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|||| LYCOS Europe N.V.
interim report 2007 ||||

for the nine months ended September 30, 2007

key figures

		Nine months ended September 30, 2007 (unaudited)	Nine months ended September 30, 2006 (unaudited)	Change
Revenues	in mln EUR	58.4	59.0	(1)%
EBITDA ¹	in mln EUR	(12.9)	(3.4)	>(100)%
EBIT ¹	in mln EUR	(36.4)	(7.9)	>(100)%
Net profit	in mln EUR	44.1	6.9	>(100)%
Shares (average outstanding)	number	312,300,000	312,300,000	0%
Earnings per share (diluted and undiluted)	in EUR	0.14	0.02	>(100)%
Share price (Frankfurt, Germany)	in EUR	0.51	0.91	(44)%
Cash, cash equivalents and other investments	in mln EUR	159.9	110.6	45%
Cash ratio (Cash, cash equivalents and other investments/total liabilities)	number	4.4	3.2	38%
Shareholders' equity	in mln EUR	172.5	133.3	29%
Equity ratio (Shareholders' equity/total assets)	in percent	82.7	79.4	4%
Employees	number	732	663	10%

		Three months ended September 30, 2007 (unaudited)	Three months ended September 30, 2006 (unaudited)	Change
Revenues	in mln EUR	17.2	17.4	(1)%
EBITDA ¹	in mln EUR	(5.3)	(3.4)	(56)%
EBIT ¹	in mln EUR	(6.6)	(4.9)	(35)%
Net profit/(loss)	in mln EUR	(4.6)	9.1	>(100)%
Shares (average outstanding)	number	312,300,000	312,300,000	0%
Earnings/(loss) per share (diluted and undiluted)	in EUR	(0.01)	0.03	>(100)%

¹ EBIT/EBITDA are non IFRS measurements, please refer to the explanatory notes to the key figures, which are displayed on page 22.

This report to the shareholders should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes thereto. This report contains certain forward-looking statements and information relating to LYCOS Europe that are 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.

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22 Quarterly Financial Information

||||| dear shareholders, |||||

The EBITDA for the first nine months of 2007 amounted to EUR (12.9) million compared to EUR (3.4) million in the reference period in 2006. Decreasing advertising revenues, a general margin decrease in the Shopping business, an increase in cost of revenues and additional marketing initiatives for LYCOS iQ are the main reasons for this development.

The LYCOS product initiative has achieved further stage objectives: Jubii, the successor product to LYCOS Mail, has recently been launched on the Spanish market and is now available in seven European countries and the USA. After a successful migration in the Netherlands, the JubiiDate Community was also launched in Denmark and Spain.

LYCOS iQ was able to significantly extend its reach through further white label cooperations. With T-Online iQ the company has integrated the portal with the biggest reach in Germany. Users can now also access LYCOS iQ at Telegate.de.

In the Shopping business, the merger of Pangora and mentasys at the Karlsruhe site is part of the consistent implementation of the strategy to be a leading provider and marketer in Europe in the area of shopping solutions.

LYCOS Webhosting has expanded the range of services offered by its vServers. In addition, the cooperation with the directory inquiries specialist Telegate 11880 has made it easier for customers to register their own Webshop.

We are happy that we were able to expand our license agreement with Lycos, Inc. and have settled all outstanding issues.



Christoph Mohn
Chief Executive Officer

overview

LYCOS Europe is one of the leading European portal providers and online advertisers operating a network of websites in seven languages in Europe and the USA. The company's combination of Portal & Search (e.g. LYCOS Search and LYCOS iQ), Communication & Communities (e.g. Jubii and JubiiWorld), Shopping (e.g. BuyCentral and eVita) and Webhosting & Domain Names (e.g. LYCOS Webhosting and united-domains) addresses a wide range of target groups.

Portal & Search

In the third quarter of 2007, the positioning of LYCOS iQ was considerably reinforced. The reach, for example, was further extended through white label cooperations. Furthermore, the comprehensive viral marketing and PR campaign "Frag-iQ.de" was launched in mid-September with the aim of making the search product in Germany the market leader in this segment. As part of this campaign, TV commercials have been shown since September 2007.

On September 28, 2007 LYCOS Europe signed an agreement with freenet AG about advertising services for a one-year period and an agreement about licensing the white label solution LYCOS iQ for the freenet portal. This cooperation includes additionally the transfer of all LYCOS ADSL customer relationships in Germany to freenet. The related transaction gain will be recorded after completion, which depends on the outstanding approval of the German Antitrust Authority.

