accounts are also subject to central review. Financial systems (such as SAP R/3) are the responsibility of the controlling department. The procedures and rules were implemented with an emphasis on limiting risks and authorizations.

Procurement

The internal procurement department is in charge of supervising and processing major European IT-related investments. All relevant purchases are also subject to verification by a second party.

Finance

The finance department is in charge of reviewing the authorization processes for each bank account of the group and its subsidiaries. Each payment requires verification by a second employee. Monthly cash planning and reporting by the finance department together with the finance departments of the subsidiaries provides management with the necessary information to control the cash position of the group. A cash pooling system regularly transfers incoming cash from the subsidiaries to centrally managed accounts. Management also receives a monthly review and report of the group's accounts receivable.

These procedures are regularly evaluated and expanded to accommodate new requirements.

Code of Conduct

The company has implemented a specific code of conduct that is binding for all employees worldwide. There is also a company-wide code on dealing with price-sensitive information and insider trading.

The stated goal remains the integration of risk management into the corporate culture, procedures and workflows.

in control statements

Internal risk management and control systems

LYCOS Europe N.V.'s internal audit processes are structured to ensure that the design and operation of the Group's internal risk management and control systems are both appropriate and effective. In line with this approach, internal audits are carried out as part of an annual risk assessments program.

At year-end, the Management Board and the Audit Committee of the Supervisory Board of LYCOS Europe N.V. review and evaluate the effectiveness of the internal risk management and control systems during the last financial year. In this respect, LYCOS Europe N.V. applies criteria established under the "Internal Control – Integrated Framework" of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The objective of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives. Accordingly, they can only provide reasonable, but not absolute, assurance against material misstatement or loss.

As required by best practice provision II.1.5 of the Dutch Corporate Governance Code and on the basis of the foregoing and the explanations contained in the Risk Management section in this annual report, the Management Board has confirmed that to its knowledge:

- LYCOS Europe N.V.'s internal risk management and control systems provide a reasonable assurance that the Group's financial reporting does not contain any material inaccuracies; and

- LYCOS Europe N.V.'s risk management and control systems functioned properly in 2008.

Responsibilities in respect of the financial statements and annual report

The Management Board is responsible for preparing the financial statements and the annual report in accordance with applicable Dutch law and those International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The Management Board is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs, and of the profit or loss, of the respective companies included in the consolidation. They are responsible for maintaining proper accounting records, for safeguarding assets, and for taking reasonable steps to prevent and detect fraud and other irregularities. The Management Board is also responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates that are prudent and reasonable. Applicable accounting standards have been followed and LYCOS Europe N.V.'s financial statements, which are the responsibility of the Management Board, are prepared using accounting policies which comply with IFRS.

As required by section 5:25c(2)(c) of the Dutch Financial Supervision Act (Wet op het Financieel Toezicht) and on the basis of the foregoing the Management Board has confirmed that to its knowledge:

- the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of LYCOS Europe N.V. and the undertakings included in the consolidation taken as a whole.

- the annual report includes a fair review of the position at the balance sheet date, the development and performance of the business during the financial year of LYCOS Europe N.V. and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that LYCOS Europe N.V. faces.

Management Board
Christoph Mohn, CEO
LYCOS Europe N.V.

outlook

LYCOS Europe will continue the course it has embarked upon and sell additional business units as soon as reasonably possible. Concrete negotiations are underway on the sale of the Shopping unit.

Closure of the European portal and Webhosting operations was initiated.

Several products and services will be suspended effective February 15/16, 2009. Most of the subsequent measures are due for completion by March 31, 2009.

LYCOS Europe shares will remain tradable beyond this date.

In general it is the interest to provide additional payments to shareholders The date and amount of these payments cannot presently be determined, however.

supplemental report

The sale of united-domains AG was approved by anti-trust authorities on January 30, 2009.

Haarlem, the Netherlands
February 13, 2009

The Management Board
LYCOS Europe N.V.

LYCOS Europe N.V.

consolidated financial statements

for the year ended december 31, 2008

LYCOS Europe N.V.
consolidated balance sheets

In thousand Euro	Notes	December 31, 2008	December 31, 2007
Assets			
Property, plant and equipment	6	124	2,374
Intangible assets	7,8,9	55	23,860
Deferred tax assets	25	0	204
Other investments	10	7,132	9,803
Other non-current assets	11	977	486
Total non-current assets		**8,288**	**36,727**
Cash and cash equivalents	10	63,464	74,868
Other investments	10	5,500	72,500
Accounts receivable and other receivables	12,13	6,645	13,146
Prepaid expenses and other current assets	12	6,009	7,976
Assets classified as held for sale	7	18,245	0
Total current assets		**99,863**	**168,490**
Total assets		**108,151**	**205,217**
Shareholders' equity and liabilities			
Share capital		3,123	3,123
Share premium		1,542,009	1,588,076
Treasury shares		(2,052)	(2,052)
Legal reserves		0	3,941
Translation reserve		(4,101)	(649)
Accumulated deficit		(1,425,540)	(1,465,594)
Unappropriated result		(52,872)	40,054
Total shareholders' equity attributable to equity holders of the Company	16	**60,567**	**166,899**
Deferred tax liabilities	25	157	1,377
Provisions and other long-term liabilities	18	0	8,564
Total non-current liabilities		**157**	**9,941**
Accounts payable		5,291	9,223
Restructuring provision	18	23,440	984
Other short-term liabilities	19	12,855	18,170
Liabilities classified as held for sale	7	5,841	0
Total current liabilities		**47,427**	**28,377**
Total liabilities		**47,584**	**38,318**
Total shareholders' equity and liabilities		**108,151**	**205,217**

The accompanying notes are an integral part of these consolidated financial statements

LYCOS Europe N.V.
consolidated income statements

In thousand Euro (except share data)	Notes	Year ended December 31, 2008	Year ended December 31, 2007 Restated*
Advertising		11,891	22,556
Paid services and shopping		7,618	10,234
Other		1,356	4,610
Total revenues	4	**20,865**	**37,400**
Cost of revenues	22	(10,614)	(15,216)
Gross profit		**10,251**	**22,184**
Sales and marketing	21,22	(14,432)	(18,621)
Research and development	9,21,22	(13,319)	(14,750)
General and administration	9,20,21,22	(42,299)	(14,921)
Other operating income	23	267	2,455
Loss from operations		**(59,532)**	**(23,653)**
Finance income		6,153	71,707
Finance expense		(34)	(140)
Other finance income		3,095	318
Net finance income	24	**9,214**	**71,885**
Profit / (loss) before tax		**(50,318)**	**48,232**
Income tax	25	326	133
Net profit / (loss) from continuing operations		**(49,992)**	**48,365**
Result from discontinued operations (net of income tax)	7	(2,880)	(8,311)
Net profit / (loss) for the period attributable to equity holders of the Company		**(52,872)**	**40,054**
Basic / diluted profit / (loss) per share (Euro) – continued operation	26	(0.16)	0.16
Basic / diluted profit / (loss) per share (Euro) – discontinued operation		(0.01)	(0.03)
Basic / diluted profit per share (Euro)	26	(0.17)	0.13
Weighted average number of shares outstanding		311,576,344	311,576,344

* In compliance with IFRS 5 the Consolidated Income Statement for year ended December 31, 2007, was restated.

The accompanying notes are an integral part of these consolidated financial statements

LYCOS Europe N.V.
consolidated statements of cash flows

In thousand Euro	Notes	Year ended December 31, 2008	Year ended December 31, 2007 Restated*
Continued operations			
Cash flows from operating activities			
Profit / (loss) before tax		(50,318)	48,232
Adjustments for:			
Depreciation and amortization		2,004	2,846
Impairment of intangible assets		6,704	1,529
Financing income		(9,214)	(71,885)
Change in accounts receivable		2,828	726
Change in prepaid expenses and other current assets		1,510	(1,543)
Change in other non-current assets		(742)	192
Change in accounts payable		(2,129)	2,021
Change in other current liabilities		23,043	(3,465)
Change in other non-current liabilities		(2,213)	(1,124)
Interest received		7,324	5,253
Income tax paid		(155)	(522)
Net cash used in operating activities		**(21,358)**	**(17,738)**
Cash flows from investing activities			
Acquisitions of property, plant and equipment and other intangible assets		(691)	(1,732)
Other investing activities		(543)	0
Development expenditure		(652)	(522)
Transfer from cash equivalents to other investments and vice versa	10	69,671	(60,234)
Acquisitions of subsidiaries, net of cash acquired		0	(504)
Proceeds from sale of other investments	24	265	66,680
Net cash (used) / provided in investing activities		**68,050**	**3,688**
Cash flows from financing activities			
Premium Share Payment		(50,008)	0
Change in short-term debt		(56)	6
Net cash (used) / provided in financing activities		**(50,064)**	**6**
Discontinued operations			
Net cash from operating activities		(2,070)	1,842
Net cash from investing activities		(4,125)	16,700
Net cash from discontinued operations		**(6,195)**	**18,543**
Effect of exchange rate changes on cash and cash equivalents		(1,837)	(516)
Decrease / Increase in cash and cash equivalents		**(11,404)**	**3,982**
Cash and cash equivalents, beginning of the period		74,868	70,886
Cash and cash equivalents, end of the period	10	**63,464**	**74,868**

* In compliance with IFRS 5 the Consolidated Statement of Cash Flows for year ending December 31, 2007, was restated.

The accompanying notes are an integral part of these consolidated financial statements

LYCOS Europe N.V.
consolidated statements of shareholders' equity

In thousand Euro (except share data)	Notes	Class AA shares		Class AB shares		Class B shares	
		No. of shares	EUR	No. of shares	EUR	No. of shares	EUR
Balance as at January 1, 2007		**62,000,000**	**620**	**62,000,000**	**620**	**188,300,000**	**1,883**
Movement capitalized development							
Appropriation of the net result of previous year							
Translation loss							
Release due to disposal							
Net profit							
Balance as at December 31, 2007		**62,000,000**	**620**	**62,000,000**	**620**	**188,300,000**	**1,883**
Movement capitalized development							
Appropriation of the net result of previous year							
Translation loss							
Net loss							
Distribution to shareholders							
Balance as at December 31, 2008	16	**62,000,000**	**620**	**62,000,000**	**620**	**188,300,000**	**1,883**

The accompanying notes are an integral part of these consolidated financial statements

Share premium	Legal reserve	Treasury shares		Translation reserve	Accumulated deficit	Unappropriated result	Total
EUR	EUR	No. of shares	EUR	EUR	EUR	EUR	EUR
1,587,049	**4,968**	**(723,656)**	**(2,052)**	**1,137**	**(1,467,298)**	**1,704**	**128,631**
1,027	(1,027)						0
					1,704	(1,704)	0
				(847)			(847)
				(939)			(939)
						40,054	40,054
1,588,076	**3,941**	**(723,656)**	**(2,052)**	**(649)**	**(1,465,594)**	**40,054**	**166,899**
3,941	(3,941)						0
					40,054	(40,054)	0
				(3,452)			(3,452)
						(52,872)	(52,872)
(50,008)							(50,008)
1,542,009	**0**	**(723,656)**	**(2,052)**	**(4,101)**	**(1,425,540)**	**(52,872)**	**60,567**

LYCOS Europe N.V.
notes to the consolidated financial statements

1. significant accounting policies

LYCOS Europe N.V. ("LYCOS Europe" or the "Company" / ISIN NL0000233195) is operating an international network of websites in seven languages. The Company commenced operations in the year 1997 and the companies existing before 2000 were reorganized as subsidiaries of LYCOS Europe N.V. in January 2000. The registered office of the Company is in Haarlem, the Netherlands (LYCOS Europe N.V., Richard Holkade 36, 2033 PZ Haarlem, the Netherlands).

The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group").

a) Statement of compliance

LYCOS Europe has prepared consolidated financial statements in accordance with International Financial Reporting Standards and its interpretations as adopted by Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards (Official Journal EC L 243 p.1) ("IFRS").

b) Basis of preparation

As a consequence of ongoing declining revenues management started to evaluate different options for the business in 2008. At the end of this strategic review process the Management Board and Supervisory Board finally decided to sell the LYCOS domains, the danish portals and the shopping activities and to discontinue the European portal and webhosting acitivities.

As the Company has sufficient cash and cash equivalents available to ensure that it will not default in settling its liabilities related to the winding down process of the group, the financial statements have in principal been accounted on a going concern basis. However, for those parts of the business that have been affected by the strategic decisions taken, the appropriate accounting at fair value and reporting of discontinued operations has been applied as further discussed in notes e) property, plant and equipment, f) intangible assets, g) impairment, k) financial instruments and q) non-current assets held for sale and discontinued operations.

The financial statements are presented in Euro, rounded to the nearest thousand. The accounting policies set out below have been applied consistently by the Group to all periods presented in these consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgments and estimates are principally made in the following decisions:

- Impairment test
- Determination of earn-out payments
- Deferred taxes
- Restructuring reserve

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The consolidated financial statements have been prepared on the historical cost basis.

In compliance with IFRS 5 the Consolidated Income Statement and the Consolidated Statement of Cash Flows for year ended December 31, 2007, were restated.

c) Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any minority interest.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

d) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Euro at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognized directly in a separate component of equity, the translation reserve. In the case of a disposal of a subsidiary, the apportionable translation reserve is released and recognized in the income statements.

e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different remaining useful lives, they are accounted for as separate items of property, plant and equipment.

