asknet
leading in global eCommerce

Accelerate your eSales in the Digital Marketplace.

Annual Report 2008

Contents

Letter to Shareholders

Dear Shareholders,

"The crisis. And the value of sustainability."

These are the two factors that have had the largest impact on the 2008 fiscal year. The first due to the turbulence it generated, and the second because sustainability and quality are the keys to surviving this turbulence. It is almost unprecedented to experience such major changes in the course of a single fiscal year. First came two quarters of strong, double-digit growth in the eCommerce sector, accompanied by thoroughly optimistic forecasts. Then in September 2008, the bankruptcy of Lehman Brothers fanned the flames of the smoldering financial crisis, which soon spread throughout the entire real economy. It was inevitable that this would affect eCommerce, which experienced close to zero growth for the first time ever.

But times of massive upheaval are also times of extraordinary opportunity – especially when a company can counter the wild turbulence of the markets with a long-term, sustainable market strategy that is based on quality and deep-seated expertise.

For asknet, it is clear that this strategy will lie in the field of SaaS, Software as a Service. SaaS is the latest stage in a development that began with basic software sales and advanced to the marketing of software on a subscription basis. Instead of a one-time software purchase, SaaS entails a long-term relationship in which customers are supplied with new releases, upgrades, and new applications over the years and are offered a comprehensive service package that makes the delivery of these products as user friendly as possible. To put it another way, SaaS replaces the single sale with long-term, stable profitability.

SaaS calls for a first-class platform with a modular architecture that features technical innovations such as shops based on Ajax technologies with

Web 2.0 elements – like the one asknet has developed and is continuously improving. It calls for specialists like our developers, whose excellent work enabled us to become a certified Oracle SaaS partner in 2008. It also calls for internationalism – the ability on the one hand to open the entire world to customers and on the other to adapt online shops to suit the local requirements of each country. asknet currently operates online shops for customers in over 100 countries, in 23 languages, and providing billing in 34 currencies using 24 different payment and billing methods. It calls for advanced technology like ours that is easy to integrate and that offers consumers buying processes with high usability. It calls for the advantages of the new asknet Shop Cockpit OCM III, which allows software publishers to view the performance of their eShops on their monitors at all times, manage products, and carry out marketing actions. In other words, we make it possible for software publishers to manage all aspects of their shops – online.

Our flexible services and modular platform mean we can respond rapidly any time our clients want to change something. Taken together, this proves that we consider "Accelerate your eSales in the Digital Marketplace" to be more than just a slogan – it is a direct promise to our customers.

And they believe us. In 2008 we gained two new major international customers, PANDA Security and CollabNet, who have contributed to our steady sales growth. Established customers such as Nero, Ipswitch, and F-Secure continue to build on their commitment to us. Online sales become increasingly attractive to companies the more closely they examine the cost-effectiveness of their traditional channels of distribution. This will make it significantly easier for us to win over new customers and to further expand our growth with our long-term established customers.

Our strategy of sustainability and quality has already paid off by attracting several major international companies. And these times of market upheaval have once again proven the attractiveness of our scalable business model. As sales drop, costs fall as well, because transactions only incur costs when transactions actually occur. When sales pick up again, we can also reliably handle significantly higher volumes of transactions without additional investments being necessary.

Quality is the foundation upon which asknet is built. With a highly flexible, modular platform that is subject to continuous technological updates, with three international locations, with qualified employees from 14 countries, with online shops and a wide spectrum of eCommerce services that live up to the highest expectations in every country. Quality and sustainability: In the end, we are certain that it is these two factors that make the difference.

We thank you, our shareholders, for placing your trust in our strategy.

Sincerely,

The Executive Board of asknet AG

Gerald Prior　　Dr. Dietmar Waudig　　Michael Konrad

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Market and environment

Up to about the middle of 2008, the outlook for eCommerce was primarily determined by factors that had a direct link to online trade: technical developments, the availability of fast and secure Internet connections, the overall demand for computers and therefore for the software needed to operate these computers. According to comScore.Inc, in the first and second quarters of 2008, the eCommerce market in the USA grew by 12 % and 13 %, respectively.

In contrast, the last two quarters saw the eCommerce market – which had gotten used to success after years of strong growth – dragged down in the wake of a financial crisis of historic dimensions. The Eurostat statistics agency reported that in the euro zone, the gross domestic product (GDP) only grew by 1.5 %, the lowest increase since the founding of the euro zone. Since February 2008, the volume of trade has been sinking every month compared to the same month of the previous year. eCommerce cannot remain unaffected by macroeconomic upheavals of such a massive scale. In the USA, the financial crisis caused growth in the eCommerce sector to fall to 6 % in the third quarter of 2008; in the fourth quarter it experienced 0 % growth.

