



com**BOTS**®

QUARTERLY REPORT

AS OF MARCH 31, 2006



COMBOTS AG THE FIRST QUARTER 2006 AT A GLANCE

- * Focus on the forthcoming launch of ComBOTS® on July 12, 2006
- * Liquid assets of the company exceed 516 million Euro (14.46 Euro per traded share) on reporting date
- * Almost 50 percent increase in value up to 14.01 Euro of ComBOTS share during the reporting period
- * Sustainable strategy towards market leadership shows first results
- * Q1/2006 characterized by heavy investments in research and development (6.3 million Euro)
- * Charting the course for the launch of ComBOTS® – building up of one of the most state-of-the-art data centers in Europe

COMBOTS AG FINANCIALS AT A GLANCE

in mln. Euro, except for share details

	Q1/2006	Q1/2005
Revenues	0	0.2
Research and development	(6.3)	(2.7)
Operating result	(8.5)	(2.7)
Financial income	1.7	1.0
Net result for the period	(4.6)	1.6
Net result per share (in Euros)	(0.13)	0.05
Liquid funds and securities	516.2	107.6
Balance sheet total	559.5	158.8



COMBOTS AG

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COMBOTS Q1/2006

LETTER TO SHARE- HOLDERS



COMBOTS AG LETTER TO SHAREHOLDERS

- * After the successful completion of the alliance with United Internet, full focus on ComBOTS® launch on July 12, 2006
- * Liquid assets of the company exceed 516 million Euro (14.46 Euro per traded share) in Q1/2006
- * First quarter 2006 characterized by heavy investments in research and development
- * Almost 50 percent increase in value of ComBOTS share during the reporting period

Dear Shareholders,

For ComBOTS AG the first quarter of fiscal 2006 marks the beginning of an exciting and trendsetting year, both for the company and for you, its shareholders. We intend to take decisive steps towards our goal of becoming one of the world's leading providers of Personal Digital Communication. After the successful completion of the alliance with United Internet the company now bundles its strengths and focuses fully on the launch of its new communication product, ComBOTS®, scheduled to take place on July 12, 2006. We are convinced that the investment in our future, which shapes our quarterly financial statements, will bring rewards for the company and, more particularly, for you, its shareholders.

Our sustainably planned strategy with the emphasis on securing market leadership has already paid off for you. Now that United Internet has become the market leader amongst the German portal and internet services providers following the absorption of the WEB.DE portal business, the value of the United Internet share and, by extension, the value of our 10 percent shareholding increased by more than 100 percent within less than six months. According to IFRS rules this is reflected only in the balance sheet and not in the profit and loss statement. Consequently, the liquid assets of ComBOTS AG grew to 516 million Euro in the first quarter 2006; this corresponds to more than 14.46 Euro per traded share. Despite an impressive stock performance the share price of 14.01 Euro is below the liquid asset value of the title. After the completion of the transaction with United Internet AG we start from an excellent basis and have charted a direct course for the launch of ComBOTS®.

Heavy investment in research and development

The first quarter of fiscal 2006 is characterized by heavy investments in research and development for the new communication product ComBOTS®. The research and development expenditure amounted to 6.3 million Euro during the reporting period. This reflects yet again the goal of the company to take a highly innovative product, intended for worldwide marketing, to market maturity. In the first quarter the result for the period amounted to a total of 4.6 million Euro.

Very positive development of the share

The ComBOTS share has enjoyed an excellent development since the beginning of the year. It continues to play a direct role in the highly positive evolution of the United Internet share. During the reporting period the share price increased by almost 50 percent and reached its highest value in more than three years. In this connection, the decision to continue extensive participation in the development of the German Internet through a high purchase price fraction paid in shares has proved its worth.

The net assets of 516 million Euro broke down into 208 million Euro in cash and 308 million Euro in United Internet shares on the reporting date. Since the agreement on the terms and conditions and the announcement of the alliance in March 2005, shares have increased in value by 175 million Euro (+132 percent). Consequently, the value of the contributed portal business amounted to 508 million Euro as of March 31, 2006 versus 333 million Euro estimated in March 2005.

The implementation of the contracts relating to the contribution of the portal business to the United Internet Group has by now been almost fully and smoothly completed so that the internet services and media business can deploy its sustained growth momentum within the United Internet Group.



