

Six-month Financial Statements of **net mobile AG**

for the first six months
October 1, 2005 - March 31, 2006

Financial Year 2005/2006

net mobile AG
Zollhof 17

D-40221 Dusseldorf

net mobile AG grew by 71.5% in the first six months and increased profitability

- Half-year sales up by 71.5% to EUR 23.25 million (PY: EUR 13.56 million)
- Quarterly revenues up by 60.5% to EUR 12.2 million (PY: EUR 7.6 million)
- Six-month EBITDA up by EUR 1,873 thousand from EUR –1,345 thousand to EUR 528 thousand
- Quarterly EBITDA again up, this time to EUR 316 thousand

Dusseldorf, May 15, 2006 – net mobile AG, (ISIN: DE0008137852, stock exchange short name: N1M), Germany's leading supplier of mobile entertainment services and transactions continued its growth course in the second quarter to March 31, 2006 of the current 2005/2006 financial year.

In the second quarter to March 31, 2006, for the sixth time in succession the Company increased its revenues which, at EUR 12.17 million, were around 60% higher than in the comparative period of the previous year (PY: EUR 7.6 million). The six-month sales amounted to EUR 23.25 million, 71.5% higher than in the prior-year period (PY: EUR 13.56 million). EBITDA also increased again in the second quarter to EUR 316 thousand and was positive for the third quarter in succession. After six months, EBITDA amounted to EUR 528 thousand, an improvement of EUR 1,874 over the prior-year period (PY: EUR 1,346 thousand). The recently acquired 51% shareholding First Telecom GmbH made a small contribution to the revenues and result.

At the reporting date, net mobile AG had cash and cash equivalents of EUR 4,634 thousand. After successful placement of the convertible bond, cash and cash equivalents increased to EUR 19 million. The equity ratio continued to be very robust at 70.6%.

net mobile AG continues to be optimistic about the future. Following the participation of Universal Music in net mobile AG at the beginning of 2006, the associated marketing cooperation in the field of music has developed positively. The Company continues to report increased demand for mobile content, convergence products (data and voice services) and invoicing functionalities from Company segments (Media and Reselling/Carrier).

The 2006/2008 I + II convertible bonds which were successfully placed during the third quarter of the current financial year, with a total volume of EUR 15.13 million, have again significantly increased the Company's investment potential. In particular, the Company intends to invest cash and cash equivalents of some EUR 19 million in expanding its national and international market presence, thereby further consolidating its leading market position. In doing so, net mobile will concentrate mainly on the acquisition of high-earning companies and rights in the international environment.

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Bilanz / Balance sheet (IFRS)

net mobile AG Konzern per 31.03.2006

Aktiva/Assets	31.03.2006	31.03.2005
A. Langfristige Vermögenswerte / Long-term assets		
I. Sachanlagen / Property, plant and equipment	1.064.617,01	678.883,51
II. Immaterielle Vermögenswerte / Intangible assets	4.830.161,23	439.529,16
III. Firmenwert / Goodwill	9.099.000,00	9.099.000,00
IV. Finanzanlagen / Financial asstes and investments	251.709,00	0,00
V. Latente Steuern / Deferred taxes	2.185.000,00	2.017.221,00
VI. sonstige langfristige Vermögensgegenstände/other long-term assets	306.149,48	291.149,48
	17.736.636,72	12.525.783,15
B. Kurzfristige Vermögenswerte / Current asstes		
I. Vorräte / Inventories	50.000,00	0,00
II. Forderungen aus Lieferungen und Leistungen / Trade accounts receivable	7.440.651,77	3.720.204,67
III. Forderungen gegen Unternehmen im Verbundbereich / Accounts receivable due from affiliated companies		12.147,21
Rechnungsabgrenzungsposten und sonstige kurzfristige Vermögenswerte / Prepaid expenses and other current assets	1.336.961,36	473.624,89
V. Steuerforderungen / Tax claims	85.320,40	44.294,26
VI. Liquidie Mittel / Cash and cash equivalent	4.634.409,25	706.624,38
	13.547.342,78	4.956.895,41
Total Aktiva / Total Asstes	31.283.979,50	17.482.678,56
Passiva / Liabilities and shareholders' equity		
A. Eigenkapital / Shareholders' equity		
I. Gezeichnetes Kapital / Subscribed Capital	4.324.000,00	182.695,00
II. Kapitalrücklage / Additional paid-in capital	18.243.898,31	15.948.591,08
III. Gewinnrücklage / retained earnings	-326.770,90	-7.876.769,54
Anteile anderer Gesellschafter / Shares other shareholders	-161.013,50	
	22.080.113,91	8.254.516,54
B. Langfristige Verbindlichkeiten / Non current liabilities		
I. Latente Steuern / Deferred tax	1.078.440,31	608.964,18
C. Kurzfristige Verbindlichkeiten / Current liabilities		
I. Verbindlichkeiten aus Lieferungen und Leistungen / Trade accounts payable	3.885.224,21	3.538.103,75
Verbindlichkeiten gegen Unternehmen im Verbundbereich / Trade accounts due from affiliated companis		4.078.910,12
III. Steuerrückstellungen / Provisions for taxes		
IV. sonstige Rückstellungen / Other provisions	2.706.643,33	765.288,23
V. sonstige Steuerverbindlichkeiten / tax liabilities	235.318,91	59.263,01
VI. Rechnungsabgrenzungsposten / Deferred income		
sonstige kurzfristige Verbindlichkeiten / Current liabilities	1.298.238,83	177.632,73
	8.125.425,28	8.619.197,84
Total Passiva / Total liabilities and shareholders' equity	31.283.979,50	17.482.678,56