However, an analysis of developments over the entire year proves one thing – that the market for eCommerce remains a highly attractive one. As long as this market was only influenced by internal factors and not by macroeconomic ones, it consistently showed stable, double-digit growth rates. It is precisely this fundamental attractiveness of the online market that has led experts to deliver a considerably better prognosis for eCommerce than for classic retail trade and the economy as a whole. It is true that the U.S. market research institute eMarketer has forecast that sales will decline slightly by around 0.4 % in 2009. However, the same source expects growth to recover in 2010 and reach almost 10 %. Furthermore, eCommerce has been steadily increasing its percentage share of sales in the retail market as a whole. The figures published by the U.S. Department of Commerce, for example, show that eCommerce sales make up almost half of all reported retail sales. This trend will be strengthened by the recession. The structural costs involved with online marketing and sales are significantly lower than those for classic channels of distribution: logistics costs, wholesalers, packaging, rental expenses for commercial premises, etc. are all eliminated. Lower structural costs mean higher profit margins at the same end prices. In addition, eCommerce establishes a direct connection between producer and end customer – which gives the former direct insight into buying patterns, preferences, and customer satisfaction.

Online sales have the further advantage of taking place in precisely the location where almost every buying process begins nowadays – the Internet. It has long been standard practice for consumers to use the Internet to research different products, associated services, and prices before they ever set foot in a store. It therefore makes sense to offer digital products for sale directly in the place where the most up-to-date information is available.

For years asknet has been working systematically to make the online shops we operate as attractive, user friendly, and reliable as the current level of technology allows.

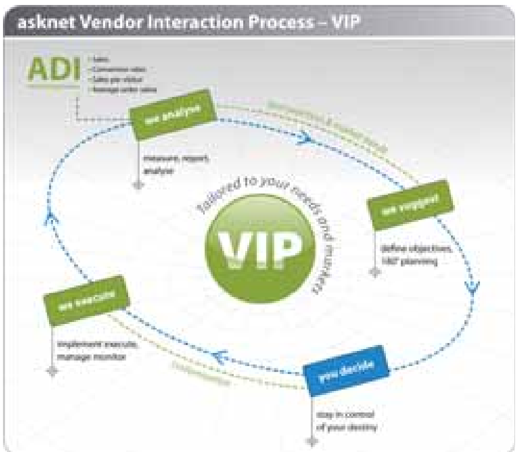
While it is therefore increasingly important for producers to make their products available for purchase online, the same can not be said for expensive internal online sales solutions. Falling rates of growth lead to a rise in cost awareness, even – or especially – when it comes to the distribution structure. Outsourcing the eShop is cost-effective and highly attractive in terms of service, and allows companies to enter into new business segments around the world. They are then in the position to take advantage of profitable new distribution models such as software as a subscription (SaaS).

Regardless of these considerations, software publishers must review their product and pricing policies and adjust them to current economic realities. In the last quarter of 2008, the eDistribution sector witnessed a decline in demand for large software packages and high-priced software products. Private consumers were especially cautious in this respect. One possible response for producers would be to offer inexpensive products such as starter or basic models – they are especially suitable for online distribution, which is cost-effective and doesn't cut into margins.

For years asknet has been working systematically to make the online shops we operate as attractive, user friendly, and reliable as the current level of technology allows. This is what makes asknet such an attractive partner for software producers, especially in these troubled economic times.

Positioning

The more the end user cuts back on consumption, the more important the attractiveness of the offer and the quality of the accompanying services become. For an operator of online shops like asknet, this results in a challenge on two fronts. First, the shops operated by asknet must be made so user friendly, appealing, and informative that a visitor's vague interest in a product is transformed into a firm purchasing decision. Second, as asknet's direct client, the publisher must be offered a spectrum of services that goes above and beyond the deployment of a reliable shop.



At asknet we have positioned ourselves in the market not just as a vendor that supplies a sophisticated infrastructure, but also as a service provider in the classic sense. This is clearly expressed by asknet's guiding principle: "We analyze, we suggest, you decide, we execute." To put it another way, we offer a complete range of services exactly tailored to the requirements and decisions of our customers. asknet has given this partnership approach its own name: VIP, Vendor Interaction Process. VIP stands for close cooperation between asknet and our clients with a clearly expressed goal – to achieve a continuous and sustainable increase in online visitor numbers and sales figures.

VIP is based on the classic Business Process Management (BPM) cycle. This means that the products and services offered are not seen as a one-off development. Rather, they are elements in a regular cycle, consisting of analyses, suggestions based on these analyses, decisions, and the execution of the decisions, which is in turn analyzed on an ongoing basis. Cyclical measurement and monitoring of the products and services offered are essential, because this ensures that the management team has concrete, validated data at its fingertips rather than vague assumptions – true to the principle that you can't manage what you don't measure. As asknet puts it in VIP, we let our customers keep their hands on the controls of their own destiny.

asknet doesn't just deliver suitable processes, but also constantly offers new services in and relating to the online shops. One example is our subscription models, which are attractive to publishers for many reasons, not the least of which is cash flow. They make it possible to accurately calculate earnings in advance. There are also variants in which the end customer prepays to use certain software for a defined period of time. Both sides profit – SaaS not only makes it easier for publishers to refinance themselves, but also allows them to pass the associated savings along to the customer in the form of a discount. In 2008 asknet developed a comprehensive portfolio of subscription management and payment models.