Charting the course for the launch of ComBOTS®

The first quarter of fiscal 2006 is primarily shaped by the preparations for the forthcoming launch of our new product. One of the milestones is building up one of Europe's most state-of-the-art data centers in order to be able to cope with the anticipated massive user streams. Since the beginning of the year ComBOTS AG has already put into operation two high speed connections with a total 30 Gbit/s bandwidth. The existing connections offer converted capacity for the exchange of more than 100 million pictures per hour between future ComBOTS users. This means that ComBOTS AG is perfectly prepared for the starting phase of the new communication product.

Furthermore, a total of 30 peering agreements have been entered into with important partners in the run-up to the launch of the new communication product. This will ensure the free-of-charge exchange of data which is a characteristic feature of multimedia applications.

Our staff of nearly 100 people is now back together again in our headquarters on Amalienbadstrasse in Karlsruhe-Durlach after the departure of the portal business. Consequently, the best possible prerequisites in terms of space are in place to manage the expected thrust in growth.

Dear Shareholders, we thank you for your ongoing confidence. We will continue to work hard towards our joint goal of turning ComBOTS AG into a worldwide successful company with a sustainable and substantial increase in shareholder value.

Best regards

Michael Greve
Chairman & Founder



COMBOTS Q1/2006

ANALYSIS OF THE CON- SOLIDATED FINANCIALS



COMBOTS AG ANALYSIS OF THE CONSOLIDATED FINANCIALS AS OF MARCH 31, 2006

- * Expenditure totaling 8.5 million Euro in Q1/06 reflects the intensity and consistency of our preparations for the product launch (EBIT: -8.5 million Euro; Result for the period: -4.6 million Euro)
- * In contrast, 121.2 million Euro capital gains from UI shares since December 2005 which are not recognized as income in the Profit and Loss Statement
- * Extremely sound financial situation after completion of the alliance with United Internet: 516 million Euro on the reporting date March 31, 2006
- * Balance sheet total on the reporting date amounted to 559.5 million Euros; Shareholders' equity 539.4 million Euro

Business development

After the completion of the transaction with United Internet AG, ComBOTS AG is now fully focused on the sole business line, Personal Digital Communication.

Consequently, the first quarter of fiscal 2006 of ComBOTS AG was shaped by the future-centric investment in the building up of business operations, product development and preparations for the launch of the new communication product ComBOTS®. This expenditure totaling 8.5 million Euro in Q1/06 reflects the intensity and consistency of our preparations for the launch scheduled to take place in July 2006.

We have fully recorded this expenditure as a charge to the income statement and waived the capitalization of internally developed software. For that reason this expenditure is reflected in a corresponding book loss in Q1/2006. Nonetheless, these expenditures and/or losses constitute strategic investments in the product and the preparation of its launch.

As we are not yet on the market with our product ComBOTS®, the significant increase in this expenditure in Q1/2006 (8.5 million Euro) versus Q1/2005 (2.8 million Euro) does not, from the economic angle, constitute an increase in losses from (not yet) existing operations but rather the scheduled intensification and increase in investments during the last phase in the run-up to the launch with an eye on the planned product and company success.

These entrepreneurial investments are made on the basis of an extremely sound financial situation on Group level. After the completion of the alliance with United Internet, the financial strength of ComBOTS AG amounts to 516 million Euro or 14.46 Euro per traded share on the reporting date March 31, 2006.

As of March 31, 2006 ComBOTS AG continues to hold 5.8 million shares in United Internet. The price of the United Internet share rose during the reporting period from 32.25 Euro (December 31, 2005) to 53.14 Euro (March 31, 2006). This has resulted in share price gains of 121.2 million Euro from the United Internet block of shares during the first quarter of fiscal 2006. These price gains are not recognized and/or included as income in the consolidated income statement.

EBITDA, EBIT and net income for the period

These share price gains from the United Internet block of shares of 121.2 million Euro, which are not recognized as income in the income statement, contrast with an EBITDA of -7.5 million Euro for the product development of ComBOTS and the preparation of the launch.

The consolidated earnings before interest and taxes (EBIT) amounted to -8.5 million Euro (Q1/2005: -2.7 million Euro) for the continued operations during the reporting period.