Gewinn und Verlustrechnung nach IFRS profit and lost statement IFRS

net mobile AG Konzern per 31.03.2006	1. Halbjahr Konsolidiert lfd. Periode 01.10.2005- 31.03.2006 Euro	1. Quartal Konsolidiert lfd. Periode 01.10.2005- 31.12.2005 Euro	2. Quartal Konsolidiert lfd. Periode 01.01.2006- 31.03.2006 Euro	1. Halbjahr Konsolidiert Vorjahr 01.10.2004- 31.03.2005 Euro
1. Umsatzerlöse / Sales revenues	23.253.643,23	11.085.004,55	12.168.638,68	13.555.358,74
2. Umsatzkosten / Cost of Sales	18.869.027,15	8.905.790,86	9.963.236,29	11.727.717,23
3. Bruttoergebnis vom Umsatz / Gross profit or loss	4.384.616,08	2.179.213,69	2.205.402,39	1.827.641,51
4. Vertriebsaufwendungen / Distribution costs	4.174.886,78	2.090.747,10	2.084.139,68	2.243.712,28
5. Forschungs- und Entwicklungskosten / research and developmet expenses	457.933,55	161.336,63	296.596,92	792.668,55
6. Allgemeine Verwaltung / Adminsitrative expenses	770.775,38	416.048,78	354.726,61	553.783,39
7. Abschr. auf Unterschiedsbeträge aus Kapitalkons. / Depreciation expenses caused by differences due to group consolidation				20.649,99
8. sonstige operative Aufwendungen / other operating costs				1.922,40
Ergebnis der betrieblichen Tätigkeit / Profit or loss on ordinary activities before taxation	-1.018.979,63	-488.918,81	-530.060,82	-1.785.095,10
10. Zinserträge / interest earnings	79.609,97	50.657,21	28.952,76	6.407,48
11. Zinsaufwendungen / interest costs	25.580,85	11.326,47	14.254,38	89.906,70
12. Währungsgewinne/-verluste / currency gain / exchange loss	-922,05	-860,00	-62,05	677,20
13. Finanzergebnis / financial results	53.107,07	38.470,74	14.636,33	-82.822,02
14. sonstige Erträge/ sonstige Aufwendungen / other earnings / other costs	50,17	0,00	50,17	-2.007,94
15. Ergebnis vor Ertragsteuern / earnings before tax	-965.822,39	-450.448,07	-515.374,32	-1.869.925,06
16. Ertragsteuern / taxes on income	25.578,95	136.573,43	-110.994,48	60.660,00
17. Anteil anderer Gesellschafter / other shareholders / other stockholders	5.762,89	0,00	5.762,89	0,00
18. Ergebnis aus fortgeführten Geschäftsbereichen / profit and loss of continues operation	-997.164,23	-587.021,50	-410.142,73	-1.930.585,06
EBITDA	528.156,42	211.971,33	316.185,09	-1.345.665,63
19. Jahresfehlbetrag / Net loss	-997.164,23	-587.021,50	-410.142,73	-1.930.585,06
20. Ergebnis je Aktie (unverwässert) / Earnings per share (basic)	-€ 0,23	-€ 0,14	-€ 0,09	-€ 10,57
21. Ergebnis je Aktie (verwässert) / Earnings per share (diluted)	-€ 0,23	-€ 0,14	-€ 0,09	-€ 10,57
22. Durchschnittlich im Umlauf befindliche Aktien (unverwässert) / Weighted average shares outstanding (basic)	€ 4.324.000,00	€ 4.324.000,00	€ 4.324.000,00	€ 182.635,00
23. Durchschnittliche im Umlauf befindliche Aktien (verwässert) / Weighted average shares (diluted)	€ 4.324.000,00	€ 4.324.000,00	€ 4.324.000,00	€ 182.635,00