Another important innovation finalized by asknet in 2008 was the asknet Shop Cockpit, which allows our customers to control and manage their eShop and continuously provides them with updates of the shop's key performance indicators. ADI, the asknet Digital Index, records important indicators such as conversion rate – the frequency with which a visit to the website ends in a sale – and the average value per transaction.

ADI
asknet Digital Index

These indices are extremely important for asknet's customers because they provide a clear window on which products are gaining what sort of acceptance in which of the world's markets. Should there be undesirable developments, the company can act immediately counteract them. At the same time, this degree of transparency is proof of asknet's commitment to quality, since any shortcomings in the shops would immediately be apparent.

Furthermore, transparency is and remains the foundation for trustworthiness. At asknet we consider it important to be worthy of trust, not only for ethical reasons, but also because of a threefold obligation that is the outgrowth of our customers' expectations. When they let asknet operate their online shops, they are in effect outsourcing an important part of their value chain. They expect that asknet will: first, lower their marketing expenses and structural costs; second, reduce their exposure to risks in worldwide eCommerce; and third, act as an active distribution channel, handling sensitive tasks such as payments. In order to fully and completely meet these customer expectations, asknet has established a quality assurance process that gives us a 180° view of all activities. It goes without saying that sharing best practices and expert knowledge is also part of the relationship. Trustworthiness is just the first of the eight pillars that form the foundation of asknet's commitment to our customers.

The additional seven value standards to which asknet has committed are:

- Security: Our clients minimize their financial risks because they don't have to build their own costly infrastructure, because they no long face risks due to the value added taxes (VAT) and export regulations of other countries, and because they are protected from fraud.

- Technology: asknet offers flexible, open architecture, shop modules that are easy to change, and service packages that can be individually tailored. This means that almost all changes that a customer wants can be made reality. asknet's technology makes easy back-end integration possible, impresses customers on the front end by guiding them comfortably through the purchasing process, and gives a clear window on key indicators thanks to the asknet Shop Cockpit OCM III. Third-party sellers can easily link in using Plug & Play. The technical details alone are enough to win over customers: Shops operated by asknet have an availability of over 99.95 %; the average loading time per page is under two seconds.

- Scalability: asknet's platform makes progressive growth possible at any time, whether with regard to geography, transaction volume, or additional devices and offers.

asknet's close cooperation with our vendor leads to growth in sales.

- Margin: An online shop operated by asknet generates low overhead costs; transaction costs are only incurred when transactions actually take place. Expensive in-house solutions are not necessary, nor are the major investments and costs of operating and maintaining an IT solution. asknet's close cooperation with our vendor leads to growth in sales -- and therefore to growth in earnings. Normally a company will reach the break-even point within a year.

- Personal service: Being a vendor means more than just making infrastructure available. With this in mind, asknet maintains a close partnership with our vendors and has established the VIP process described above. Every vendor is served by a dedicated account manager according to their individual needs.

- Global reach: asknet provides our customers with access to all up-and-coming markets, to more than 100 countries, and in 23 shop languages. Every national shop is completely adapted to the conditions in that country, including payment in the local currency. This means that the actual invoice total is given in the national currency – and transaction fees and exchange rate risks are eliminated.

- Time: Thanks to asknet's infrastructure, new clients obtain instant access to international markets. There is no faster medium than the Internet for marketing campaigns. Furthermore, outsourcing the operation of their shop to asknet frees up time and capacity for the producer – which they can then use to concentrate on their core competencies, for example the development of new software.

Global reach:
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Customer Development

The development of accounts in 2008 proves that the market places high value on asknet's full range of services.

In the field of ePortals, asknet is already market leader for shopping and order processing portals for research and academic institutions in the German-speaking region; therefore this market does not offer room for unlimited future growth. Regardless of this fact, 2008 saw some very positive developments, as a look at our milestones shows.

On October 21, 2008 we completed a hardware portal in cooperation with Dell and 14 universities in the German state of North Rhine-Westphalia. On the same date, the changeover of the portal for the DLR (German Aerospace Center) was concluded. In mid-November 2008, the portal for the Fernuniversität Hagen (Distance University of Hagen) was launched.

Looking ahead to the future, on November 18, 2008, asknet was awarded a contract with the Karlsruhe Research Center, having responded to a European Union RFP. Projects that were finalized by the end of 2008 will ensure our continued growth in 2009 – for example, the hardware portal for the RWTH Aachen and thirteen additional universities.