During Q1/2006 a positive financial income of 1.7 million Euro (Q1/2005: 1.0 million Euro) was achieved beyond the share price gains with UI shares from the investment of fixed interest securities and other liquid funds. With a tax income of 2.2 million Euro from the reporting of deferred tax assets, the net loss from continued operations amounts to 4.6 million Euro in Q1/2006 (Q1/2005: -1.7 million Euro).



Balance Sheet, investments, cash flow and own shares

On the reporting date March 31, 2006, the balance sheet total of ComBOTS AG amounted to 559.5 million Euro. This is far higher than the balance sheet total on March 31, 2005 (158.8 million Euro) and also significantly higher than the balance sheet total on December 31, 2005 (476.7 million Euro). The increase in balance sheet total mainly stems from the above-mentioned gain in the UI share price. The equity shown in the Group's balance sheet amounts to 539.4 million Euro as of March 31, 2006. The equity ratio hence amounts to 96% of the balance sheet total on the reporting date.

Apart from operating expenses in the fields of product development and launch, we invested a total of 4.5 million Euro in plant, property and equipment as well as intangible assets in Q1/2006; these investments focused on hardware and other IT infrastructures (Q1/2005: 2.8 million Euro).

The operating cash flow of the ComBOTS Group amounted to -37.2 million Euro in Q1/2006 (Q1/2005: 1.9 million Euro). 26.4 million Euro were attributable to the discontinued operations of the WEB.DE portal business and 10.8 million Euro to the continued operations of the ComBOTS® line of business. The cash outflows from the sold WEB.DE portal operations resulted from trade tax payments of 18 million Euro following the portal sale and compensation payments of 8 million Euro to United Internet for the contractual takeover of non-cash liabilities and customer advance payments in the portal business lines WEB.DE Club and WEB.Cent.

The liquid funds (including fungible securities and 5.8 million UI shares) amount to 516.2 million Euro as of March 31, 2006 or 14.46 Euro per traded share (i.e. share capital minus stock of own shares).

During the first quarter of fiscal 2006 ComBOTS AG bought back 156,349 own shares. In addition to the existing liquid funds of 516.2 million Euro, ComBOTS AG holds a total of 2.66 million own shares with a market value of 37.3 million Euro, valued at the XETRA closing price of the ComBOTS share on March 31, 2006 (14.01 Euro). The average acquisition costs of these shares amounted to 6.75 Euro, which means that hidden reserves of 19.4 million Euro were built up based on the current share price. The stock of owned shares corresponds to an arithmetic share of 2,662,283 Euro or 6.9% in the share capital of ComBOTS AG.

Updates on share buybacks can also be accessed during the quarter on the corporate website in the corporate governance section.

Human Resources

On the reporting date March 31, 2006 ComBOTS AG employed a total of 99 people. The headcount thus increased versus the prior quarter by 16 people, mainly in the fields of software development and IT. This development underpins the major development efforts in the field of Personal Digital Communication.

The staff structure was as follows on the balance sheet date:

	03/31/2006
Executive Board	5
Marketing	4
Research and Development, IT	60
General Admin, Finance and PR	30
Total	99

Stock Option Plan

In the first quarter 2006 35,850 options have been assigned to employees of ComBOTS AG. Thus, the company had issued a total of 1,748,808 options for the subscription of ComBOTS shares to employees of ComBOTS AG and its subsidiaries. One option right entitles the holder to acquire one ComBOTS share.

During the first quarter of fiscal 2006, 5,667 options (Q4/2005: 35,134 options) were exercised by employees.

As far as the structure of the Stock Option Plan is concerned, which does not deviate from the financial statements of 2004 and 2005 on the reporting date, reference is made to the Annual Report 2004, pages 42 and 43.



Directors' Holdings

The reportable shareholdings of executive and non-executive directors as of March 31, 2006 are as follows:

Executive Board	Shares	Options
Michael Greve	none	none
Robert Gratzl	23,800	181,430
Matthias Hornberger	44,353	161,430
Heiko Schneefeld	22,300	90,000
Frank Schüler	29,150	104,670

Supervisory Board	Shares	Options
Hansjörg Reiter	none	none
Felix Greve	none	none
Karl Schlagenhaut	none	none

Cinetic GmbH, Karlsruhe, of which Matthias and Michael Greve each hold 50% of the shares, continues to hold 21,584,505 shares of ComBOTS AG. Felix Greve indirectly holds 459,400 shares of ComBOTS AG through three asset management companies.