Communication & Communities

The product development and introduction of the new Social Communication Platform under the Jubii brand continued. This meant that Jubii, the successor product to LYCOS Mail, could also be launched on the Spanish market and is now available to users in seven European countries and the USA. After successfully testing and user migration in the Netherlands, the JubiiDate Community was also launched in Denmark and Spain in September 2007.



Webhosting & Domain Names

In the third quarter, the company continued to focus on the extension of products and features. For example LYCOS Webhosting has reinforced the range of services offered by its vServer. In addition, the cooperation with the information specialist Telegate 11880 has made it much easier for customers to register their own Webshop. This means that LYCOS Webhosting can now offer its customers an optimized and economical marketing option with a large reach.

Shopping

The Pangora GmbH and mentasys GmbH are currently in the process of concentrating their German workforce in Karlsruhe. Parallel to this, it is planned to expand the foreign business and sales divisions. The division will be represented besides its core market Germany in branches in London, Paris and Milan.

economic development

Market development

The European Information and Communication Technology (“ICT”) market remains with 2.9 percent growth on a stable growth level. Even though stable, this growth is below worldwide average growth and United States growth, which however declined compared to prior year. The European growth is expected to continue in the future. One indicator is the percentage of web users compared to the total population, for example in Germany this is expected to increase from 68 percent in 2006 to 85 percent in 2010. The growth potential is similar in other European countries.

LYCOS Europe unique users add up to about 35 million (Status: August 2007, including distribution partner). As a result its European reach based on the relevant markets amounts to 25 percent (including distribution partner).

Furthermore, it is forecasted that the average online time European Internet users spend, will increase from around 11 hours and 20 minutes to about 15 hours per week, which is equivalent to about 29 percent of the overall forecasted media time.

During 2006, about 75 percent of the online ad spend was related to the United Kingdom, Germany and France. This is based on thirteen European countries and a total online ad spend of over EUR 8 billion.

Result analysis

Revenues

LYCOS Europe’s revenues for the nine months ended September 30, 2007 amounted to EUR 58.4 million, which is a decrease of 1 percent compared to the nine months ended September 30, 2006. This is not in conjunction with the overall market development. Main reason is the decrease in advertising revenues amounting to 23 percent, which equals EUR 6.0 million. Revenues from paid services and shopping increased by 19 percent and generated EUR 34.2 million. The increase is mainly due to the consolidation of mentasys. Paid services and shopping contributed 59 percent, advertising 34 percent and other revenues 7 percent to LYCOS Europe’s total revenues in the nine months ended September 30, 2007.

Revenues generated by LYCOS Europe in the third quarter of 2007 amount to EUR 17.2 million, which is a decrease of 1 percent compared to the reference period of 2006. This is mainly caused by the decrease in advertising revenues of 22 percent equaling EUR 1.7 million. Paid service and shopping revenues increased by 19 percent compared to the nine months ended September 30, 2006.

EBITDA

During the first nine months of 2007 the EBITDA of EUR (12.9) million decreased compared to the same period in 2006 (EUR (3.4) million).

The gross profit of EUR 31.5 million for the nine month period ended September 30, 2007 decreased by 16 percent compared to the reference period in 2006 (EUR 37.6 million). The gross profit decrease was, besides the aforementioned, the result of a general profit decrease in the Shopping business and an increase in cost of revenues. Total cost of revenues increased by 26 percent to EUR (26.9) million.

Ordinary sales and marketing expenses increased by EUR 3.3 million during the nine months ended September 30, 2007. This is mainly driven by additional marketing spendings for LYCOS iQ in order to further support the strong growth of this product. Ordinary research and development costs increased with EUR 1.0 million comparing the first nine months of 2007 to 2006. This relates among others to additional resources required for the launch of new and innovative products. Ordinary general and administration expenses decreased by EUR 0.8 million.

The increase in the other operating income compared to 2006 mainly relates to the disposal of the German Narrowband (Access) business including the trademark Comundo, which was sold on May 10, 2007 for a consideration of EUR 0.5 million.


The EBITDA of the third quarter 2007 amounted to EUR (5.3) million compared to the EBITDA of EUR (3.4) million in the prior year. This decrease is mainly due to the aforementioned reasons.