Konzern-Kapitalflussrechnung IFRS

Consolidated cash flow statement IFRS

net mobile AG

zum 31.03.2006 / as per March 31, 2006

		kumuliert
		Oct. 1, 2005 Mar. 31, 2006 Teuro
1.	Fehlbetrag für die Periode / Net loss for the period	-997.164
2.	Abschreibungen auf immat. Vermögensgegenstände und Sachanlagen einschl. Unterschiedsbeträge aus Kapitalkonsolidierung sowie +/- Wertberichtigungen im Umlaufvermögen / Depreciation on fixed assets including differential from consolidation of investments dipreciation on current assets	1.510.151
3.	+/- (Erhöhung) Minderung Vorräte / Increase/Decrease stocks	-50.000
4.	+/- Erhöhung/Minderung Forderungen aus Lieferungen und Leistungen / Increase / Decrease deferred taxes, prepaid expenses and other assets	-4.012.046
5.	+/- Erhöhung/Minderung aktive latente Steuern / Increase/Decrease deferred taxes	-255.000
6.	+/- Erhöhung/ Minderung aktive RAP und sonstige Vermögensgegenstände / Increase / Decrease prepaid expenses and other assets	-676.816
7.	+/- Erhöhung/Minderung Verbindlichkeiten aus Lieferungen und Leistungen / Increase/ Decrease trade payables	1.656.196
8.	+/- Erhöhung (Minderung) Rückstellungen für Ertragsteuern und sonstige Rückstellungen und Verbindlichkeiten / Increase / Decrease of accruals other accrual and other liabilities	1.305.019
9.	= Cashflow aus Geschäftstätigkeit / Cashflow from opearting activities	-1.519.661
10.	- Erwerb von Sachanlagen und immateriellen Vermögensgegenständen / Purchase of property, plant and equipment and instagible asstes	-4.526.188
11.	- Erwerb von Tochtergesellschaften (abzüglich erworbener liquider Mittel) - und Finanzanlagen / acquisition of a subsidiary company without liquid assets	-506.572
12.	= Cashflow aus Investitionstätigkeit / Cash flow from investing activities	-5.032.760
13.	+/- Veränderung kurzfristiger Darlehen abzgl. beschränkt verfügbarer liquider Mittel / Change in short-term loans	176.291
14.	= Cashflow aus Finanzierungstätigkeit / Cash flow from financing activities	176.291
15.	+/- Zunahme/Abnahme der liquiden Mittel / Net increase/decrease in cash and cash equivalents	-6.376.131
16.	Liquide Mittel einschl. Wertpapiere zu Beginn der Periode / Cash and cash equivalents at beginning of period	11.010.539
17.	Liquide Mittel einschl. Wertpapiere zum Ende der Periode / Cash and cash equivalents at end of period	4.634.408

* zusätzliche Anageben zum Cashflow / additional information to the
cash flow statement

erhaltene Zinsen / paid interest

54.268

Notes to the Consolidated Six-month Financial Statements (IFRS)

Scope of Consolidation

In line with Article 315a of the German Commercial Code, the Company is exempted from the obligation to prepare consolidated financial statements in accordance with IFRS as its securities are not traded on any regulated market. With these consolidated financial statements, the right to voluntarily prepare consolidated financial statements in line with IFRS is exercised.