Lease equipment is capitalized where the terms of the lease indicate that the Company maintains substantially all of the risks and rewards of the equipment. Risks and rewards are maintained by the lessee if among others the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of property, plant and equipment. The estimated useful lives are as follows:

Computers	: 2–3 years
Furniture and fixtures	: 3–10 years
Other property, plant and equipment	: 3–5 years

As a consequence of the strategic decision of the Management Board and Supervisory Board to sell the LYCOS domains, the Danish portals and the shopping activities and to discontinue and suspend the European portal and webhosting activities, the company's property, plant and equipment assets have been classified as assets held for sale, or have been impaired and are accounted for at the recoverable amount.

f) Intangible assets

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. In respect of business acquisitions that have occurred since January 1, 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. According to exemptions provided by IFRS 1 the classification and accounting treatment of business combinations that occurred prior to January 1, 2004 have not been reconsidered in preparing the Group's opening IFRS balance sheet at January 1, 2004. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to a group of cash-generating units and is no longer amortized but tested annually for impairment. Goodwill was tested for impairment on June 30, 2008.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the income statement as expenses are incurred.

Expenditure on development activities, enhancement of the Company's website and associated systems, is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalized includes direct costs of material and services, payroll costs for employees devoting time to software projects during the application development stage and indirect costs for rent and office computer usage. Other development costs are recognized in the income statement as expenses are incurred. Capitalized development costs are stated at cost less accumulated amortization and impairment losses.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization and impairment.

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are at least annually tested for impairment. Other intangible assets are amortized from the date they are available for use. The estimated useful lives are as follows:

Licenses and other rights	: 1–10 years
Trademark licenses	: 5–10 years
Capitalized development expenses	: 2 years
LYCOS Europe license	: indefinite useful life

As a consequence of the strategic decison of the Management Board and Supervisory Board to sell the LYCOS domains, the Danish portals and the shopping activities and to discontinue and suspend the European portal and webhosting activities, the company's intangible assets have been classified as assets held for sale, or have been impaired and are accounted for at the recoverable amount.

g) Impairment

The carrying amounts of the Group's assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication that the carrying amount may not be recoverable.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated annually. Testing of the recoverable amount will also be performed if there is any indication for impairment. An impairment loss is recognized whenever the carrying amount of an asset or its group of cash-generating units exceeds its recoverable amount. Impairment losses are recognized in the income statement. Impairment losses recognized in respect of a group of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the group of cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The recoverable amount of the Group's receivables carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there is an indication that the recoverable amount may have increased. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

h) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

i) Share capital

Share premium

The share premium concerns the income from the issuing of shares insofar as this exceeds the nominal value of the shares (income above par).

Treasury shares

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity.

Legal reserves

The Civil Code of the Netherlands requires legal reserves for capitalization of internal development expenses. These reserves are deducted from the share premium.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with a functional currency other than the functional currency of the Company.

j) Employee benefits

The share option programs of the Group allow Group employees to acquire shares of the Company. No compensation costs for stock options were recognized for stock options granted with an exercise price at or above fair market value as a result of adoption of exemption rules provided in IFRS 1.

k) Financial instruments

Financial assets

Initial recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition. Financial assets are classified as available for sale when they do not meet the definition of any other category.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash, short-term and long-term deposits, trade and other receivables, loan and other receivables, and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with gains or losses recognised in the income statement.

The Group has not designated any financial assets as at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold it to maturity, other than those that meet the definition of loans and receivables. After initial measurement held-to-maturity investments are measured at amortised cost using the effective interest method. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Gains and losses are recognised in the consolidated income statement when the investments are derecognised or impaired, as well as through the amortisation process. The Group did not have any held-to-maturity investments during the years ended 31 December 2008 and 2007.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the income statement, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the income statement.

Financial liabilities

Initial recognition

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value, and in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria as defined by IAS 39.

The Group has not designated any financial liabilities as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. Derivatives are valued on the basis of current interest rates and currency rates. As of December 31, 2008 no forward exchange contracts were open. As of December 31, 2007 the fair value of open forward exchange contracts amounted at kEUR (90).

Amortised cost of financial instruments

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Due from loans and advances to customers

For amounts due from loans and advances to customers carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is recognised in the income statement. Impairment losses are recognised as direct write- offs or using an allowance account depending on the level of certainty.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in equity.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of 'Interest and similar income'. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

Derecognition of financial instruments

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

The Group does not apply hedge accounting.

l) Provisions

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the amount of the provision is discounted by using a pre-tax rate that reflects current market assessments and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

m) Revenue

The Group generates revenues due to rendering of services. Revenues comprise advertising, paid service, shopping and other revenues.

Advertising revenues

Revenues from the sale of advertising are obtained through contracts and payments, which business partners make for prominent placing and advertising space on the Company's websites. Under these contracts the Company has a fixed or a variable price for a certain number of page impressions or user referrals to other Internet sites. Advertising revenues are recognized in the income statement in proportion to the stage of completion of the transaction at the balance sheet date or ratably over the period. The stage of completion is assessed by reference to delivered impression compared to contractual agreed upon impressions.

Paid service and shopping revenues

Revenues from paid services and shopping are made up from fees charged to Internet users for the access to certain products of the Company, from commissions on the turnover made by the business partners and generated through the Company's websites, as well as from commissions of the sale of goods on the Internet. Revenues from paid services and shopping are recognized at the time the service is rendered.

Other revenues

Other revenues mainly consist of revenues from interconnection services and licensing and are recognized at the time the service is rendered.

Barter transactions

Revenues from barter transactions have been valued based upon similar cash transactions according to SIC 31. Advertising revenues from barter transactions are recognized similar to advertising revenues. During the period ended December 31, 2008, and 2007, revenues from barter transactions have been less than 5 percent of total revenues.

n) Government grants

Government grants are recognized in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognized as other operating income in the income statement.

o) Expenses

Cost of revenues consists of the costs directly associated with the production and usage of the Company's online media properties. These costs primarily consist of costs related to in-house production of content, fees paid for content purchased from third parties, Internet connection charges and license fees, depreciation and amortization related to data center, hosting cost, other network cost and compensation expenses.

Costs other than costs of revenues are allocated using a functional split to Sales and Marketing, Research and Development and General and Administrative expenses.

p) Segment reporting

A segment is a distinguishable component of the Group's business that is engaged in providing products (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In order to identify the Group's reporting segments, the dominant source and nature of an enterprise's risks and returns should be selected. The risks and rates of return of LYCOS Europe are affected both by differences in geographical areas and business units. Internal reporting of the group is based as well on regional structures and the business unit approach.

Management believes that choosing geographical segments as the primary segment reflects best the current risk approach of the Group. Business units were chosen as the secondary segment.

Geographic segments are determined by the country in which each legal entity is operating. Business segments are split into the business units Portal & Search, Communication & Communities, Web Hosting & Domain names and Shopping.

q) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated income statement of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from normal income and expenses down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the income statement.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated/amortised.

r) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

As of December 31, 2007 and December 31, 2008 the Group has only entered into operating lease agreement.

2. new accounting pronouncements

The following table shows new IFRS standards and interpretations which have been adopted by the International Accounting Standards Board and endorsed by the European Commission during 2008 with an effective date later than December 31, 2008, which have not been applied in these financial statements.

Title	Issued date	Effective date
IFRS 8 Operating Segments	November 2006	1 January 2009
IAS 23R Amendment – Borrowing Costs	March 2007	1 January 2009
IFRIC 13 Customer Loyalty Programmes	June 2007	1 July 2008
IAS 1R Amendment – Presentation of Financial Statements	September 2007	1 January 2009
IFRS 2R Amendment – Vesting Conditions and Cancellations	January 2008	1 January 2009
IFRS 3R Amendment – Business Combinations and Consequential Amendments	January 2008	1 July 2009
IAS 27R Amendment – Consolidated and Separate Financial Statements and Consequential Amendments	January 2008	1 July 2009
IAS 32R and IAS 1R Amendment – Puttable Financial Instruments and Obligations Arising on Liquidation	February 2008	1 January 2009
IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items	August 2008	1 July 2009
IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements	May 2008	1 January 2009
Improvements to IFRSs	May 2008	2009

IFRS 8 Operating Segments

The IASB issued IFRS 8 in November 2006. IFRS 8 replaces IAS 14 Segment Reporting (IAS 14) upon its effective date January 1, 2009. IFRS 8 requires the disclosure of information about a company's operating segments in replacing the obligation to determine primary (business segments) and secondary (geographical segments) segment reporting formats for a company. IFRS 8 follows the so-called management approach according to which segment reporting only conforms to the financial information the company's executives use for the internal management of the company. Decisive are the internal reporting and organizational structure as well as such financial values considered for the decision making on the allocation of resources and the evaluation of the performance. The new Standard will influence the mode of the presentation of financial information on the group's business segments yet will not affect the inclusion and valuation of assets and liabilities in the consolidated financial statements. The Group is still evaluationg whether the classification of the segments in accordance with IFRS 8 will correspond to the current classification in accordance with IAS 14.

IAS 23 Borrowing Costs

Revised Standard IAS 23 was released in March 2007 and is applicable for the fiscal years beginning on or after January 1, 2009. The Standard requires borrowing costs that can be attributed to a qualified asset to be capitalized. An asset is defined as a qualified asset if a considerable period of time is necessary to put the asset in its intended condition for use or sale. The Standard provides for the revision's prospective application. No changes arise for borrowing costs previously incurred that have immediately been charged to expense. Due to the insignificant borrowing of outside capital that is attributable to a qualified asset, no material effects from the first-time application on the profit, financial and economic situation are to be expected.

IFRIC 13 Customer Loyalty Programmes

IFRIC Interpretation 13 was released in June 2007 and is applicable for fiscal years beginning on or after July 1, 2008. According to this Interpretation, loyalty award credits granted to customers shall be accounted for as sales separate from the transaction within whose framework they have been granted. Therefore a part of the fair value of the consideration received is attributed to the loyalty award credits and deferred as a liability. The realization of sales occurs in the period in which the customer loyalty award credits are executed or expired. As the group currently has no customer loyalty programs, no effects on the consolidated financial statements are expected to arise from this Interpretation.

IAS 1 Revised Presentation of Financial Statements

The revised Standard was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 in January 2008 that clarifies the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. The Group has concluded that the amendment will not have an impact on the financial position or performance of the Group since neither new further share-based payment schemes nor cancellations are planned.

IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements

The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 Statement of Cash Flows, IAS 12 Income Taxes, IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 Investment in Associates and IAS 31 Interests in Joint Ventures. The changes by IFRS 3R and IAS 27R will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied. However, the Group does not intend to take advantage of this possibility.

IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation

These amendments to IAS 32 and IAS 1 were issued in February 2008 and become effective for financial years beginning on or after 1 January 2009. The revisions provide a limited scope exception for puttable instruments to be classified as equity if they fulfil a number of specified features. The amendments to the standards will have no impact on the financial position or performance of the Group, as the Group has not issued such instruments.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

These amendments to IAS 39 were issued in August 2008 and become effective for financial years beginning on or after 1 July 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of ihflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements IAS 8.30

The amendments to IFRS 1 allows an entity to determine the 'cost' of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using a deemed cost. The amendment to IAS 27 requires all dividends from a subsidiary, jointly controlled entity or associate to be recognised in the income statement in the separate financial statement. Both revisions will be effective for financial years beginning on or after 1 January 2009. The revision to IAS 27 will have to be applied prospectively. The new requirements affect only the parent's separate financial statement and do not have an impact on the consolidated financial statements.

Improvements to IFRSs

In May 2008 the Board issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The Group has not yet adopted the following amendments and anticipates that these changes will have no material effect on the financial statements.

- **IFRS 7** Financial Instruments: Disclosures:
  Removal of the reference to 'total interest income' as a component of finance costs.

- **IAS 8** Accounting Policies, Change in Accounting Estimates and Errors:
  Clarification that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.

- **IAS 10** Events after the Reporting Period:
  Clarification that dividends declared after the end of the reporting period are not obligations.

- **IAS 16** Property, Plant and Equipment:
  Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

- **IAS 18** Revenue:
  Replacement of the term 'direct costs' with 'transaction costs' as defined in IAS 39.

- **IAS 19** Employee Benefits:
  Revised the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. Amendments to plans that result in a reduction in benefits related to future services are accounted for as curtailment. Deleted the reference to the recognition of contingent liabilities to ensure consistency with IAS 37.

- **IAS 20** Accounting for Government Grants and Disclosures of Government Assistance:
  Loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. Also, revised various terms used to be consistent with other IFRS.

- **IAS 27** Consolidated and Separate Financial Statements:
  When a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

- **IAS 29** Financial Reporting in Hyperinflationary Economies:
  Revised the reference to the exception to measure assets and liabilities at historical cost, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list. Also, revised various terms used to be consistent with other IFRS.

- **IAS 34** Interim Financial Reporting:
  Earnings per share is disclosed in interim financial reports if an entity is within the scope of IAS 33.