Outlook

ComBOTS AG focuses on the now sole business line Personal Digital Communication and the launch of the ComBOTS® product scheduled to take place in July. ComBOTS AG has aligned its future corporate strategy to rapid development of the Personal Digital Communication business line and early attainment of break-even.

This requires still considerable upfront investment in product development, the preparation of the launch of ComBOTS®, the building up and consolidation of a scaleable organization and infrastructure as well as of human resources.

Since the ComBOTS® product has a considerable innovative value and has not yet been launched, reliable target numbers cannot reasonably be submitted for the coming years. The extent and speed of deployment of ComBOTS® on the market cannot at present be seriously and reliably foreseen. For that reason, merely scenarios within the meaning of assumptions about a possible business development over the next few years can be presented.

The business development will be dependent on the speed of the penetration and product spreading on the German and major international markets.

The speed and extent of customer acquisition will be essential drivers for the attainment of break-even. The concrete point in time when break-even will actually be reached, cannot seriously be precisely foreseen today, i.e. before the product launch has taken place. Any statements about future business developments are, therefore, made with an increased uncertainty of forecast. In a positive scenario we anticipate break-even in fiscal 2008; in a negative scenario with a slow assumed evolution of market penetration, break-even is to be reached in fiscal 2009. In the meantime, we expect a negative pretax result of up to 25 million Euro per year, at least for fiscal 2006 and 2007. The financing of operating expenses until break-even will be based on the existing assets and liquidity of the company.

Generally Accepted Accounting Principles

The interim financial report was prepared in conformity with the International Financial Reporting Standards (IFRS). All standards applicable on the reporting date (International Accounting Standards – IAS and IFRS) and all valid interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) were applied in conformity with EU legislation, taking into account the provisions of § 315a HGB (German Commercial Code).

Within the framework of the financial statements 2005, the presentation of several facts was partly changed compared to the interim financial reports published for fiscal 2005. These changes concerned, more particularly, the reporting of the "WEB.DE" Portal, which has since been sold, as discontinued operations within the intendment of IFRS 5. Furthermore, the reporting of external costs for the protection of internally developed patents was changed within the framework of the first preparation of the financial statements in accordance with IFRS (International Financial Reporting Standards). The valuation of the associated company Informia AG was adjusted to more recent information and a special purpose company was included in the scope of consolidation and the previously reported finance lease was accordingly eliminated. In order to ensure comparability of the quarterly financial statements it was, therefore, necessary to take these changes into account in the comparisons of the statement and to adjust the prior year values for Q1/2005 accordingly.



These changes have an impact on the net income of the previous year published quarterly statement Q1/2005 as follows:

in T Euro

	Net income Q1/2005
According to the published quarterly statement Q1/2005	518
Effect from IFRS 5	1,370
Effect from the extension of the scope of consolidation	(58)
Effect from the elimination of the finance lease	45
Effect from the non-recognition of intangible assets	(222)
Effect from the at equity valuation	(21)
Comparable figure for previous year period according to Q1/2006	1,632

A major impact on the cash flow statement was merely attributable to the extension of the scope of consolidation and the associated increase in cash and cash equivalents. It resulted in an increase in cash and cash equivalents by 1,046,000 Euro compared to the last published quarterly statement for Q1/2005.



COMBOTS AG CONSOLIDATED PROFIT AND LOSS STATEMENT (IFRS) AS OF MARCH 31, 2006

in T Euro, except for share details

	Q1/2006	Q1/2005
Sales revenues	0	195
Cost of sales	0	(73)
Gross profit	0	122
Marketing and advertising	(669)	(60)
General administration costs	(1,492)	(65)
Research and development	(6,347)	(2,690)
Operating result	(8,508)	(2,693)
Financial income	1,686	985
Net income from associated companies	3	(21)
Earnings before tax	(6,819)	(1,729)
Tax income	2,230	0
Result from ordinary operations	(4,589)	(1,729)
Result from discontinued operations	0	3,361
Net result for the period	(4,589)	1,632
Result per share		
undiluted	(0.13)	0.05
diluted	(0.13)	0.04
Average number of outstanding shares		
undiluted	35,953,938	36,030,112
diluted	36,710,765	36,621,695



COMBOTS AG

CONSOLIDATED BALANCE SHEET (IFRS)