Financial result

The net financing income increased to EUR 68.4 million, which is related to the disposal of the available for sale investment in Seznam.cz, a.s. ("Seznam") for a consideration of EUR 65 million and a transaction gain of EUR 64.8 million. Adjusted for this transaction, the net financing income increased to EUR 3.6 million compared to EUR 1.6 million generated during the first nine months of 2006, which is mainly driven by the interest received on the additional cash due to the disposal activities.

Net result

Besides the aforementioned effects, discontinued operations and the impairment test had an impact on the net result. As the result of the annual performed impairment test in the second quarter 2007 the impairment loss amounted to EUR (19.2) million. Discontinued operations, comprising the Swedish Access and Portal business, amounted to EUR 11.5 million in the first nine month of 2007 and EUR 13.2 million during the reference period in 2006. This results in a net profit of EUR 44.1 million for the nine months ended September 30, 2007 compared to a net profit of EUR 6.9 million in the prior year.



In line with the increase in the net results and primarily as a result of the recent divestments the earnings per share (“EPS”) increased to EUR 0.14 for the first nine months during 2007 compared to EUR 0.02 for the first nine months during 2006.

Balance sheet analysis

Total assets increased from EUR 182.2 million as at December 31, 2006 to EUR 208.5 million as at September 30, 2007. The increase is mainly related to the disposal of the available for sale investment in Seznam. Together with the completion of the disposal of the Swedish Access business, which previously was classified as assets held for sale, cash, cash equivalents and other investments increased to EUR 159.9 million as at September 30, 2007 compared to EUR 93.3 million as at December 31, 2006.

Property, plant and equipment and intangible assets excluding goodwill decreased to EUR 15.6 million as at September 30, 2007. Goodwill decreased to EUR 13.2 million as a result of the impairment loss.

Total liabilities as at September 30, 2007 decreased to EUR 36.0 million compared to EUR 53.5 million as at December 31, 2006. This is mainly the result of a revaluation of the earn-out provision for the former shareholder of mentasys GmbH with a decrease of EUR 5.6 million and a general reduction of accounts payables and other short term liabilities, which in 2006 were partly classified as assets held for sale.

The above leads to a cash ratio of 4.4 (cash, cash equivalents and other investments divided by total liabilities), showing the strong financial position of LYCOS Europe.

Cash flow analysis

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

Cash and cash equivalents increased by EUR 34.2 million to EUR 105.1 million during the nine month period ended September 30, 2007. An amount of EUR (13.3) million thereof was used in operating activities. Cash provided in investing activities amounts to EUR 26.8 million, which is significantly related to the disposal of the investment in Seznam. Net cash provided in discontinued operations of EUR 20.9 million during the first nine months of 2007 is related to the completed disposal of the Swedish Access business.

the share

Share Capital

The Company's share capital consists of AA, AB and B shares, each of it with a par value of EUR 0.01. Average and absolute number of issued and outstanding shares, including 723,656 treasury shares with a par value of EUR 7,236.56, amounted to 312,300,000. The treasury shares were the result of both, issuance of and acquisition in the context of an indemnification from Spray Ventures in the year 2002. In addition to the ordinary share capital, the Company has issued stock options to its employees, of which 598,350 are outstanding and exercisable on September 30, 2007.

Shareholder Structure

LYCOS Europe's legal shareholder structure as at September 30, 2007, is as follows: LE Holding Corp. (32.1 percent), Bertelsmann Internet Holding GmbH / Fireball

Internet GmbH / Jahr Vermögensverwaltungs GmbH & Co. KG (20.0 percent), Christoph Mohn Internet Holding GmbH (12.1 percent), LYCOS Europe N.V. [shares held as treasury shares] (0.2 percent), and Free Float (35.6 percent). As at September 30, 2007, the total number of voting shares outstanding is 311,576,344, which is calculated excluding the treasury shares.