- **IAS 39** Financial Instruments: Recognition and Measurement:
  Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. Removed the reference in IAS 39 to a 'segment' when determining whether an instrument qualifies as a hedge. Require the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting.

- **IAS 1** Presentation of Financial Statements:
  Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet.

- **IAS 16** Property, Plant and Equipment:
  Replace the term "net selling price" with "fair value less costs to sell".

- **IAS 23** Borrowing Costs:
  The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39.

- **IAS 28** Investment in Associates:
  If an associate is accounted for at fair value in accordance with IAS 39, only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies. This amendment has no impact on the Group as it does not account for its associates at fair value in accordance with IAS 39.

- **IAS 31** Interest in Joint ventures:
  If a joint venture is accounted for at fair value, in accordance with IAS 39, only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.

- **IAS 36** Impairment of Assets:
  When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'.

- **IAS 38** Intangible Assets:
  Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service. This amendment has no impact on the Group because it does not enter into such promotional activities.

3. group entities

Subsidiaries of LYCOS Europe N.V. included in the consolidated financial statements are as follows (direct and indirect holdings as at December 31, 2008):

Company	Ownership	Country of incorporation	Statutory seat
Aster-Europe ltd.*	100 %	United Kingdom	Birmingham
Begonia-Europe ltd.*	100 %	United Kingdom	Birmingham
Chrysanthemum-Europe ltd.*	100 %	United Kingdom	Birmingham
Dahlia-Europe ltd.*	100 %	United Kingdom	Birmingham
dopoly GmbH *	100 %	Germany	Munich
Home SE AB	100 %	Sweden	Stockholm
Ivy-Europe ltd.*	100 %	United Kingdom	Birmingham
Jubii IP ltd.	100 %	United Kingdom	London
Jubii LLC	100 %	United States	Wilmington
Jubii Services ltd.	100 %	United Kingdom	London
Lily-Europe ltd.*	100 %	United Kingdom	Birmingham
LYCOS cjsc	100 %	Armenia	Yerevan
LYCOS Eastern Europe GmbH	100 %	Germany	Gütersloh
LYCOS Espana Internet Services SL	100 %	Spain	Madrid
LYCOS Europe BV	100 %	Netherlands	Amsterdam
LYCOS Europe GmbH	100 %	Germany	Gütersloh
LYCOS France SARL	100 %	France	Paris
LYCOS Italia Srl	100 %	Italy	Milan
LYCOS Netherlands BV	100 %	Netherlands	Amsterdam
LYCOS Pro S.L.	100 %	Spain	Madrid
LYCOS UK ltd.	100 %	United Kingdom	London
Mimosa-Europe ltd. *	100 %	United Kingdom	Birmingham
Nectarine-Europe ltd.*	100 %	United Kingdom	Birmingham
Odina Sverige AB	100 %	Sweden	Stockholm
Oleander-Europe ltd.*	100 %	United Kingdom	Birmingham
Pangora GmbH*	100 %	Germany	Karlsruhe
Pangora Italia Srl*	100 %	Italy	Milan
Pangora LLC	100 %	United States	Wilmington
Pangora SAS*	100 %	France	Paris
Peach-Europe ltd.*	100 %	United Kingdom	Birmingham
Yarps Network AB	100 %	Sweden	Stockholm
Yarps Network Services AB	100 %	Sweden	Stockholm
Yarps Telecom Network AB	100 %	Sweden	Stockholm
united-domains AG*	100 %	Germany	Munich
youSmile Geschenke GmbH	100 %	Germany	Karlsruhe

mentasys GmbH was merged with Pangora GmbH in 2008, Jubii A/S was sold on December 31, 2008.
* According to IFRS 5 these subsidiaries are classified as asset-held-for-sale in the annual report 2008.

4. segment reporting

Segment information is presented in respect of the Group's geographical segments. The primary format, geographical segments, is based on the Group's management and internal reporting structure and the country in which each legal entity has its incorporation. Intersegment pricing is determined on an arm's length basis. The secondary segment, the business segment, is based on the business unit structure of the Company. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical Segments	**Germany partially discontinued**		**Sweden**		**France**	
In thousand Euro	Year ended Dec. 31, 2008	Year ended Dec. 31, 2007	Year ended Dec. 31, 2008	Year ended Dec. 31, 2007	Year ended Dec. 31, 2008	Year ended Dec. 31, 2007
Revenues	37,670	47,862	16	(45)	7,286	9,901
Revenues from intersegment transactions	15,865	24,747	479	1,269	316	718
Total revenues	**53,535**	**72,609**	**495**	**1,224**	**7,602**	**10,619**
Sum of cost of revenues and operating expenses	(96,854)	(101,477)	(493)	(591)	(14,396)	(12,791)
Profit / (loss) from operations	**(43,319)**	**(28,868)**	**2**	**633**	**(6,794)**	**(2,172)**
Net finance income	(1,350)	(987)	1,234	754	(83)	(41)
Net income tax gain / (loss)	386	496	0	0	15	15
Discontinued operations	0	0	0	10,292	0	0
Net profit / (net loss) for the year	**(44,283)**	**(29,359)**	**1,236**	**11,679**	**(6,862)**	**(2,198)**
Thereof depreciation, amortization and impairment loss	(8,084)	(20,116)	(57)	(246)	(437)	(190)

	Germany partially discontinued		**Sweden**		**France**	
In thousand Euro	Year ended Dec. 31, 2008	Year ended Dec. 31, 2007	Year ended Dec. 31, 2008	Year ended Dec. 31, 2007	Year ended Dec. 31, 2008	Year ended Dec. 31, 2007
Segment assets	**54,134**	**74,318**	**20,597**	**30,697**	**8,111**	**10,470**
Segment equity	(26,945)	(1,487)	23,516	26,741	(4,896)	1,595
Segment liabilities	81,078	75,805	(2,919)	3,955	13,007	8,875
Segment equity and liabilities	**54,134**	**74,318**	**20,597**	**30,697**	**8,111**	**10,470**
Cash flow from operating activities	(35,235)	(8,750)	59	3,649	(6,357)	(1,982)
Cash flow from investing activities	(492)	(1,345)	0	18,166	(121)	(7)
Cash flow from financing activities	0	0	0	0	0	0
Capital expenditure	1,052	3,888	0	0	258	33

United Kingdom		Denmark discontinued		Other regions & eliminations		Less discontinued operations		Consolidated	
Year ended Dec. 31, 2008	Year ended Dec. 31, 2007	Year ended Dec. 31, 2008	Year ended Dec. 31, 2007	Year ended Dec. 31, 2008	Year ended Dec. 31, 2007	Year ended Dec. 31, 2008	Year ended Dec. 31, 2007	Year ended Dec. 31, 2008	Year ended Dec. 31, 2007
6,078	7,645	4,196	6,045	5,610	5,306	(39,991)	(39,314)	20,865	37,400
197	360	4	34	(16,861)	(27,128)	0	0	0	0
6,275	**8,005**	**4,200**	**6,079**	**(11,251)**	**(21,822)**	**(39,991)**	**(39,314)**	**20,865**	**37,400**
(6,343)	(8,636)	(7,572)	(8,967)	(1,464)	11,781	46,725	59,628	(80,397)	(61,053)
(68)	**(631)**	**(3,372)**	**(2,888)**	**(12,715)**	**(10,041)**	**6,734**	**20,314**	**(59,532)**	**(23,653)**
(306)	(6)	(51)	(7)	9,605	73,259	165	(1,087)	9,214	71,885
0	0	0	0	439	246	(513)	(624)	327	133
0	0	3,506	0	0	0	(3,506)	(10,292)	0	0
(374)	**(637)**	**83**	**(2,895)**	**(2,671)**	**63,464**	**2,880**	**8,311**	**(49,992)**	**48,365**
(14)	(45)	(42)	(342)	(5,312)	(4,873)	5,239	17,648	(8,707)	(8,164)

United Kingdom		Denmark discontinued		Other regions & eliminations		Discontinued operations		Consolidated restated	
Year ended Dec. 31, 2008	Year ended Dec. 31, 2007	Year ended Dec. 31, 2008	Year ended Dec. 31, 2007	Year ended Dec. 31, 2008	Year ended Dec. 31, 2007	Year ended Dec. 31, 2008	Year ended Dec. 31, 2007	Year ended Dec. 31, 2008	Year ended Dec. 31, 2007
4,944	**6,643**	**0**	**11,137**	**2,120**	**45,481**	**18,245**	**26,471**	**108,151**	**205,217**
4	412	327	243	56,154	128,212	12,404	11,182	60,568	166,899
4,940	6,231	(327)	10,894	(54,033)	(82,731)	5,841	15,289	47,583	38,317
4,944	**6,643**	**0**	**11,137**	**2,121**	**45,481**	**18,245**	**26,471**	**108,151**	**205,217**
(54)	(587)	(3,329)	(2,546)	21,489	(5,680)	2,070	(1,842)	(21,358)	(17,738)
(4)	(4)	0	(19)	64,542	3,597	4,125	(16,700)	68,050	3,688
0	0	0	0	(50,064)	6	0	0	(50,064)	6
10	18	0	90	158	3,975	0	0	1,477	8,003

Business Segments	Portal & Search, Access, Communication & Communities		Web Hosting & Domain names		Shopping	
In thousand Euro	Year ended Dec. 31, 2008	Year ended Dec. 31, 2007	Year ended Dec. 31, 2008	Year ended Dec. 31, 2007	Year ended Dec. 31, 2008	Year ended Dec. 31, 2007
Revenues	**16,363**	**34,980**	**26,799**	**24,272**	**17,694**	**17,462**
Segment assets	**52,234**	**122,155**	**45,963**	**38,676**	**75,396**	**44,462**
Cash flow from operating activities	(30,365)	(14,571)	(7,271)	3,811	(14,658)	(6,469)
Cash flow from investing activities	32,867	20,910	28,921	(512)	47,440	(10)
Cash flow from financing activities	0	0		0	0	0
Capital expenditure	445	4,764	392	1,508	643	1,734

In thousand Euro	Unallocated & eliminations Year ended Dec. 31, 2008	Year ended Dec. 31, 2007	Less discontinued operations Year ended Dec. 31, 2008	Year ended Dec. 31, 2007	Consolidated Year ended Dec. 31, 2008	restated Year ended Dec. 31, 2007
Revenues	**1**	**0**	**(39,991)**	**(39,314)**	**20,865**	**37,400**[4]
Segment assets	**(376)**	**(77)**	**0**	**0**	**108,151**	**205,217**
Cash flow from operating activities	28,866	1,333	2,070	(1,842)	(21,358)	(17,738)
Cash flow from investing activities	(45,302)	0	4,125	(16,700)	68,050	3,688
Cash flow from financing activities	(50,064)	6	0	0	(50,064)	6
Capital expenditure	(3)	(3)	0	0	1,477	8,003

[4] During the period ended December 31, 2008, and 2007, revenues from barter transactions were less than 5 percent of total revenues.

5. financial risk management

By using its financial instruments, the Company is exposed to credit, liquidity and market risk. This note presents information about the exposure to each of the aforementioned risk categories.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite. Derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Management Board reviews and agrees policies for managing each of the above mentioned risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk.

The currency risk of LYCOS Europe is mainly related to sales and purchases that are denominated in a currency other than the respective functional currencies of the Company and its subsidiaries, which is primarily the Euro (EUR), but also Armenian Dram (AMD), Danish Kroner (DKK), Great Britain Pounds (GBP), Swedish Kronor (SEK) and U.S. Dollars (USD). LYCOS Europe aims to limit its exposure by avoiding these transactions. For significant contracts, for which such currency risk is unavoidable, the related exposure is hedged by forward contracts. As of December 31, 2008 and December 31, 2007 no financial assets or financial liabilities were denominated in a currency other than EURO.

Financial instruments affected by market risk include loans and borrowings, deposits, investments. The sensitivity analysis below relates to the positions as at 31 December 2008 and 2007, and shows the effect of the assumed changes in the interest rates on the net interest income for one year.

The sensitivity analyses in the following sections relate to the position as at 31 December 2008 and 2007.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets held at 31 December 2008.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt deposits and investments with floating interest rates.

Interest rate sensitivity
The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is only an immaterial impact on the Group's equity.

	Increase/decrease in basis points	Effect on profit before tax
2008		
EUR	+100	+0,7 Mio EUR
	–100	–0,7 Mio EUR
2007		
EUR	+100	+1,5 Mio EUR
	–100	–1,5 Mio EUR

Credit risk

Credit risk is the risk of a financial loss if a customer or party to another financial instrument fails to meet its obligations. Accounts receivable are typically unsecured and are derived from revenues earned from customers primarily located in Europe. The Company performs ongoing credit evaluations of its customers and maintains reserves for potential credit losses. An overview of these reserves is given in note 12. The Company's objective is furthermore to ensure the safety of its investments at maturity date. This is achieved by selection of counterparties with a good credit rating and holding a majority of the cash equivalents and deposits mainly with German banks, which are regularly monitored for full coverage by the depositor's guarantee fund.

As of December 31, 2008 and as of December 31, 2007, the items' maximum credit risk was equal to their respective carrying amount.

