

1&1 INTERNET LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE PERIOD 22ND MARCH 2000 TO 31ST DECEMBER 2000

I N D E X

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1&1 INTERNET LIMITED
BALANCE SHEET AT 31ST DECEMBER 2000

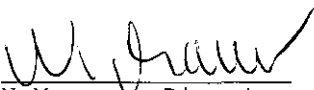
	Note	£	£
FIXED ASSETS			
Tangible Assets	2		1636
CURRENT ASSETS			
Debtors		67179	
Cash at Bank and in Hand		<u>141422</u>	
		208601	
CURRENT LIABILITIES			
Due within one year		(1142703)	
NET CURRENT LIABILITIES			(934102)
TOTAL ASSETS LESS CURRENT LIABILITIES			£ (932466) =====
CAPITAL AND RESERVES			
Called up Share Capital	3		50000
Profit and Loss Account			(982466)
			£ (932466) =====

The Directors have taken advantage of the exemption conferred by Section A of Part III of Schedule 8 of the Companies Act 1985, and have done so on the grounds that in their opinion the Company is entitled to those exemptions as a small company.

The attached notes form an integral part of these financial statements.

Approved by the Board on 19th January 2001.

Signed on behalf of the board of directors.


 N Mauer Director

1&1 INTERNET LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 22ND MARCH 2000 TO 31ST DECEMBER 2000

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered to be material to the Company's financial statements.

Historical Cost Convention

The financial statements are prepared under the historical cost convention according to accounting rules set out in Schedule 4 to the Companies Act 1985.

Depreciation

Depreciation of Tangible Fixed Assets is calculated to write off the cost of each asset over its expected useful life at the following annual rates:

Office Equipment	3 Years Straight Line
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Deferred Taxation

No Provision has been made for taxation deferred by capital allowances on fixed assets and other timing differences, to the extent that the Directors consider that a liability will not crystallise in the foreseeable future.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Exchange gains or losses are taken to the profit and loss account.

Operating Lease Contracts

Rentals payable under operating leases are, like other costs, charged to the profit and loss account or to fixed assets as appropriate.

2. TANGIBLE FIXED ASSETS

<u>Cost</u>	<u>Additions</u>	<u>Closing Balance</u>
Office Equipment	£1898 =====	£1898 =====
<u>Depreciation</u>	<u>Charge for the period</u>	<u>Closing Balance</u>
Office Equipment	£262 ===	£262 ===
<u>Net Book Value</u>		<u>Closing Balance</u>
Office Equipment		£1636 =====

1&1 INTERNET LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 22ND MARCH 2000 TO 31ST DECEMBER 2000

3. SHARE CAPITAL

Ordinary Shares of £1 each:

Authorised	£100000
	=====

Issued and Fully Paid	£50000
	=====

During the period 50,000 ordinary shares of £1 each, with an aggregate nominal value of £50,000, were issued, fully paid, for cash at par in order to provide the initial working capital.

1&1 INTERNET LIMITED**AUDITORS' REPORT TO THE DIRECTORS OF CO LIMITED**

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 1 to 3 together with the full financial statements of the company for the period ended 31st December 2000. The scope of our work for the purpose of this report was limited to confirming that the Company is entitled to the exemptions claimed in the directors' statement on page 1 and that the abbreviated accounts have been properly prepared from the full financial statements.

In our opinion the Company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the period ended 31st December 2000 and the abbreviated accounts on pages 1 to 3 have been properly prepared in accordance with that Schedule.

On 19th January 2000 we reported, as auditors of the company, to the members on the full financial statements prepared under Section 226 of the Companies Act 1985 for the period ended 31st December 2000 and our audit report was as follows:-

"We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit included examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurances that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

1&1 INTERNET LIMITED

AUDITORS' REPORT TO THE DIRECTORS OF CO LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

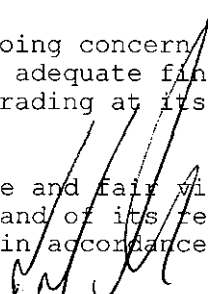
Going Concern

The financial statements have been prepared on a going concern basis, the validity of which depends upon the continued and additional support of the parent company, 1&1 Internet AG. The financial statements do not include any adjustment that would result from the absence of the required level of support. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

The financial statements have been prepared on a going concern basis on the assumption that the company will continue to enjoy adequate financial support from the parent company to enable it to continue trading at its present level. Our opinion is not qualified in this respect.

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2000 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



John Lloyd & Co
Chartered Accountants
and Registered Auditors
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Surrey
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19th January 2001