Share Price Performance

LYCOS Europe's share price declined by 43 percent from EUR 0.89 (January 2, 2007) to EUR 0.51 (September 28, 2007). The market capitalization as at September 28, 2007 therefore amounted to EUR 159.3 million. From January 1, 2007 to September 28, 2007, the LYCOS Europe share could not compete with the Technology All Share Index which rose by 20.5 percent in the same period.

employees

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LYCOS Europe had 732 employees at September 30, 2007 compared to 714 employees at December 31, 2006. From all employees 56 percent are located in

Germany, 29 percent in Armenia, 7 percent in France and 8 percent in offices located in Denmark, Italy, the Netherlands and the United Kingdom.

||||| outlook |||||

Further improvement of existing products and launching new products under the brands LYCOS and Jubii will remain in the main focus of the Company. The ongoing product offensive and the affiliated marketing initiatives will result in a similar cost level for the next months. The revenues are not expected to cover this cost level and therefore, the Company calculates with an operating loss for the fourth quarter of 2007.

Haarlem, the Netherlands

October 19, 2007

The Management Board

LYCOS Europe N.V.



LYCOS Europe N.V.
 unaudited condensed consolidated
 interim balance sheets

In thousand Euro	Notes	September 30, 2007	December 31, 2006
Assets			
Property, plant and equipment		2,785	3,335
Intangible assets	4	26,059	47,399
Deferred tax assets		199	190
Other investments	5	4,803	9,951
Other non-current assets		865	1,292
Total non-current assets		34,711	62,167
Cash and cash equivalents	5	105,058	70,886
Other investments	5	50,000	12,500
Accounts receivable and other receivables	6	12,413	15,650
Prepaid expenses and other current assets		6,314	6,446
Assets classified as held for sale		0	14,528
Total current assets		173,785	120,010
Total assets		208,496	182,177
Shareholders' equity and liabilities			
Share capital		3,123	3,123
Share premium		1,586,610	1,587,049
Treasury shares		(2,052)	(2,052)
Legal reserve		5,407	4,968
Translation reserve		(235)	1,137
Other reserve	3	1,140	0
Accumulated deficit		(1,465,594)	(1,467,298)
Unappropriated result		44,069	1,704
Total shareholders' equity attributable to equity holders of the Company		172,468	128,631
Deferred tax liabilities		1,519	2,188
Provisions and other long term liabilities		8,539	14,481
Total non-current liabilities		10,058	16,669
Accounts payable	6	5,509	7,992
Other short term liabilities		20,461	23,793
Liabilities classified as held for sale		0	5,092
Total current liabilities		25,970	36,877
Total liabilities		36,028	53,546
Total shareholders' equity and liabilities		208,496	182,177

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

LYCOS Europe N.V.
 unaudited condensed consolidated
 interim income statements

		Nine months ended Sep. 30, 2007	Nine months ended Sep. 30, 2006	Three months ended Sep. 30, 2007	Three months ended Sep. 30, 2006
In thousand Euro (except share data)	Notes				
Advertising		19,844	25,856	5,957	7,656
Paid services and shopping		34,197	28,652	9,888	8,337
Other		4,342	4,484	1,379	1,415
Total revenues		58,383	58,992	17,224	17,408
Cost of revenues		(26,907)	(21,348)	(8,486)	(6,515)
Gross profit		31,476	37,644	8,738	10,893
Sales and marketing	8	(21,164)	(17,498)	(6,644)	(6,262)
Research and development	8	(13,498)	(11,743)	(4,263)	(4,132)
General and administration	8	(34,909)	(16,985)	(4,603)	(5,541)
Other operating income		1,660	675	167	189
Loss from operations		(36,435)	(7,907)	(6,605)	(4,853)
Finance income	3	68,625	1,812	1,664	590
Finance expense		(296)	(31)	(8)	(1)
Other financing income/expenses		51	(154)	(96)	(11)
Net financing income		68,380	1,627	1,560	578
Profit/(loss) before tax		31,945	(6,280)	(5,045)	(4,275)
Income tax		623	(34)	426	2
Net profit/(loss) from continuing operations		32,568	(6,314)	(4,619)	(4,273)
Profit from discontinued operations (net of income tax)	3	11,501	13,184	0	13,417
Net profit/(loss) for the period for the period attributable to equity holders of the Company		44,069	6,870	(4,619)	9,144
Basic/diluted profit/(loss) per share (Euro) – continued operations		0.10	(0.02)	(0.01)	(0.01)
Basic/diluted profit/(loss) per share (Euro)		0.14	0.02	(0.01)	0.03
Weighted average number of shares outstanding		311,576,344	311,576,344	311,576,344	311,576,344

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

LYCOS Europe N.V.
 unaudited condensed consolidated
 interim statements of cash flows