All credit risks were appropriately accounted for by recognizing impairment losses. As a consequence, the assets for which no impairment losses were recognized are of good credit quality, and their are no indications for any losses.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations if they fall due. LYCOS Europe ensures with biweekly cash forecasts that it has sufficient cash on demand to meet its financial obligations. An overview of the maturity of cash, cash equivalents and each class of the Company's investment is presented in note 10.

Financial liabilities (December 31, 2008 and December 31, 2007) are all due within 1 year.

Capital management

Capital includes equity attributable to the equity holders of the parent plus share premium less accumulated deficit, unappropriated result, treasury shares and translation reserves.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years end 31 December 2008 and 31 December 2007.

6. property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and if applicable any impairment charge, including equipment under capital lease. They comprise of:

In thousand Euro	Computers	Furniture and fixtures	Other property, plant and equipment	Total
Cost				
Balance as at January 1, 2007	**18,794**	**3,788**	**6**	**22,588**
Acquisitions, other	1,089	263	0	1,352
Disposals	(2,500)	(898)	0	(3,398)
Other	151	(14)	(6)	131
Effects of movements in foreign exchange rates	(412)	(73)	0	(485)
Balance as at December 31, 2007	**17,122**	**3,066**	**0**	**20,188**
Acquisitions, other	614	77	0	691
Disposals	(7,382)	(1,545)	0	(8,927)
Transfer to assets held for sale	(2,054)	(376)		(2,430)
Other	21	89	0	110
Effects of movements in foreign exchange rates	(1,202)	(178)	0	(1,380)
Balance as at December 31, 2008	**7,119**	**1,133**	**0**	**8,253**
Depreciation and impairment losses				
Balance as at January 1, 2007	**(16,919)**	**(2,334)**	**0**	**(19,253)**
Depreciation charge	(1,109)	(325)	0	(1,434)
Disposals	1,969	556	0	2,525
Other	17	(143)	0	(126)
Effects of movements in foreign exchange rates	403	71	0	474
Balance as at December 31, 2007	**(15,639)**	**(2,175)**	**0**	**(17,814)**
Depreciation charge	(603)	(773)	0	(1,376)
Impairment loss	(927)	0	0	(927)
Disposals	7,255	1,545	0	8,800
Transfer to assets held for sale	1,521	185		1,706
Other	231	(43)	0	188
Effects of movements in foreign exchange rates	1,135	158	0	1,293
Balance as at December 31, 2008	**(7,027)**	**(1,103)**	**0**	**(8,129)**
Carrying amounts				
Balance as at December 31, 2007	**1,483**	**891**	**0**	**2,374**
Balance as at December 31, 2008	**93**	**30**	**0**	**124**

7. disposal of subsidiaries and assets held for sale

On November 26, 2008 LYCOS Europe announced the results of the strategic review process which had been announced in April 2008. As a result of this process, the Management Board and Supervisory Board of LYCOS Europe came to the conclusion that the best available option for the company is to strive for a sale of the Danish portal, the domains and shopping activities and to discontinue the portal and webhosting activities.

united-domains

During the course of December, the sale of LYCOS Europe subsidiaries united-domains AG, Starnberg was finalized. The sale will be effective from the date the approval from the antitrust authorities is obtained. The domains business is therefore disclosed as held for sale and as discontinued operations in the annual financial statements of 2008. The transaction was subject to clearance of antitrust authorities. The approval was received on 30 January 2009. The domain business is therefore disclosed as held for sale and as discontinued operations in the 2008 financial statements.

Shopping business

On November 15, 2006, Pangora GmbH, an indirect 100 percent subsidiary of LYCOS Europe N.V., completed the purchase of all shares in mentasys GmbH, a German shopping solution specialist. The purchase price was EUR 30.0 million, including a contingent consideration of EUR 14.0 million based on the performance in the years 2007 to 2009, of which EUR 5.0 million was paid during the first quarter of 2008. In the financial year 2008 mentasys GmbH was merged with Pangora GmbH into Pangora GmbH with statutory seat in Karlsruhe, Germany. The merger is effective as of January 1, 2008.

The search for potential buyers of the shopping business is still on going. The shopping activities are therefore disclosed as held for sale and as discontinued operations in the 2008 financial statements.

Jubii

During the course of December 2008, the sale of LYCOS Europe subsidiary Jubii A/S, Copenhagen was announced and became effective as of December 31, 2008. Jubii is disclosed as discontinued operation in the 2008 financial statements. The transaction gain amounts to EUR 3.5 million.

The net assets at the day of recognition and the considerations received were as follows:

	In million Euro
Accounts receivable and other receivables	1.0
Other non-current assets	0.1
Other short-term liabilities	0.7
Net assets	**0.4**
Consideration received, satisfied in cash	3.0
Consideration settled in loan	0.9
Total consideration received	**3.9**
Transaction gain	**3.5**

In thousand Euro	united-domains **December 31, 2008**	Shopping business **December 31, 2008**	Total **December 31, 2008**
Assets held for sale			
Property, plant and equipment	359	365	724
Intangible assets	6,702	3,409	10,111
Accounts receivables	471	3,129	3,600
Other assets	1,632	2,178	3,810
Total assets	**9,164**	**9,080**	**18,245**

In thousand Euro	united-domains **December 31, 2008**	Shopping business **December 31, 2008**	Total **December 31, 2008**
Liabilities held for sale			
Accounts payables	719	1,488	2,208
Other liabilities	1,358	2,275	3,633
Total liabilities	**2,078**	**3,763**	**5,841**

In thousand Euro	united-domains **December 31, 2008**	Shopping business **December 31, 2008**	Jubii Denmark **December 31, 2008**	Total **December 31, 2008**
Result of discontinued operations				
Revenues	18,232	17,563	4,196	39,991
Expenses	(12,585)	(23,247)	(7,569)	(43,401)
Result from operating activities	**5,647**	**(5,684)**	**(3,373)**	**(3,410)**
Net financing income	9	(188)	14	(165)
Impairment loss recognised on the remeasurement to fair value less costs to sell	0	(3,324)*	0	(3,324)
Gain on sale of discontinued operation	0	0	3,506**	3,506
Profit / (loss) before tax from discontinued operation	**5,656**	**(9,196)**	**147**	**(3,393)**
Income tax expense	21	492	0	513
Profit / (loss) from discontinued operation	**5,677**	**(8,704)**	**147**	**(2,880)**

* For further information concerning the impairment loss of Pangora please refer to “9. Impairment Testing”.
** For further information concerning the gain on sale resulting from the sale of Jubii please refer to “11. Other non-current Assets”.

In thousand Euro	united-domains **December 31, 2007**	Shopping business **December 31, 2007**	Jubii Denmark **December 31, 2007**	Total **December 31, 2007**
Result of discontinued operations				
Revenues	15,882	17,376	6,056	39,314
Expenses	(10,804)	(39,880)	(8,945)	(59,629)
Result from operating activities	5,078	(22,504)	(2,889)	(20,315)
Net financing income	15	(149)	12	(122)
Profit / (loss) before tax from discontinued operation	5,093	(22,653)	(2,877)	(20,437)
Income tax expense	126	499	0	625
Profit / (loss) from discontinued operation	5,219	(22,154)	(2,877)	(19,812)*

* The total loss from discontinued operations shown in the table above differs from the income statement 2007 because of the disposal of the Swedish access business in 2007 (EUR 11.5 million).

8. intangible assets

Goodwill is stated at cost less any accumulated impairment losses.

On June 30, 2008, LYCOS Europe performed the annual impairment test for goodwill acquired in business combinations. As a result LYCOS Europe recorded no impairment loss. Due to the management decision to dispose of and sell significant portions of the operating business an impairment test for goodwill and other intangibles was performed in December 2008 (see note 9).

On July 17, 2007 LYCOS Europe signed a new License Agreement with Lycos, Inc. for a consideration of about USD 5.2 million (at transaction date EUR 3.8 million). This perpetual and royalty-free license includes the right to exploit the Lycos as well as the Hotbot, Tripod and Angelfire trademarks in all European countries and Armenia. The license was recognized as an intangible asset with an indefinite useful life and was allocated to the Group as a whole.

Amortization expenses amounted to EUR 2.5 million and EUR 4.1 million for the period ending December 31, 2008 and December 31, 2007, respectively and are included in all the main expense categories within the income statement. Impairment charges amount to EUR 9.1 million in 2008 and EUR 20.3 million in 2007.

In thousand Euro	Goodwill	Licenses and other rights	Capitalized development expenses	Purchased software	Total
Cost					
Balance as at January 1, 2007	**35,849**	**50,533**	**13,110**	**4,042**	**103,534**
Acquisitions, other	504	4,158	1,725	264	6,651
Disposals	0	(1,388)	(3,920)	(36)	(5,344)
Other	(5,544)	5	237	50	(5,252)
Effects of movements in foreign exchange rates	0	(30)	(266)	(21)	(317)
Balance as at December 31, 2007	**30,809**	**53,278**	**10,886**	**4,299**	**99,272**
Acquisitions, business combinations	0	250	0	0	250
Acquisitions, other	0	93	0	309	402
Disposals	0	0	(10,651)	(656)	(11,307)
Transfer to assets held for sale	(27,390)	(5,191)	0	(741)	(33,322)
Other	(3,419)	(560)	0	(278)	(4,257)
Effects of movements in foreign exchange rates	0	(85)	(235)	(50)	(370)
Balance as at December 31, 2008	**0**	**47,785**	**0**	**2,883**	**50,668**
Amortization and impairment losses					
Balance as at January 1, 2007	**0**	**(44,579)**	**(8,142)**	**(3,414)**	**(56,135)**
Amortization charge	0	(1,858)	(1,718)	(485)	(4,061)
Impairment charge	(17,608)	(1,529)	(1,180)	0	(20,317)
Disposals	0	1,007	3,878	7	4,892
Other	0	(68)	39	(49)	(78)
Effects of movements in foreign exchange rates	0	92	178	17	287
Balance as at December 31, 2007	**(17,608)**	**(46,935)**	**(6,945)**	**(3,924)**	**(75,412)**
Amortization charge	0	(1,066)	(870)	(606)	(2,541)
Impairment charge	(1,539)	(3,786)	(3,776)	0	(9,101)
Disposals	0	0	10,651	656	11,307
Transfer to assets held for sale	19,147	3,360	0	704	23,211
Other	0	560	633	289	1,482
Effects of movements in foreign exchange rates	0	86	306	49	441
Balance as at December 31, 2008	**0**	**(47,781)**	**0**	**(2,831)**	**(50,613)**
Carrying amounts					
Balance as at January 1, 2007	35,849	5,954	4,968	628	47,399
Balance as at January 1, 2008	13,201	6,343	3,941	375	23,860
Balance as at December 31, 2008	**0**	**3**	**0**	**52**	**55**

9. impairment testing

Goodwill

Goodwill acquired through business combinations has been allocated to individual cash-generating units or groups of cash-generating units. These cash-generating units are part of a reportable segment as presented in the segment reporting.

Amounts in million EUR	**Goodwill**
Cash Generating Unit	**December 31, 2008**
united-domains	6.3
Pangora Group	1.9
Total	**8.2**

In 2008 the Group transferred the above mentioned cash generating units to discontinued operations:

united-domains

The cash-generating unit United-Domains comprises the company's subsidiary united-domains AG located in Starnberg, Germany. Its business activities consists mainly of domain name registrations.

The carrying amount of United-Domains at December 31, 2008 is EUR 7.1 million. In accordance with IFRS 5 united-domains' goodwill was reclassified to asset held for sale.

The recoverable amount of united-domains is represented by the fair value less costs to sell, which has been derived from the sale and purchase agreement signed in December 2008.

The recoverable amount as of 31 December 2008 is higher than the carrying amount of EUR 7.1 million as of 31 December 2008, as such there is no need for an impairment of the united-domains goodwill of EUR 6.3 million as of December 31, 2008 (December 31, 2007: EUR 6.3 million)

Pangora Group

The Pangora Group is part of the shopping segment. Their business activities comprise white labelling and commercializing of price comparison services and being "product advisor" for websites of manufacturers and online shops.

In accordance with IFRS 5 Pangora Group's goodwill was reclassified to assets held for sales.

The recoverable amount has been determined based on a fair value less cost to sell calculation using cash flow projections from financial budgets approved by senior management covering a six-year period. Due to the distinct turn-around situation of the cash generating unit the Group has used a six-year period consisting of a detailed 3 year-budget and a 3 year-follow up period.

The Group used a scenario analysis to develop the cash flow projections. The underlying scenario comprises the discontinuation of the French subsidiary.

Management calculated fair value less cost to sell based on an equity valuation model applying post-tax discount rates.

The following table shows the key assumptions that were used for the valuation:

Discount Rate	
discount rate (2009 – 2014)	11.86 %
discount rate (from 2015 on)	10.36 %
growth rate	1.5 %
Cash Flow	
tax Rate	30 %
growth rate	1.5 %

The growth rate of 1.5 % was applied based on the growth potential within the e-commerce segment.

Key assumptions used in fair value less cost to sell calculation:

The calculation of fair value less cost to sell for Pangora Group are most sensitive to the following assumptions:

- Gross margin;
- Discount rates:
- Market share during the budget period; and
- Growth rate used to extrapolate cash flows beyond the budget period

Gross margins – Gross margins are based on average values achieved in the two years preceding the start of the budget period. These are slightly decreased over the budget period.