Subsidiaries included in the consolidated financial statements:

*1 share with a nominal value of EUR 10 is held by Executive Board member Frank Hartmann for technical reasons.

Company	Share in capital (in %)
mobile live GmbH, Dusseldorf	100
IMLO SA, Walhorn, Belgium	99.99*
net mobile lotto service GmbH i. Gr., Hanover	100
First Telecom GmbH, Frankfurt/Main	51

Preparation of the Consolidated Financial Statements

The information contained in this six-month report for the first six months of the 2005/2006 financial year were prepared by the Executive Board and have not been confirmed by an auditor.

All information should be read in conjunction with the consolidated annual financial statements to September 30, 2005 and the accompanying notes. The profit and loss statement was prepared with the cost of sales method.

Accounting Policies for the Six-month Financial Statements

The Group financial statements were prepared in line with the regulations of the International Financial Reporting Standards (IFRS) in euros and/or thousands of euros. The accounting policies remain unchanged compared with those used for the annual financial statements to September 30, 2005.

Assets and Financial Position - October 01, 2005 – March 31, 2006

At March 31, 2006, the Company has cash and cash equivalents of EUR 4,634 thousand. Trade accounts receivable increased by EUR 4,012 thousand compared with the previous year as a result of growth. Other assets include prepaid expenses amounting to EUR 662 thousand (as at September 30, 2005: EUR 370 thousand). Trade accounts payable also increased by EUR 1,656 thousand.

There was also an increase in the working capital in conjunction with increased sales. Despite EBITDA of EUR 528 thousand, this led to a negative cash flow from operating activity to the amount of 1,520. The cash flow from investment activities was EUR 5,032 thousand.

Financial Result

As a result of the funds obtained by the Company due to the IPO, the financial result increased by EUR 136 thousand from EUR –83 thousand in the previous year to EUR +53 thousand.

Inventories

For the first time, the Company is reporting inventories of EUR 50 thousand. These concern previously acquired rights for supplying ring tones to customers. The rights have a term of at least one year.

Shareholdings

The balance sheet item Shareholdings mainly concerns a 5% share in Walk and Watch GmbH, Grünwald/Munich. Walk and Watch GmbH has some licences for the operation of mobile TV in accordance with the DMB Standard.

Investments

The Company significantly ramped up its investment activities following the IPO. Investment focussed mainly on intangible assets. Investments break down as follows:

	EUR thousand
Intangible assets	3,483
Property, plant and equipment	353
Financial assets	759

Research and development costs of EUR 437 thousand were also capitalised. These concern development costs for the marketing platforms. These are amortised over a period of three years.

As a result, the total investment volume amounted to EUR 5,032 thousand.

Tax Claims

The tax claims of EUR 85 thousand contain sales tax rebate claims of EUR 43 thousand and other tax rebate claims of EUR 42 thousand.

Earnings situation

Sales development in the past six months continued to be positive. Since the beginning of the financial year, sales of EUR 23,254 thousand were generated. In the prior-year period (2004/2005), sales of EUR 13,555 thousand were generated. This is a sales increase of 71.55%. As in the previous year, the main contributions to sales came mainly from business with Premium-SMS, an invoicing solution, which is used for ordering and paying for various multimedia contents such as ring tones, Java games, info-channels and mobile-phone logos and the processing of chat dialogues. The new Voice business field, comprising various applications from the area of voice telephony, has also developed positively.

Development of EBITDA followed a similar pattern as sales development, increasing from EUR –1,428 in the last 2004/05 financial year to EUR 528 thousand in the first half of 2005/2006. This contains amortisation of EUR 1,536 thousand.

Segment Reporting

net mobile AG divides its business into two segments. The segments correspond to customer groups.

The Reselling/Carrier segment mainly concerns large distributors and mobile telephony providers. These often have demand for only parts of the value chain and the Media segment. The segment generated sales of EUR 13,749 thousand.

The Media segment comprises customers from the media industry. These customers usually have a demand for complex platform services which cover the whole value added chain of the business, including marketing. The segment generated sales of EUR 9,505 thousand in the first six months.

Both segments developed positively in the past six months. In the future, we expect stronger growth in the Media segment.

Own Shares

At the reporting date of March 31, 2006, no own shares were held at net mobile AG.