In thousand Euro	Notes	Nine months ended September 30, 2007	Nine months ended September 30, 2006
Continued operations			
Cash flows from operating activities			
Profit/(loss) before tax		31,945	(6,280)
Adjustments for:			
Depreciation and amortization		4,323	4,647
Impairment on intangible assets		19,230	0
Finance income		(68,299)	(1,783)
Other non cash movements		4,239	174
Change in accounts receivable		2,798	575
Change in prepaid expenses and other current assets		(744)	1,979
Change in other non-current assets		278	758
Change in accounts payable		(2,137)	(1,829)
Change in current liabilities		(2,079)	(1,297)
Change in other non-current liabilities		(6,594)	(1,156)
Interest received		4,199	2,017
Income tax paid		(422)	(16)
Net cash used in operating activities		(13,263)	(2,211)
Cash flows from investing activities			
Acquisitions of property, plant and equipment and other intangible assets		(4,196)	(996)
Development expenditure		(1,011)	(799)
Change in short and long-term investments		(32,456)	14,664
Acquisitions of subsidiaries, net of cash acquired	3	(504)	(1,736)
Proceeds from sale of subsidiaries and other investments, net of cash	3	65,000	0
Net cash provided in investing activities		26,833	11,133
Cash flows from financing activities			
Change in short-term debt		(104)	(2,940)
Net cash used in financing activities		(104)	(2,940)
Discontinued operations			
Net cash from operating activities		2,324	(1,886)
Net cash from investing activities		18,613	16,068
Net cash from discontinued operations		20,937	14,182
Effect of exchange rate changes on cash and cash equivalents		(231)	25
Change in cash and cash equivalents		34,172	20,189
Cash and cash equivalents, beginning of the period		70,886	65,695
Cash and cash equivalents, end of the period		105,058	85,884

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

LYCOS Europe N.V.
 unaudited condensed consolidated
 interim statements of shareholders' equity

In thousand Euro (except share data)	Class AA		Class AB		Class B	
	shares		shares		shares	
	No. of shares		No. of shares		No. of shares	
Balance as at December 31, 2005	62,000,000	620	62,000,000	620	188,300,000	1,883
Movement capitalized development expenses						
Translation gain						
Translation gain on disposal						
Net gain						
Balance as at September 30, 2006	62,000,000	620	62,000,000	620	188,300,000	1,883
Movement capitalized development expenses						
Translation gain						
Net loss						
Balance as at December 31, 2006	62,000,000	620	62,000,000	620	188,300,000	1,883
Movement capitalized development expenses						
Translation loss						
Translation gain on disposal						
Revaluation of assets held for sale						
Net gain						
Balance as at September 30, 2007	62,000,000	620	62,000,000	620	188,300,000	1,883

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Share premium	Legal reserve	Treasury shares		Translation reserve	Other reserves	Accumulated deficit & unappropriated result	Total
		No. of shares					
1,589,584	2,433	(723,656)	(2,052)	578	0	(1,467,298)	126,368
499	(499)						0
				69			69
				29			29
						6,870	6,870
1,590,083	1,934	(723,656)	(2,052)	676	0	(1,460,428)	133,336
(3,034)	3,034						0
				461			461
						(5,166)	(5,166)
1,587,049	4,968	(723,656)	(2,052)	1,137	0	(1,465,594)	128,631
(439)	439						0
				(433)			(433)
				(939)			(939)
					1,140		1,140
						44,069	44,069
1,586,610	5,407	(723,656)	(2,052)	(235)	1,140	(1,421,525)	172,468

LYCOS Europe N.V.
notes to the unaudited condensed
consolidated interim financial statements

1. significant accounting policies
2. segment reporting
3. acquisition and disposal of subsidiaries
and financial investments
4. intangible assets
5. cash, cash equivalents and other investments
6. related party transactions
7. contingencies and commitments
8. operating expenses

1. significant accounting policies

a) The Company

LYCOS Europe N.V. (“LYCOS Europe” or the “Company” / ISIN NL0000233195) is one of the leading European portal providers and online advertisers 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 unaudited condensed consolidated interim financial statements of the Company comprise the Company and its subsidiaries (together referred to as the “Group”).

b) Accounting policies

These unaudited condensed consolidated interim financial statements are prepared in accordance with IAS 34 “Interim Financial Reporting”. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the LYCOS Europe consolidated financial statements for the year ended December 31, 2006. LYCOS Europe’s consolidated financial statements are prepared 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”).