Discount rates – Discount rates reflect the current market assessment of the risks specific to each cash generating unit. The discount rate was estimated based on a peer group analysis using a 3 year beta. This rate was further adjusted to reflect the market assessment of any risk specific to the cash generating unit for which future estimates of cash flows have not been adjusted.

Market share assumptions – These assumptions are important because, as well as using industry data for growth rates management assess how the unit's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the e-commerce market to be stable over the budget period.

Growth rate estimates – Rates are based on industry research taken into consideration long-term growth potential of the e-commerce market.

The following table shows a comparison of the recoverable amount, the carrying amount of Pangora Group and the resulting impairment loss:

	In thousand Euro
Carrying amount Pangora Group	4,066
Recoverable Amount (value-in-use)	2,527
Impairment Loss	1,539

The impairment loss of EUR 1.5 million was fully allocated to Pangora Group's goodwill.

	In thousand Euro
Carrying amount goodwill as of December 31, 2007	6,891
Earn-Out reduction	(3,419)
Impairment Loss	(1,539)
Carrying amount goodwill as of December 31, 2008 (discontinued)	1,933

Intangible Assets with an indefinite life

As consequence of the announcement of discontinuing the operating business an impairment test on the licence agreement with Lycos Inc. was performed in the fourth quarter of 2008. Due to the fact that no potential buyer could be identified for the portal business the recoverable amount of the license in the impairment test amounted to zero based on a fair value less cost-to-sell analysis. An impairment loss has to be recognized if the recoverable amount of an asset is less than its carrying amount. LYCOS Europe recorded an impairment loss of EUR 3.8 million as of December 31, 2008.

Other intangible assets

During the year 2008 LYCOS Europe replaced certain self-developed products. As a result of the strategic decisions taken, the Company assessed the value in use of the other intangible assets of discontinued and continued operations, which in total amounted to EUR 0.0 million. Therefore LYCOS Europe recorded an additional impairment loss of EUR 1.8 million on other intangible assets related to discontinued operations and EUR 2.0 million related to other intangible assets related to continued operations.

The total amount of the impairment loss of the year 2008 is allocated as follows:

In thousand Euro	Total	Discontinued operations	Continued operations
Goodwill	1,539	1,539	0
Intangible assets	7,562	1,784	5,778
Tangible assets	927	0	927
Total	**10,028**	**3,324**	**6,704**
Income statement-line		Result from discontinued operations	General and administration and research and development

10. cash, cash equivalents and other investments

Cash, cash equivalents and other investments are made up of the following:

In thousand Euro	December 31, 2008	December 31, 2007
Cash	6,944	12,124
Cash equivalents	56,520	62,744
Subtotal cash and cash equivalents	**63,464**	**74,868**
Other investments due within one year	5,500	72,500
Other investments due after one year	7,132	9,803
Subtotal other investments	12,632	82,303
Total	**76,096**	**157,171**

An amount of EUR 7.6 million and EUR 7.3 million is restricted in use as at December 31, 2008, and December 31, 2007, respectively. An amount of EUR 2.1 million and 4.8 million of the restricted cash is non-current as at December 31, 2008, and December 31, 2007, respectively. The restricted cash serves as collateral for financial liabilities.

Cash consists of bank balances and call deposits, cash equivalents consist of short-term deposits with an original and remaining maturity of less than three months and other investments consist of other deposits with a maturity of more than 12 months. Interest on short-term deposits is calculated based on fixed interest rates. The interest on long-term deposits is calculated based on fixed and variable interest rates. Fixed interest rate contracts amount to EUR 2.1 million and variable interest rate contracts amount to EUR 5.0 million.

11. other non-current assets

Other non-current assets are made up as follows:

In thousand Euro	December 31, 2008	December 31, 2007
Rent deposits	102	336
Equity investments	0	134
Loans receivable	875	0
Other	0	16
Total	**977**	**486**

As of December 31, 2008 and as of December 31, 2007, the fair values of financial instruments were equal to the carrying amounts.

Loans receivable

On December 31, 2008, the Danish portal business Jubii Denmark was sold for a consideration of EUR 3.5 million. The sale and purchase agreement provided that 25 % of the consideration could be settled as a loan. The loan should be repaid in full, including interest, within five years from the completion date at the latest. The interest rate is 10 % per annum. 37.5 % of the shares in Jubii have been put in escrow as a collateral. These shares will be transferred to LYCOS Europe N.V. in case the loan and interest is not timely repaid.

12. accounts receivable and other receivables

Accounts receivable are made up as follows:

In thousand Euro	December 31, 2008	December 31, 2007
Accounts receivable, gross	9,219	16,366
Less allowance for doubtful debt	(2,595)	(3,244)
Accounts receivable from related parties	21	24
Total	**6,645**	**13,146**

The aging of accounts receivable is as follows:

In thousand Euro	December 31, 2008	December 31, 2007
Accounts receivable not due	1,961	5,628
Accounts receivable 0–30 days overdue	1,031	2,738
Accounts receivable 30–90 days overdue	1,215	1,097
Accounts receivable more than 90 days overdue	3,050	4,828
Accounts receivables from barter transactions	1,962	2,075
Total	**9,219**	**16,366**

The development of the allowance account is as follows:

In thousand Euro	2008
Balance as of January 1	**3,244**
Additions	1,347
Transfers to asset held for sale	(1,996)
Balance as of December 31	**2,595**

Prepaid expenses and other current assets are made up of the following:

In thousand Euro	December 31, 2008	December 31, 2007
Rent deposits and prepayments	135	141
Current prepaid expenses	322	630
Other short-term receivables	4,199	4,291
Subtotal	**4,656**	**5,062**
Deferred expenses	1,353	2,914
Total	**6,009**	**7,976**

13. related party transactions

The Company engages in various related party transactions with both Telefónica SA and Bertelsmann AG and their subsidiaries, which include revenue and expense transactions. These transactions are booked on separate accounts and are generally settled within thirty days of the relevant transaction. The billing rates are set at rates which are at arms-length.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year (for information regarding outstanding balances at 31 December 2008 and 2007:

In thousand Euro		Services to related parties	Services from related parties	Amounts owed by related parties	Amounts owed to related parties
Entities with significant influence over the Group:					
Bertelsmann AG and subsidiaries	2008	0	(3,037)	20	47
	2007	0	(2,302)	24	2,306
Telefónica SA and subsidiaries	2008	45	0	0	0
	2007	838	0	0	53

Services to related parties

The services to related parties were rendered to Telefónica SA and Bertelsmann AG and basically contained advertising.

Services from related parties

The services from related parties mainly consisted of personnel costs and IT-services that the company was provided with by Bertelsmann AG.

The services to and services from related parties are made at market prices which approximate fair value. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2008, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2007: EUR 0). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

14. compensation of key management personnel

The fixed annual salaries and bonuses for 2008 and 2007 of key management personnel were as follows:

	Fixed annual salary		Bonus	
In thousand Euro	**2008**	**2007**	**2008**[4]	**2007**[5]
Short-term employee benefits	896	976	141	189
Total	**896**	**976**	**141**	**189**

[4] Estimation / accrual based on the result achieved in 2008, finally to be determined and paid in 2009.
[5] Bonus paid in 2008 based on the results achieved in 2007.

Long-term incentive

By way of long-term incentive, key management personnel was granted share option rights in accordance with the options scheme outlined in note 17. Share option rights granted were as follows:

Date of issue	Exercise price in EUR	Outstanding December 31, 2007	Options exercised	Options expired and cancelled	Outstanding December 31, 2008	Expiry date
June 5, 2000	15.90	40,000	–	(40,000)	0	June 4, 2008
December 20, 2000	6.16	145,000	–	(145,000)	0	December 19, 2008
Total		**185,000**		**(185,000)**	**0**	

Shares

Christoph Mohn owns 8,333 shares in the Company. Christoph Mohn Internet Holding GmbH (100 percent held by Christoph Mohn) owns 37,730,000 shares in the Company as at December 31, 2008, and December 31, 2007.

15. compensation of the supervisory board

Remuneration package

No member of the Supervisory Board received remuneration in respect of their function as member of the Supervisory Board of the Company in 2008 and 2007. Former members of the Supervisory Board did not receive any remuneration in 2008 and 2007.

Options / shares

No share options rights in the Company are granted to or acquired by members of the Supervisory Board. No member of the Supervisory Board of LYCOS Europe N.V. holds shares in the Company.

16. shareholders' equity

Issued capital

The Company's Class AA and AB shares have been issued as registered shares. These registered shares carry special voting and binding nomination rights. Of the shareholders, only holders of Class AA and AB registered shares have also the right to make binding nominations of the Management Board and the Supervisory Board as well as for the positions of Chairman and Deputy Chairman of the Supervisory Board.

The Class AA shares have a par value of EUR 0.01. Of the 250,000,000 shares authorized, 62,000,000 are issued and outstanding on December 31, 2008, and December 31, 2007. These shares are owned by the LE Holding Corp., a company fully owned by Telefónica SA.

The Class AB shares have a par value of EUR 0.01. Of the 250,000,000 shares authorized, 62,000,000 are issued and outstanding on December 31, 2008, and December 31, 2007. These shares are owned by Bertelsmann Internet Holding GmbH (24,347,400), Fireball Internet GmbH (14,260,000) and Christoph Mohn Internet Holding GmbH (23,392,600), also initial shareholders and founders of the Company.

The Class B shares have a par value of EUR 0.01. Of the 500,000,000 shares authorized, 188,300,000 are issued on December 31, 2008, and December 31, 2007, respectively, and 187,576,344 are outstanding on December 31, 2008, and December 31, 2007, respectively.

The Extraordinary General Meeting held on December 12, 2008 resolved to undertake a capital repayment of approximately EUR 50 million to be charged to the premium reserve without changing the nominal amount.

The Civil Code of the Netherlands requires legal reserves for capitalization of internal development expenses. These reserves are deducted from the share premium. As of December 31, 2008 the reserves amount at 0 (December 31, 2007: 3,941 kEUR)

Unappropriated result

The General Meeting of Shareholders will be asked to approve the appropriation of the 2008 net loss for the period attributable to equity holders of the Company in the amount of EUR (52,872) thousand to the other reserves/accumulated deficit.

17. share based payments

In fiscal year 2000, the Company approved a stock option plan ("the Plan"). Under the terms of the Plan, the Company may grant up to 10 million options to purchase shares of the Company. Options are generally granted for a period of eight years.

These options were granted to the employees as an additional incentive to the usual salary payments. Intention of the management was to achieve a higher identification of the employees with the Company. As at December 31, 2008, the minimum exercisable share price amounts to EUR 1.83.

Options exercisable are equal to options outstanding. All options are vested on December 31, 2008.

	Options outstanding		
Range of exercise prices (in EUR)	**Number of outstanding options as of December 31, 2008**	**Weighted average remaining contractual life (in years)**	**Weighted average exercise price per share**
0.00 – 2.49	30,300	0.5	1.83
2.50 – 7.49	0	0	0
7.50 – 17.49	0	0	0

	Number of options	**Weighted average exercise price per share in Euro**
Options outstanding on January 1, 2007	**799,150**	**14.24**
Options expired	(237,200)	28.80
Options forfeited	(169,200)	10.50
Options outstanding on December 31, 2007	**392,750**	**7.05**
Options expired	(261,350)	8.66
Options forfeited	(101,100)	1.83
Options outstanding on December 31, 2008	**30,300**	**1.83**

18. provisions

Provisions recognized are presented below:

In thousand Euro	Restructuring	Earn-out	Other
Balance at January 1, 2007	**830**	**13,963**	**518**
Provisions made during the year 2007	936	0	25
Provisions used during the year 2007	(652)	0	(398)
Provisions released during the year 2007	(130)	(5,544)	0
Balance at December 31, 2007	**984**	**8,419**	**145**
Provisions made during the year 2008	23,288	0	0
Provisions used during the year 2008	(764)	(5,000)	(121)
Provisions released during the year 2008	(68)	(3,419)	(24)
Balance at December 31, 2008	**23,440**	**0**	**0**
Non-current	–	0	0
Current	23,440	–	–

Restructuring

The restructuring provision recorded at December 31, 2008 comprises of EUR 23,440 million which is related to management's decision to discontinue the portal and webhosting activities. The restructuring provision mainly consists of costs for cancellation of long-lasting contracts, termination benefits for employees and costs for early termination of rental contracts.

It is expected that most of the obligations arising from the suspension of the company will be settled within the next year.

Earn-Out

On November 15, 2006, Pangora purchased 100 % of the shares of mentasys GmbH, Karlsruhe. The purchase price was EUR 30.0 million including a contingent consideration of 14.0 million, which comprises of a fixed amount of EUR 5 million and a variable amount based on the performance in the years 2007 to 2009, based on the latest expectations at that time, the provision for this contingent consideration was decreased by EUR 5.6 million to EUR 8.4 million.

In March 2008 the fixed amount of the contingent consideration of EUR 5.0 million was paid. Due to discontinuing the shopping business and possible sale of its entities the remaining consideration was valued at zero, as a result the remaining provision of EUR 3.4 million has been released.