AS OF MARCH 31, 2006

ASSETS in T Euro

	03/31/2006	12/31/2005
Long-term assets		
Property, plant and equipment	26,993	23,669
Intangible assets	654	567
Investments in associates	335	332
Lendings	491	498
Marketable securities	381,649	247,947
Total long-term assets	410,122	273,013
Short term-assets		
Cash and cash equivalents	5,825	150,757
Marketable securities	128,737	40,325
Trade accounts receivable	2,819	2,178
Due from associated companies	211	194
Tax refund claims	1,971	1,670
Other assets and deferred expenses	9,851	8,531
Total short-term assets	149,414	203,655
Total assets	559,536	476,668

LIABILITIES in T Euro

	03/31/2006	12/31/2005
Shareholders' equity		
Common shares at 1 Euro	38,367	38,361
Capital reserve	104,422	104,373
Other reserve	149,331	32,523
Accumulated total result	265,206	269,795
Treasury stock	(17,899)	(16,175)
Total shareholders' equity	539,427	428,877
Long-term financial leasing liabilities		
Bank loans from leasing property company	12,269	12,269
Short-term liabilities		
Trade accounts payable	4,280	9,808
Provisions	1,681	2,263
Tax provisions	150	18,095
Other short-term liabilities	1,729	5,356
Total short-term liabilities	7,840	35,522
Total liabilities	559,536	476,668



COMBOTS AG

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

AS OF MARCH 31, 2006

in T Euro

	Q1/2006	Q1/2005
Net cash provided by operating activities		
Net result for the period	(4,589)	1,632
Result from at equity investment	(3)	21
Interest income	(1,846)	(1,129)
Interest paid	160	160
Tax income	(2,230)	0
Depreciation/amortization on intangible assets and tangible assets	966	315
Expenditure from employee stock option plan	32	75
Result from sales of marketable securities	91	26
Change in assets and liabilities		
Trade accounts receivable	(641)	(579)
Due from associated companies	(17)	(15)
Other assets and deferred expenses	(1,463)	(599)
Short-term liabilities and deferred income	(27,682)	2,006
Inflow/Outflow from operating activities	(37,222)	1,913
Thereof from continued operations	(10,817)	(1,019)
Thereof from discontinued operations	(26,405)	2,932
Net cash used by investing activities		
Investments in intangible assets	(247)	(304)
Investments in property, plant and equipment	(4,257)	(2,474)
Proceeds from sales of fixed assets	0	21
Change in marketable securities	(102,955)	(7,534)
Outflow of funds from investing activities	(107,459)	(10,291)
Net cash used by financing activities		
Capital increase	23	0
Acquisition of treasury stock	(1,724)	0
Raising of liabilities of the special purpose leasing company	0	27
Loan repayments	7	0
Inflows from interest	1,603	709
Outflows from interest	(160)	(160)
Inflow/Outflow from financing activities	(251)	576
Decrease of cash and cash equivalents	(144,932)	(7,802)
Cash and cash equivalents at the beginning of the period	150,757	17,513
Cash and cash equivalents at the end of the peperiod	5,825	9,711



COMBOTS AG

DEVELOPMENT OF SHAREHOLDERS' EQUITY (IFRS) FROM 12/31/2005 TO 03/31/2006

in T Euro

	Common stock	Capital reserve	Other reserve	Accu- mulated result	Treasury stock	Total
December 31, 2005	38,361	104,373	32,523	269,795	(16,175)	428,877
Capital increase of conditional capital	6	17				23
Acquisition of treasury stock					(1,724)	(1,724)
Effect from employee stock option plan		32				32
Equity variations with no effect on income from available-for-sale securities			116,808			116,808
Result for the period				(4,589)		(4,589)
March 31, 2006	38,367	104,422	149,331	265,206	(17,899)	539,427



COMBOTS AG FINANCIAL CALENDAR

DATES

04/20/2006	Publication of Q1 report
07/12/2006	Date for product launch
07/13/2006	Annual General Meeting 2006
07/27/2006	Publication of Q2 report
10/19/2006	Publication of Q3 report
11/28/2006	Deutsches Eigenkapitalforum Fall 2006

COMBOTS AG IMPRINT

Publisher

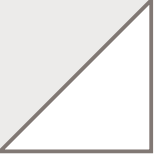
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