The preparation of unaudited condensed consolidated interim financial statements in conformity with IFRS requires the 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.

The accounting policies used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the consolidated financial statements for the year ended December 31, 2006.

2. 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. Intersegment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical Segments	Germany		Sweden (discontinued ²)		France	
	Nine months ended	Nine months ended	Nine months ended	Nine months ended	Nine months ended	Nine months ended
	Sep. 30, 2007	Sep. 30, 2006	Sep. 30, 2007	Sep. 30, 2006	Sep. 30, 2007	Sep. 30, 2006
In thousand Euro						
Revenues	36,562	36,783	(45)	32,922	7,337	8,544
Revenues from intersegment transactions	16,675	18,363	0	1,610	565	695
Total revenues	53,237	55,146	(45)	34,532	7,902	9,239
Net gain / (loss) for the period	(24,402)	(1,080)	10,292	13,083	(1,222)	(1,228)
	United Kingdom		Denmark		Other regions & eliminations	
	Nine months ended	Nine months ended	Nine months ended	Nine months ended	Nine months ended	Nine months ended
	Sep. 30, 2007	Sep. 30, 2006	Sep. 30, 2007	Sep. 30, 2006	Sep. 30, 2007	Sep. 30, 2006
In thousand Euro						
Revenues	5,893	4,213	4,625	5,889	3,966	3,563
Revenues from intersegment transactions	306	222	256	204	(17,802)	(21,094)
Total revenues	6,199	4,435	4,881	6,093	(13,836)	(17,531)
Net gain / (loss) for the period	(368)	(1,095)	(1,414)	(1,373)	61,183	(1,437)
	Less discontinued operations		Continued operations			
	Nine months ended	Nine months ended	Nine months ended	Nine months ended		
	Sep. 30, 2007	Sep. 30, 2006	Sep. 30, 2007	Sep. 30, 2006		
In thousand Euro						
Revenues	45	(32,922)	58,383	58,992		
Revenues from intersegment transactions	0	0	0	0		
Total revenues	45	(32,922)	58,383	58,992		
Net gain / (loss) for the period	(11,501)	(13,184)	32,568	(6,314)		

² The Swedish operating business is presented as discontinued, although Yarps Network Services AB, one of the technical service centers of the Company located in Sweden is still continued.

3. acquisition and disposal of subsidiaries and financial investments

united-domains

On January 13, 2004, LYCOS Europe N.V. acquired all shares in united-domains AG, a German company specialized in worldwide domain registration. In addition to the fixed purchase price of EUR 5.9 million, preliminary considerations of EUR 1.7 million in August 2006 and EUR 0.5 million in the first three months of 2007 were paid, resulting in a total goodwill of EUR 6.3 million.

mentasys

On October 6, 2006 Pangora GmbH, a indirect 100 percent subsidiary of LYCOS Europe N.V. announced the acquisition of all shares in mentasys GmbH, a German shopping solution specialist. The purchase price consisted of EUR 16.0 million and a contingent consideration based on the performance in the years 2007 to 2009, amounting to EUR 8.4 million, based on the latest expectations.

Swedish business

LYCOS Europe discontinued its Swedish Portal and Access business during 2006. The Swedish Access business was sold on November 23, 2006 for a consideration of SEK 172.0 million (EUR 18.9 million at transaction date). The transaction was completed in January 2007.

In thousand Euro	September 30, 2007	September 30, 2006
Result of discontinued operations		
Revenues	(45)	32,922
Expenses	222	(34,838)
Other	749	0
Result from operating activities	926	(1,916)
Net financing income	283	11
Income tax expense	0	248
Profit/(loss) after tax but before gain on sale	1,209	(1,657)
Gain on sale of discontinued operation	10,292	14,841
Profit for the period	11,501	13,184

Seznam

On April 2, 2007 LYCOS Europe sold its available for sale investment in Seznam.cz, a.s. for a consideration of EUR 65 million. The transaction gain amounting to EUR 64.8 million is reported in finance income.

Best of Media

The Company has accounted for its interest in Best of Media SA ("Best of Media") as an available-for-sale financial instrument. Recently, LYCOS Europe has received an unbinding offer for its stake in Best of Media and as a result the Company has increased the value of this investment to EUR 1.6 million. The difference to the prior carrying amount is recognized as a separate line item in the equity (other reserve).