19. other short-term liabilities

Other short-term liabilities comprise:

In thousand Euro	December 31, 2008	December 31, 2007
Accrual for salary and salary related cost	962	1,489
Accrual for marketing cost	2,234	2,147
Accrual for professional services	977	805
Deferred revenues	241	3,220
Other accrued expenses	5,527	6,667
Other short-term debt	0	261
Other current liabilities	2,914	3,581
Accrued expenses and other current liabilities	**12,855**	**18,170**

Deferred revenues are recognized in the balance sheet when invoices are issued, but services have not been completely delivered. Deferred revenues are recognized when services are delivered, based on the percentage of completion method for each contract.

The carrying amounts for all financial instruments of December 31, 2008 and as of December 31, 2007 equal their cash outflows which are due with in one year.

20. contingencies and commitments

Minimum Lease and Rental Payments

The Company has entered into operating lease agreements in Armenia, Denmark, France, Germany, Italy, the Netherlands and the United Kingdom. The Company did not enter any financial lease agreements in the year ending December 31, 2008.

Lease and rental payments amount to EUR 5.7 million for the year ending December 31, 2008.

The future, non-cancelable minimum lease and rental payments under these commitments are as follows:

In thousand Euro	
Due within one year	2,195
Due after one through five years	8
Due after five years	0
Total	**2,203**

Litigation

From time to time, the Company is subject to legal proceedings and claims in the ordinary course of business. LYCOS Europe is currently not aware of any legal proceeding or claim that the Company believes will have, individually or in the aggregate, a materially adverse effect on the Company's financial position, results of operations or cash flows.

On August 4, 2008 our shareholder LE Holding Corporation, a subsidiary of Telefonica S.A., filed an application for an inquiry into the policy and conduct of business of LYCOS Europe N.V. at the Enterprise Chamber of the Amsterdam Court of Appeal (Enterprise Chamber).

Indemnity and Insurance

The Company shall indemnify and hold harmless each member of the Management Board and of the Supervisory Board in accordance with Article 26.A of the Articles of Association of the Company. For this purpose the Company has contracted a D&O insurance.

21. other operating expenses

Other operating expenses comprise of:

	Year ending December 31, 2008				
In thousand Euro	Ordinary expenses	Restructuring	Impairment	Other amortization	Total
Sales and marketing	(14,242)	(190)	0	0	**(14,432)**
Research and development	(11,524)	168	(1,963)	0	**(13,319)**
General and administration	(14,075)	(23,483)	(4,741)	0	**(42,299)**
Total	**(39,841)**	**(23,505)**	**(6,704)**	**0**	**(70,050)**

	Year ending December 31, 2007 (restated)				
In thousand Euro	Ordinary expenses	Restructuring	Impairment	Other amortization	Total
Sales and marketing	(18,798)	177	0	0	**(18,621)**
Research and development	(13,180)	(482)	(1,088)	0	**(14,750)**
General and administration	(10,807)	287	(4,230)	(170)	**(14,921)**
Total	**(42,785)**	**(18)**	**(5,318)**	**(170)**	**(48,292)**

22. personnel expenses

Personnel expenses comprise of:

In thousand Euro	Year ending December 31, 2008	Year ending December 31, 2007 (restated)
Wages and salaries	19,711	22,567
Social security payments	3,201	3,810
Total	**22,912**	**26,377**

The Company employed the following employees on a full-time equivalent basis as at December 31, 2008 and as at December 31, 2007, respectively.

	Year ending December 31, 2008	Year ending December 31, 2007
Germany	249	238
Armenia	207	214
France	26	35
The Netherlands	1	1
Other	18	17
Total	**501**	**505**

23. other operating income

The other operating income includes the result from generating customer data and contracts for Strato.

24. net finance income

The finance income comprises of:

In thousand Euro	Year ending December 31, 2008	Year ending December 31, 2007 (restated)
Income from disposal of available-for-sale investments	0	65,980
Interest income	6,153	5,727
Finance expense	(34)	(140)
Other finance income / (expense)	3,095	318
Net finance income	**9,214**	**71,885**

Included in other finance income is an amount of EUR 2.8 million related to foreign exchange results (2007: EUR 267).

Interest income is earned on the Company's cash and cash equivalents and other investments.

Finance expense completely results from financial liabilities and represent interests paid.

25. income taxes

Income tax expenses/benefits recognized include the following:

In thousand Euro	Year ending December 31, 2008	Year ending December 31, 2007 (restated)
Current income tax (expenses) / income	(177)	(73)
Deferred tax income / (expenses)	503	206
Income tax	**326**	**133**

The income tax expenses differ from the amount computed by using the average statutory rate of the Company and its subsidiaries of 25.5 percent (2007: 25.5 percent) as follows:

	%	December 31, 2008 In thousand Euro	%	December 31, 2007 In thousand Euro
Profit before tax		**(50,318)**		**48,232**
Income tax using the Company's domestic tax rate	26	12,831	26	(12, 299)
Effect of tax rates in foreign jurisdictions	4	2,219	(4)	1,788
Effect of non deductible and non taxable charges	(13)	(6,539)	5	(2,297)
Changes in loss carry forwards without recognition of deferred tax assets	(17)	(8,506)	11	(5,151)
Effect of recognition of previously unrecognized tax losses	1	321	(1)	214
Tax exemption on result on disposals	0	0	(36)	17,391
Tax effect of rate change	0	0	(1)	487
Taxation on income in income statement	**1**	**326**	**0**	**133**

Deferred tax assets and liabilities are summarized as follows:

In thousand Euro	**December 31, 2008**	**December 31, 2007**	**Income Statement 2008**
Deferred tax assets			
Loss carry-forward	31	434	(403)
Property, plant and equipment	0	106	(106)
Intangible assets	(188)	440	(628)
Netting	157	(776)	933
Total deferred tax assets	**0**	**204**	**(204)**
Deferred tax liabilities			
Property, plant and equipment	0	216	216
Intangible assets	0	1,937	1,937
Netting	157	(776)	(933)
Total deferred tax liabilities	**157**	**1,377**	**1,220**
Net of deferred tax assets and tax liabilities	**(157)**	**(1,173)**	**1,016**
Less discontinued operations			**513**
Consolidated income statements			**503**

In assessing the recoverability of deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will be realized in the foreseeable future. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

The following tables show the tax losses and their maturity:

In thousand Euro	December 31, 2008
Tax losses expiring 2009	2,283
Tax losses expiring 2010	2,283
Tax losses expiring 2011 or later	98,167
No expiration date	471,579
Total	**574,312**

In thousand Euro	December 31, 2007
Tax losses expiring 2009	2,283
Tax losses expiring 2010 or later	99,982
No expiration date	467,630
Total	**569,895**

Deferred tax assets have not been recognised in respect of the tax losses shown in the table above as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries that have been loss-making for some time.

26. earnings per share

Basic earnings per share are calculated using the weighted average number of common shares outstanding during the year. Diluted earnings per share are similar to basic earnings per share except that the weighted average of common shares outstanding are increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares resulting from options and other potentially dilutive instruments had been issued. The inclusion of options in the calculation of weighted average common shares is anti-dilutive and therefore, there is no difference between basic and diluted earnings per share.

27. subsequent events

At December 12, 2008, the company announced the sale of united-domains AG, which was subject to antitrust authority approval.

The final purchase-price will be determined after the financial statements 2008 will be effective. The purchase price will be completely paid in cash. Part of the purchase price will be put into an escrow account as a security for possible obligations that might arise from the sale. The escrow account will be released in 2014 the latest.

At January 30, 2009 competition authorities accepted the transaction so that the escrowed condition is reached and the purchase contract is now legally effective.

Haarlem, the Netherlands
February 13, 2009

The Management Board
LYCOS Europe N.V.

Approved by the Supervisory Board of LYCOS Europe N.V.
Haarlem, the Netherlands
February 18, 2009

Prof. Dr. Jürgen Richter

Dr. Dieter Ulrich Bohnert

Rolf Eberhard Buch

Elías Rodriguez-Viña

Juan Rovira de Ossó

Luis Velo Puig-Durán

LYCOS Europe N.V.

company financial statements
(part 9 bw 2 of the netherlands civil code)

for the year ended december 31, 2008

LYCOS Europe N.V.
company balance sheets

(before proposed appropriation of result)

In thousand Euro	Notes	December 31, 2008	December 31, 2007
Assets			
Intangible fixed assets			
Goodwill	3	1,037	1,037
Intangible assets, net	3	0	3,788
Total intangible fixed assets		**1,037**	**4,825**
Financial fixed assets			
Participating interest in group companies	4	23,696	19,175
Other participating interest	4	875	0
Other investments	4,5	7,132	9,803
Total financial fixed assets		**31,703**	**28,978**
Total fixed assets		**32,740**	**33,803**
Current assets			
Due from related parties	6	13,281	12,105
Prepaid expenses and other assets		1,617	1,212
Cash and cash equivalents	5	67,414	139,152
Total current assets		**82,312**	**152,469**
Total assets		**115,052**	**186,272**
Liabilities and shareholders' equity			
Shareholders' equity			
Issued capital		3,123	3,123
Share premium		1,542,009	1,588,076
Treasury shares		(2,052)	(2,052)
Legal reserves		0	3,941
Translation reserve		(4,101)	(649)
Accumulated deficit		(1,425,540)	(1,465,594)
Unappropriated result		(52,872)	40,054
Total shareholders' equity	8	**60,567**	**166,899**
Provisions			
Participating interest in group companies		0	0
Restructuring		3,000	0
Total provisions	7	**3,000**	**0**
Current liabilities			
Short-term debt		0	91
Due to related parties	6	50,118	17,808
Accounts payable		633	313
Accrued expenses and other current liabilities		734	1,161
Total current liabilities		**51,485**	**19,373**
Total liabilities and shareholders' equity		**115,052**	**186,272**

The accompanying notes are an integral part of these company financial statements

LYCOS Europe N.V.
company income statements

In thousand Euro	Notes	Year ended December 31, 2008	Year ended December 31, 2007
Result from subsidiaries and equity investments	9	(56,271)	(27,496)
Other income and expenses after taxes		3,399	67,550
Net profit / (loss)		**(52,872)**	**40,054**

The accompanying notes are an integral part of these company financial statements

LYCOS Europe N.V.
statement of shareholders' equity

in thousand Euro (except share data)	Notes	Issued capital		Share premium	Legal reserves
		No. of shares	EUR	EUR	EUR
Balance as at January 1, 2007		**312,300,000**	**3,123**	**1,587,049**	**4,968**
Movement capitalized development expenses				1,027	(1,027)
Appropriation of the net result of previous year					
Translation loss					
Translation gain on disposal					
Net profit					
Balance as at December 31, 2007		**312,300,000**	**3,123**	**1,588,076**	**3,941**
Movement capitalized development expenses				3,941	(3,941)
Appropriation of the net result of previous year					
Translation loss					
Net profit					
Distribution to shareholders				(50,008)	
Balance as at December 31, 2007	7	**312,300,000**	**3,123**	**1,542,009**	**0**

The accompanying notes are an integral part of these company financial statements

Treasury shares		Translation reserve	Accumulated deficit	Unappropriated result	Total
No. of shares	EUR	EUR	EUR	EUR	EUR
(723,656)	**(2,052)**	**1,137**	**(1,467,298)**	**1,704**	**128,631**
					0
			1,704	(1,704)	0
		(847)			(847)
		(939)			(939)
				40,054	40,054
(723,656)	**(2,052)**	**(649)**	**(1,465,594)**	**40,054**	**166,899**
					0
			40,054	(40,054)	0
		(3,452)			(3,452)
				(52,872)	(52,872)
					(50,008)
(723,656)	**(2,052)**	**(4,101)**	**(1,425,540)**	**(52,872)**	**60,567**

LYCOS Europe N.V.
notes to the company financial statements

1. significant accounting policies

The registered office of LYCOS Europe N.V. ("LYCOS Europe" or the "Company") is in Haarlem, the Netherlands (LYCOS Europe N.V., Richard Holkade 36, 2033 PZ Haarlem, the Netherlands).

a. General

The company financial statements are part of the 2008 financial statements of LYCOS Europe N.V. With reference to the company income statement of LYCOS Europe N.V. use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

b. Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, LYCOS Europe N.V. makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of LYCOS Europe N.V. are the same as those applied for the consolidated EU-IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as EU-IFRS). Please see note 1 in the consolidated financial statements for a description of these principles.

The share in the result of participating interests consists of the share of LYCOS Europe N.V. in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between LYCOS Europe N.V. and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealized.

2. acquisition and disposal of subsidiaries

Acquisitions and disposals by the group of subsidiaries of the Company are explained in the notes to the consolidated financial statements.

3. intangible fixed assets

In thousand Euro	Goodwill	Licenses and other rights	Purchased software	Total
Cost				
Balance as at January 1, 2007	**879,553**	**1,400**	**1,860**	**882,813**
Acquisition	0	3,788	0	3,788
Balance as at December 31, 2007	**879,553**	**5,188**	**1,860**	**886,601**
Acquisition / Disposal	0	0	0	0
Balance as at December 31, 2008	**879,553**	**5,188**	**1,860**	**886,601**
Amortization and impairment losses				
Balance as at January 1, 2007	**(875,867)**	**(1,400)**	**(1,860)**	**(879,127)**
Impairment charge	(2,649)	0	0	(2,649)
Balance as at December 31, 2007	**(878,516)**	**(1,400)**	**(1,860)**	**(881,776)**
Impairment charge	0	(3,788)	0	(3,788)
Balance as at December 31, 2008	**(878,516)**	**(5,188)**	**(1,860)**	**(885,564)**
Carrying amounts				
Balance as at December 31, 2007	1,037	3,788	0	4,825
Balance as at December 31, 2008	**1,037**	**0**	**0**	**1,037**

In the second quarter 2008, LYCOS Europe performed the annual impairment test for goodwill acquired in business combinations. As a result of the impairment test the Company did not record an impairment loss related to goodwill.

Amortization periods are as disclosed in note 1 of the consolidated financial statements.

4. financial fixed assets

In thousand Euro	Participating interest in group companies	Loan receivable	Other investments	Total
Balance as at December 31, 2007	**19,175**	**0**	**9,803**	**28,978**
Movements:				
Capital contributions	28,000			**28,000**
Disposal	3,179			**3,179**
Increase loan receivable		875		**875**
Result from subsidiaries and equity investments	(56,271)			**(56,271)**
Translation gain	(3,452)			**(3,452)**
Investment / Divestment	8,202		(2,671)	**5,531**
Negative net asset value of subsidiaries	24,863			**24,863**
Balance as at December 31, 2008	**23,696**	**875**	**7,132**	**31,703**

Subsidiaries included in participating interest in group companies are disclosed in the consolidated financial statements in note 3.

For other investments reference is made to note 10 of the consolidated financial statements.

5. cash, cash equivalents and other investments

Cash, cash equivalents and other investments comprise the following:

In thousand Euro	December 31, 2008	December 31, 2007
Cash	5,394	6,752
Cash equivalents	56,520	59,900
Other investments due within one year	5,500	72,500
Other investments due after one year	7,132	9,803
Total	**74,546**	**148,955**

An amount of EUR 7.6 million and EUR 7.3 million is restricted in use as at December 31, 2008, and December 31, 2007, respectively. An amount of EUR 2.1 million and 4.8 million of the restricted cash is non-current as at December 31, 2008, and December 31, 2007, respectively.

Cash consists of bank balances and call deposits, cash equivalents consist of short-term deposits with an original and remaining maturity of less than three months and other investments consist of bonds and deposits.

6. due to/from related parties

In thousand Euro	December 31, 2008	December 31, 2007
Due from related parties	60,667	37,304
Subordinated loan to related parties	13,117	13,117
Accrued interest on subordinated loan	2,397	1,599
Due to related parties	(50,118)	(19,686)
Negative net asset value of subsidiaries	(62,900)	(38,037)
Total, net	**(36,837)**	**(5,703)**

7. provisions

In thousand Euro	Provisions
Balance at January 1, 2008	**0**
Provisions made during the year 2008	3,000
Balance at December 31, 2008	**3,000**

8. shareholders' equity

Issued capital

The Company's Class AA and AB shares have been issued as registered shares. These registered shares carry special voting and binding nomination rights. Of the shareholders, only holders of Class AA and AB registered shares have also the right to make binding nominations of the Management Board and the Supervisory Board as well as for the positions of Chairman and Deputy Chairman of the Supervisory Board.

The Class AA shares have a par value of EUR 0.01. Of the 250,000,000 shares authorized, 62,000,000 are issued and outstanding on December 31, 2008, and December 31, 2007. These shares are owned by the LE Holding Corp., a company fully owned by Telefónica SA.

The Class AB shares have a par value of EUR 0.01. Of the 250,000,000 shares authorized, 62,000,000 are issued and outstanding on December 31, 2008, and December 31, 2007. These shares are owned by Bertelsmann Internet

Holding GmbH (24,347,400), Fireball Internet GmbH (14,260,000) and Christoph Mohn Internet Holding GmbH (23,392,600), also initial shareholders and founders of the Company.

The Class B shares have a par value of EUR 0.01. Of the 500,000,000 shares authorized, 188,300,000 are issued on December 31, 2007, and December 31, 2006, respectively, and 187,576,344 are outstanding on December 31, 2008, and December 31, 2007, respectively.

Unappropriated result

The General Meeting of Shareholders will be asked to approve the appropriation of the 2008 loss after tax in the amount of EUR (52,872) thousand to increase the other reserves/accumulated deficit.

Stock options

In fiscal year 2000, the Company approved a stock option plan ("the Plan"). Under the terms of the Plan, the Company may grant up to 10 million options to purchase shares of the Company. Options are generally granted for a period of eight years. These options were granted to the employees as an additional incentive to the usual salary payments. Intention of the management was to achieve a higher identification of the employees with the Company. The outstanding and exercisable options are disclosed in note 17 of the consolidated financial statements.

9. contingencies and commitments

Guarantees

The Company has issued letters of guarantee and support to several of its subsidiaries. Furthermore the Company has issued several guarantees to its suppliers and its subsidiaries suppliers during the ordinary course of its business. Guarantees outstanding as at December 31, 2008 amount to EUR 1.6 million.

Joint and several liability

In accordance with article 403 Book 2 of the Netherlands Civil Code the Company has assumed joint and several liability for all legal transactions carried out by its Dutch group company LYCOS Netherlands B.V.

Fiscal unity

LYCOS Europe N.V., LYCOS Netherlands B.V. and LYCOS Europe B.V. form a fiscal unity for corporate tax; the standard conditions stipulate that each of the companies is liable for the corporation tax payable by all companies belonging to the fiscal entity.

Litigation

From time to time, the Company is subject to legal proceedings and claims in the ordinary course of business. LYCOS Europe is currently not aware of any legal proceeding or claim that the Company believes will have, individually or in the aggregate, a materially adverse effect on the Company's financial position, results of operations or cash flows.

On August 4, 2008 our shareholder LE Holding Corporation, a subsidiary of Telefonica S.A., filed an application for an inquiry into the policy and conduct of business of LYCOS Europe N.V. at the Enterprise Chamber of the Amsterdam Court of Appeal (Enterprise Chamber).

Indemnity and insurance

The Company shall indemnify and hold harmless each member of the Supervisory Board in accordance with Article 26.A of the Articles of Association of the Company. For this purpose, the Company has contracted a D&O insurance.

10. profit / (loss) from subsidiaries and equity investments

This concerns the share of LYCOS Europe N.V. in the results of its participating interests, of which an amount of EUR (56,3) million (2007: EUR (27,5) million) concerns to group companies.

11. income taxes

In assessing the recoverability of deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. On December 31, 2008, and December 31, 2007, the Company's operating tax loss carry-forwards amount to approximately EUR 86.1 million and EUR 83.5 million, respectively. EUR 76.3 million of these loss carry-forwards expire after 2011, EUR 5.5 million expire after 2012, and EUR 1.2 million expire after 2013. All remaining losses carry-forwards expire after 2013.

12. remuneration of the management board

Remuneration package

Every year, the Supervisory Board fixes the remuneration package of the members of the Management Board. As at January 1, 2008, furthermore the Supervisory Board decided to keep Mr. Mohn's remuneration package unchanged for 2008.

Fixed annual salary and short-term incentive (bonus)

Management Board members receive a fixed annual salary that is in line with their position in the Company as soon as they join the Board. The fixed salary is adjusted on January 1 of any year. In addition, an annual performance-based bonus is fixed and reviewed after completion of the annual report for the respective fiscal year by the Supervisory Board. The bonus consists of a target/plan bonus and a total maximum bonus. The bonus payment is subject to achievement of financial (EBIT result vs. business plan) and strategic (market share development) performance targets. In 2008 and in accordance with its standing policies the Supervisory Board has decided to grant no regular bonus to the CEO, Mr. Mohn, for the fiscal year 2007 as the targets have not been met. With regard to the sale of Seznam.cz the Supervisory Board decided to award a special bonus to the CEO Mr. Mohn. The bonus amount for the fiscal year 2007 was fixed and paid in February 2008. The bonus amount for the fiscal year 2008 has not been determined yet at the time that this report is published and will be established by the Supervisory Board in 2009.

The fixed annual salaries and bonuses for 2008 and 2007 of the Management Board were as follows:

In thousand Euro	**Fixed annual salary**		**Bonus**	
In Euro	**2008**	**2007**	**2008**[6]	**2007**[7]
Christoph Mohn	310	310	To be determined	35

[6] Based on the result achieved in 2008 and therefore determinable and payable in 2009.
[7] Bonus paid in 2008 based on the results achieved in 2007.

Long-term incentive

By way of long-term incentive, Management Board members are granted share option rights in accordance with the options scheme outlined in note 17 of the consolidated financial statements. The options currently held by Christoph Mohn (sole Board member) are listed below:

Date of issue	Exercise price in EUR	Outstanding December 31, 2007	Options exercised in 2008	Options expired and cancelled	Outstanding December 31, 2008	Expiry date
June 5, 2000	15.90	40,000	–	(40,000)	0	June 4, 2008
December 20, 2000	6.16	100,000	–	(100,000)	0	December 19, 2008
Total		**140,000**	**–**	**(140,000)**	**0**	

Apart from the above-mentioned management options, the Management Board does not possess any options on the Company.

Shares

Christoph Mohn owns 8,333 shares in the Company. Christoph Mohn Internet Holding GmbH (100 percent held by Christoph Mohn) owns 37,730,000 shares in the Company as at December 31, 2008, and December 31, 2007.

Total remuneration

The total remuneration (including pension costs and other commitments) of Management Board members amounted to EUR 0.4 million in 2008 (2007: EUR 0.4 million). Former members of the Management Board did not receive any remuneration in 2008 and 2007.

13. remuneration of the supervisory board

Remuneration package

No member of the Supervisory Board received remuneration in respect of their function as member of the Supervisory Board of the Company in 2008 and 2007. Former members of the Supervisory Board did not receive any remuneration in 2008 and 2007.

Options / shares

No share options rights in the Company are granted to or acquired by members of the Supervisory Board.
No member of the Supervisory Board of LYCOS Europe N.V. holds shares in the Company.

14. auditor fees

The fees paid to the Company's external auditor are as follows:

In thousand Euro	**2008**	**2007**
Audit services (fee)		
Audit	620	515
Tax services	61	60
	681	**575**
Non-audit services		
Other	117	205
	798	**780**

Haarlem, the Netherlands
February 13, 2009

The Management Board
LYCOS Europe N.V.

Christoph Mohn

Approved by the Supervisory Board of LYCOS Europe N.V.
Haarlem, the Netherlands,
February 18, 2009

Prof. Dr. Jürgen Richter
Dr. Dieter Ulrich Bohnert
Rolf Eberhard Buch
Elías Rodriguez-Viña
Juan Rovira de Ossó
Luis Velo Puig-Durán

other information

Class AA shares and Class AB shares

The Company's Class AA and AB shares have been issued as registered shares. These registered shares carry special voting and binding nomination rights. Of the shareholders, only holders of Class AA and AB registered shares have also the right to make binding nominations of the Management Board and the Supervisory Board as well as for the positions of Chairman and Deputy Chairman of the Supervisory Board.

The Class AA shares are owned by LE Holding Corp., a company fully owned by Telefónica SA.

The Class AB shares are owned by Bertelsmann Internet Holding GmbH (24,347,400), Fireball Internet GmbH (14,260,000) and Christoph Mohn Internet Holding GmbH (23,392,600).

Profit appropriation provision

The appropriation of profits takes place in accordance with Article 37 of the Articles of Association. The Company's policy on reserves and dividends is determined and can be amended by the Supervisory Board upon proposal of the Management Board. The allocation of profits remaining after allocation to reserves is determined by the Management Board, with the approval of the Supervisory Board. Amounts can be withdrawn from the distributable reserves by virtue of a resolution of the Management Board which has been approved by the Supervisory Board.

Appropriation of result for the year 2008

The General Meeting of Shareholders will be asked to approve the appropriation of the 2008 loss after tax in the amount of EUR (52,872) thousand to the other reserves/accumulated deficit.

Independent Auditor's Report

We refer to the accompanying Independent Auditor's Report as set forth on the following page.

Independent Auditor's Report

To: The Annual General Meeting of Shareholders of LYCOS Europe N.V.

Auditors' report

Report on the financial statements

Introduction

We have audited the accompanying 2008 financial statements of LYCOS Europe N.V., Haarlem, the Netherlands, as set out on pages 34 to 105. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2008, the company income statement and the company statement of shareholders' equity for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code and for the preparation of the report to the shareholders in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of LYCOS Europe N.V. as at 31 December 2008, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of LYCOS Europe N.V. as at 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the report to the shareholders is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, the Netherlands
February 13, 2009

KPMG ACCOUNTANTS N.V.