4. intangible assets

In the second quarter 2007, LYCOS Europe performed the annual impairment test for goodwill acquired in business combinations. As a result of the impairment test LYCOS Europe recorded an impairment loss as at September 30, 2007 of EUR 17.6 million, thereof EUR 15.0 million concerning the goodwill related to mentasys GmbH and EUR 2.6 million related to Pangora SAS.

Furthermore LYCOS tested the Fireball license for impairment, which was driven by indications for impairment in the recent pageview development. As a result Lycos recorded an additional impairment loss as at September 30, 2007 of EUR 1.5 million.

On July 17, 2007 LYCOS Europe executed a new License Agreement with Lycos, Inc. for a consideration of about USD 5.2 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. While executing the new License Agreement, LYCOS Europe and Lycos, Inc. have also settled all outstanding issues.

5. cash, cash equivalents and other investments

Cash consist 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. 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 approximate fair value.

7. 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 future, non-cancelable minimum lease, rental and datacenter related payments under these commitments are as follows:

In thousand Euro	
Due within 2007	1,408
Due after 2007 until 2012	19,484
Due after 2012	1,281
Total	22,173

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 claims 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.

8. operating expenses

Operating expenses comprise of:

In thousand Euro	Nine months ended September 30, 2007				Total
	Ordinary expenses	Restructuring	Impairment	Other amortization	
Sales and marketing	(20,552)	67	0	(679)	(21,164)
Research and development	(12,883)	(132)	(93)	(390)	(13,498)
General and administration	(15,480)	21	(19,137)	(313)	(34,909)
Total	(48,915)	(44)	(19,230)	(1,382)	(69,571)

In thousand Euro	Nine months ended September 30, 2006				Total
	Ordinary expenses	Restructuring	Impairment	Other amortization	
Sales and marketing	(17,278)	3	0	(223)	(17,498)
Research and development	(11,894)	151	0	0	(11,743)
General and administration	(16,296)	(21)	0	(668)	(16,985)
Total	(45,468)	133	0	(891)	(46,226)

Haarlem, October 19, 2007

The Management Board

LYCOS Europe N.V.

quarterly financial information

(unaudited)

In thousand Euro (except per share data)	Quarter ended March 31, 2004	Quarter ended June 30, 2004	Quarter ended September 30, 2004	Quarter ended December 31, 2004
Revenues ³	23,790	23,856	22,838	33,292
EBITDA ^{3,4}	(9,645)	(11,928)	(7,169)	(5,485)
EBIT ^{3,4}	(13,067)	(15,445)	(10,504)	(11,295)
Net loss	(11,913)	(14,404)	(9,049)	(10,110)
Net loss per share basic and diluted in Euro	(0.04)	(0.05)	(0.03)	(0.03)

In thousand Euro (except per share data)	Quarter ended March 31, 2005 (restated)	Quarter ended June 30, 2005 (restated)	Quarter ended September 30, 2005 (restated)	Quarter ended December 31, 2005 (restated)
Revenues	18,251	20,022	20,044	20,929
EBITDA ⁴	(6,194)	(6,264)	410	1,709
EBIT ⁴	(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 ended March 31, 2006	Quarter ended June 30, 2006	Quarter ended September 30, 2006	Quarter ended December 31, 2006
Revenues	18,311	23,273	17,408	23,388
EBITDA ⁴	(834)	777	(3,379)	(1,192)
EBIT ⁴	(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 ended March 31, 2007	Quarter ended June 30, 2007	Quarter ended September 30, 2007
Revenues	19,959	21,200	17,224
EBITDA ⁴	(2,320)	(5,272)	(5,290)
EBIT ⁴	(3,847)	(25,983)	(6,605)
Net profit / (net loss)	7,610	41,078	(4,619)
Net profit / (net loss) per share basic and diluted in Euro	0.02	0.13	(0.01)

³ Not restated.

⁴ EBIT is Earnings Before Interest and Taxes,

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



LYCOS Europe N.V.

Richard Holkade 36
2033 PZ Haarlem
The Netherlands

Investor Relations

Phone: +49 (0)52 41 / 80 7 10 00
Fax: +49 (0)52 41 / 80 67 10 55
E-mail: investor.relations@lycos-europe.com
Web: www.lycos-europe.com

The interim report for the period ended September 30, 2007, is also available in German and French. In case of doubt, the English version is decisive.