M. Tubbergen RA

quarterly financial information

(unaudited)

In thousand Euro (except per share data)	Quarter ending March 31, 2005 (restated)	Quarter ending June 30, 2005 (restated)	Quarter ending September 30, 2005 (restated)	Quarter ending December 31, 2005 (restated)
Revenues	18,251	20,022	20,044	20,929
EBITDA[1]	(6,194)	(6,264)	410	1,709
EBIT[1]	(8,644)	(8,360)	(1,520)	(166)
Net loss	(8,069)	(8,390)	(2,046)	(1,730)
Net loss per share basic and diluted in Euro	(0.03)	(0.03)	(0.01)	(0.01)

In thousand Euro (except per share data)	Quarter ending March 31, 2006	Quarter ending June 30, 2006	Quarter ending September 30, 2006	Quarter ending December 31, 2006
Revenues	18,311	23,273	17,408	23,388
EBITDA[1]	(834)	777	(3,379)	(1,192)
EBIT[1]	(2,336)	(718)	(4,853)	(5,231)
Net profit / (net loss)	(2,032)	(242)	9,144	(5,166)
Net profit / (net loss) per share basic and diluted in Euro	(0.01)	0.00	0.03	(0.02)

In thousand Euro (except per share data)	Quarter ending March 31, 2007 (restated)[2]	Quarter ending June 30, 2007 (restated)[2]	Quarter ending September 30, 2007 (restated)[2]	Quarter ending December 31, 2007 (restated)[2]
Revenues	9,737	10,119	8,750	8,793
EBITDA[1]	(2,926)	(6,122)	(4,106)	(2,333)
EBIT[1]	(3,778)	(11,209)	(4,762)	(3,904)
Net profit / (net loss)	7,610	41,078	(4,619)	(4,015)
Net profit / (net loss) per share basic and diluted in Euro	(0,01)	0.18	(0.01)	(0.00)

In thousand Euro (except per share data)	Quarter ending March 31, 2008[2]	Quarter ending June 30, 2008[2]	Quarter ending September 30, 2008[2]	Quarter ending December 31, 2008[2]
Revenues	6,179	5,941	4,470	4,275
EBITDA[1]	(6,163)	(5,979)	(8,051)	(30,631)
EBIT[1]	(6,787)	(6,495)	(8,565)	(37,685)
Net loss	(5,850)	(3,901)	(7,395)	(35,725)
Net loss per share basic and diluted in Euro	(0.02)	(0.02)	(0.02)	(0.11)

1 EBITDA is Earnings Before Interest, Taxes, Depreciation, Amortization and Impairment, EBIT is Earnings Before Interest and Taxes.
2 2008 includes the continued business and 2007 has been restated for the effect on income statement of the discontinued operations Jubii Denmark, united-domains and Shopping.

report of the supervisory board

The Management Board of LYCOS Europe N.V. kept the Supervisory Board well informed about the situation and course of business at the Company during the period under its review, January 1, 2008, to December 31, 2008. The course of business was discussed on the basis of monthly reports containing comparative figures relating to the budget, sales and traffic trends, developments in the regional markets and marketing expenditures. Due to the strategic review process that took place in 2008 the Supervisory Board held nine meetings and took further decisions in two additional circular resolutions. In the course of these meetings the report of the Management Board always comprised of a detailed description of the active business of the Company covering the strategy and relevant risks. The supervision of strategic decisions was focused on a potential change of the shareholder structure and the potential divestiture of the business as a whole and various business units. The Supervisory Board was thus able to conclude that business was being managed properly.

Summary of the strategic review process

The Company went through a strategic review process in 2008. This Process resulted in a strategy which was approved by the extra ordinary meeting of shareholders in December 2008. In summary this strategy consists of the sale of the Domain Name Business, Shopping Unit and the Danish Portal Business and the discontinuation of the Webhosting and European portal operations. In effect this will result in the termination of all current business activities of the company.

As a consequence of this strategic decision the Company was able to pay out a portion of the premium reserves. An additional payout is possible once the sales are complete and the remaining units have been suspended.

Request for inquiry procedure

In August 2008 the LE Holding Corporation, shareholder of the Company and subsidiary of Telefónica S.A. filed an application for an inquiry into the policy and conduct of business of the Company at the Enterprise Chamber of the Amsterdam Court of Appeal. The Supervisory Board has acknowledged this inquiry procedure but has refrained to comment on these ongoing proceedings.

Activities of the Supervisory Board

LYCOS Europe's Supervisory Board's responsibility is to supervise the policy of the Company's Management Board and the general affairs of LYCOS Europe and its business as well as to assist the Company's Management Board by providing advice. In doing so, LYCOS Europe's Supervisory Board is guided by the Company's interests and takes into account the relevant interests of its stakeholders. LYCOS Europe's Supervisory Board is responsible for the quality of its own functioning. The Supervisory Board was involved in resolutions as and where required by the Company's Articles of Association and By-Laws. We specifically discussed the strategic orientation of the Company and lent it our unreserved support. We also discussed the Company's internal risk management and control systems. The risk management focused on the financial policy of the Company. Together with the management board the Supervisory Board ensured that the financial reserves of the Company were invested in a secure manner. Further the Supervisory Board reviewed the current legal claims of and against the Company and its affiliates.

During 2008, the Supervisory Board met four times on a regular basis as well as five times on an extraordinary basis. Additionally the board took further decisions in two additional circular resolutions. Of the nine physical meetings Mr. Luis Velo Puig-Durán did not attend six meetings himself but was represented by Mr. Rovira de Ossó through proxy. As part of its efforts in the field of corporate governance the Supervisory Board has decided to meet once a year without the Management Board being present to discuss the functioning of the Supervisory Board and of the members of the Management Board. In 2008, a meeting of this kind took place in February. Furthermore, the Chairman of the Supervisory Board is regularly discussing actual business developments with the CEO.

Audit Committee

During 2007, the Supervisory Board constituted an Audit Committee, which was chaired by Mr. Rovira de Ossó and which further consisted of Mr. Buch and Mr. Richter. A further explanation on the purpose and functioning of the Audit Committee can be found in the Corporate Governance section of this annual report on page 19. During 2008, the Audit Committee met once in February. During this meeting the Audit Committee reviewed and discussed the annual accounts 2007. The External Auditor reported to the Audit Committee after which there was a discussion with the External Auditor without the Management Board present. Furthermore the Audit Committee discussed the internal audit plan for 2008 presented by the Management Board. Due to the strategic review process that took place in 2008 the Supervisory Board was convened to various extraordinary meetings. In the course of these meetings the report of the Management Board always comprised of a detailed description of the active business of the Company covering most of the areas the Audit Committee is supervising such as the operation of the control systems (i.e with regard to ongoing and potential law suits), the provision of financial information by the Company, the policy of the Company’s tax planning, the relations with the External Auditors and financing of the Company.

None of the Audit Committee members is designated as such as a “financial expert” within the meaning of that term under the Dutch Corporate Governance Code. The Supervisory Board does believe however that the expertise of the members of the Audit Committee taken together is sufficient for the Supervisory Board to discharge its supervisory duties in financial and audit-related matters.

Remuneration Committee

Also during 2007 the Supervisory Board constituted a Remuneration Committee which was chaired by Mr. Bohnert and which further consists of Mr. Rovira de Ossó and Mr. Richter. A further explanation on the purpose and functioning of the Remuneration Committee can be found in the Corporate Governance section of this annual report on page 19. The Remuneration Committee met once in 2008.

Remuneration of Management Board members

The bonus payment for the Management Board members is subject to achievement of financial (EBIT result vs. business plan) and strategic (market share development) performance targets. These performance criteria were chosen as they reflect the main concerns of our business, i.e. to achieve profitability in the near future and to gain market share to increase short-term revenues and ensure medium-term growth.

In 2008 and in accordance with its standing policies the Supervisory Board has decided to grant no regular bonus to the CEO, Mr. Mohn, for the fiscal year 2007 as the targets have not been met. With regard to the sale of Seznam.cz the Supervisory Board decided to award a special bonus to the CEO Mr. Mohn. Furthermore The Supervisory Board decided to keep Mr. Mohn's remuneration package unchanged for 2008. For an overview of Mr. Mohn's remuneration during 2008 and the performance criteria we apply, see page 103 of this annual report.

The relative importance of the variable component of his remuneration is a maximum of 36 percent of his annual base salary or 27 percent of the maximum total remuneration. This ratio was chosen to provide a reasonable high amount and relative incentive for the achievement of the planned short-term business results. For the fiscal year 2007, the bonus, taking into account the special bonus, made up 11 percent of the base salary or 10 percent of the total annual remuneration.

In addition to the aforementioned salary and bonus components, the Company used to provide Mr. Mohn with an old-age pension plan and an accident insurance. The Management Board proposed and the Supervisory Board resolved accordingly to discharge the aforementioned old-age pension plan Mr. Mohn, for a one-time payment of a settlement sum. The settlement sum was determined by the average accrual for the pension scheme according to HGB and IFRS on 31.12.2007.

Mr. Mohn's employment contract with LYCOS Europe GmbH under German law establishes a notice period of three months for both parties.

Furthermore, the Supervisory Board, assisted by its Remuneration Committee, has prepared a remuneration policy for the remuneration of members of our Management Board during 2005 and thereafter which has been adopted at our 2005 Annual General Meeting of Shareholders. The Remuneration Policy can be found on the corporate information portal of the Company.

The financial statements included in this annual report were drawn up by the Management Board, and audited by KPMG Accountants N.V., who has given an unqualified opinion. The Supervisory Board has approved the annual report, including the financial statements. The financial statements will be submitted for shareholder approval at the Annual General Meeting of Shareholders. We recommend to our shareholders that they adopt the financial statements.

Haarlem, the Netherlands
February 18, 2009

Prof. Dr. Jürgen Richter
Chairman of the Supervisory Board

supervisory board
(during the year ended december 31, 2008)

Prof. Dr. Jürgen Richter (1941, German national)

- Chairman of the Supervisory Board for the whole year ended December 31, 2008
- Chairman of the Supervisory Board BRW AG, Brunswick (Finance Company)
- Member Advisory Board KoelnMesse GmbH, Cologne
- Member of the Supervisory Board since November 30, 2001, current term ending in 2010

Dr. Dieter Ulrich Bohnert (1948, German national)

- Member of the Supervisory Board for the whole year ended December 31, 2008
- Senior Partner Heuking Kühn Lüer Wojtek
- Member of the Supervisory Board of APO Data-Service GmbH
- Member of the Supervisory Board of Schneider Electric GmbH
- Member of the Supervisory Board since November 30, 2001, current term ending in 2010

Rolf Eberhard Buch (1965, German national)

- Member of the Supervisory Board for the whole year ended December 31, 2008
- Chairman of the Executive Board of arvato AG and directorships of arvato affiliates
- Member of the Executive Board of Bertelsmann AG
- Member of the Supervisory Board since May 22, 2003, current term ending in 2011

Elías Rodriguez-Viña (1960, Spanish national)

- Member of the Supervisory Board for the whole year ended December 31, 2008
- Senior Partner at CONFIVENDIS since April 1, 2008
- Member of the Board of Directors of Boomerang TV since April 1, 2008
- Member of the Supervisory Board since May 24, 2006, current term ending in 2010

Juan Rovira de Ossó (1955, Spanish national)

- Member of the Supervisory Board for the whole year ended December 31, 2008
- Deputy General Manager of Telefónica S.A.
- Member of the Board of Geonet Territorial, S.A.
- Managing Director of Terra LYCOS Holding, B.V.
- Member of the Supervisory Board since November 30, 2001, current term ending in 2010

Luis Velo Puig-Durán (1960, Spanish national)

- Member of the Supervisory Board for the whole year ended December 31, 2008
- Member of the Steering Committee of Telefónica Contenidos S.A.U.
- Member of the Supervisory Board since May 18, 2004, current term ending in 2012
- CEO of Televisiòn Federal S.A Argentina since July, 2008.

financial calender

April 28, 2009	Interim report three months 2009
May 28, 2009	Annual General Meeting of Shareholders
August 04, 2009	Interim report six months 2009
October 27, 2009	Interim report nine months 2009

publishing information

Concept & Production

LYCOS Europe, Investor Relations

Financial Information

LYCOS Europe, Corporate Controlling

Design

Bloomoon Communication & Design

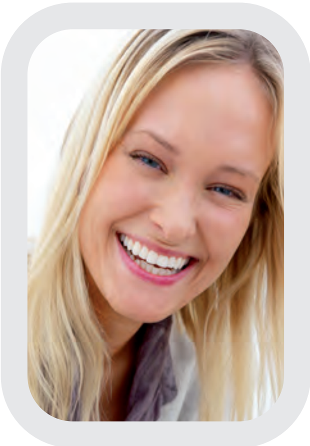
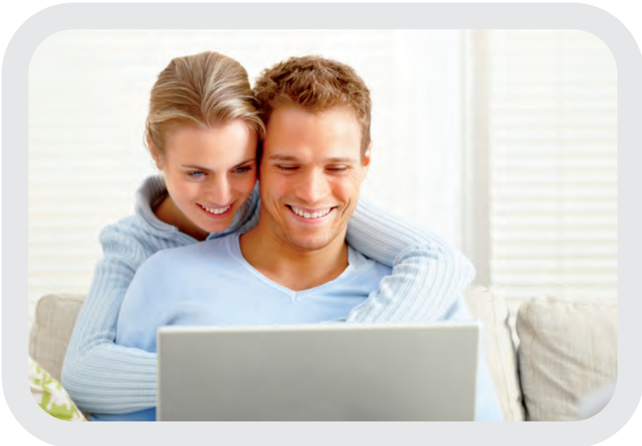
www.bloomoon.de

Photography

Fotolia.com

nyul, helix, AVAVA, mediamo, Yuri Arcurs,

Liv Friis-larsen, ISO K° - photography, pressmaster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