Our highest-priority strategic goal for eDistribution in 2008 was to attract more large corporations as customers. We achieved this with PANDA Security and CollabNet in the second half of 2008. PANDA Security's eShop went live in stages starting at the end of the fourth quarter of 2008; CollabNet's eShop followed at the end of 2009. These two accounts have been generating sales revenues since the end of 2008, and starting in 2009 asknet will fully profit from the sales and earnings of these new customers.

asknet also gained numerous small and medium enterprises as new clients in 2008, especially in the B2B (business to business) sector. These companies include Steinberg Media Technologies, a manufacturer of professional media solutions, and SecurStar GmbH, market leader for hard drive encryption software and computer security. In addition, there are visionapp AG, which specializes in application delivery infrastructures, and Lexware GmbH & Co. KG, a company based in Freiburg, Germany, that now offers items from its product range for download using the asknet shop solution.

Business with our established customers has also seen positive growth. Key accounts such as Nero, Ipswitch, and F-Secure have continued to expand their commitment to asknet.

Attracting new clients is one important strategic task; developing our relationship with established customers is another. asknet continues to develop technical innovations which serve both ends. For example, in 2008 we rolled out our Shop 2.0 solution on a large scale, and a new version of Shop Cockpit OCM III featuring major technological improvements will be rolled out in the first half of 2009. asknet also leverages our in-house expertise to open up entirely new marketing opportunities, such as the highly attractive subscription-based model. Subscription models entail an end customer purchasing limited-time access or periodic user rights to a product or service. Subscription models unite numerous advantages – they promote customer retention, lower the marketing costs of new releases, and make it easier to convince users who are testing products to use them in the long term.

The fact that asknet has established a reputation as a high-quality provider can be seen in the testimonials of our customers:

"Our objective is to further intensify our global online sales. PANDA Security is represented in 200 countries and offers its services in 23 languages. For this reason, it is essential that we have a partner who shares our international outlook and offers products and services that are tailored for the global market. We selected asknet because the company has the perfect infrastructure to offer full service that is truly worthy of this name – for example, its subscription models are a valuable instrument for customer retention, which is of fundamental importance to us. Such services prove to us that asknet doesn't just consider itself responsible for operating our shops – they are interested in helping us achieve a sustainable increase in international sales. It comes down to this: asknet understands our business." – Juan Santana, CEO, PANDA Security

"One of the major advantages of working with asknet is their flexibility. Whenever we need additional services or support, asknet is always ready to work with us directly on the regional level to determine the best possible plan of action. Since our marketing, products, and services vary by region, it is essential to our business that the support we receive be available locally and tailored to the country in question.

Flexibility and versatility are two key strengths of asknet's platform. We have carefully analyzed the electronic software distribution market. Our selection of asknet as our distribution partner is primarily based on asknet's global reach and its comprehensive technological features. We are convinced that with asknet as our experienced service partner, our online sales will continue to increase." – Kris Barton, Executive Vice President of Global Products, Nero

Flexibility and versatility are two key strengths of asknet's platform.

Outlook

The tumult in the global economy in 2008 surprised even the most experienced experts, at least in its severity. Therefore, it is difficult to make long-term predictions at this time. However, no one expects the Internet to diminish in importance, since it is now the fastest and most universal medium for communication.

In addition, it is the place where most buying processes begin, be it a noncommittal search for information or a targeted intention to make a purchase. Therefore, online shops are literally closer to the end user than any other sales channel. The online distribution of digital products is unique because it unifies direct customer retention with high cost-effectiveness. This makes it especially attractive in times of crisis and speaks favorably for future growth in this market segment.

However, end customers currently possess shrinking disposable incomes and are increasingly conscious of prices, meaning that asknet's clients, the software publishers, can no longer count on effortlessly soaring growth rates. For years asknet has been systematically investing in advanced technology and boosting our internationalism. Our objectives: developing targeted initiatives for growing online business and expanding online channels as attractive, cost-effective alternatives to classic distribution channels, especially for the B2B market.

Now more than ever, we are positioning asknet as a high-quality provider offering a comprehensive range of services that goes far beyond merely deploying the shop infrastructure. It is true that the infrastructure we offer is – in and of itself – an attractive solution for publishers who, in these times of economic uncertainty, appreciate the opportunity to improve their efficiency, reduce the costs that an in-house solution would incur, and focus on their core competencies. However, at asknet we offer our clients much more than this. For example, we instantly open doors to international markets – and our clients don't have to worry about the major costs normally associated with such expansions due to differences in regulations, currencies, and languages. asknet's advanced technology makes it easy for publishers to build on their established customer base. Our shops guarantee end-customer satisfaction thanks to their excellent usability – the purchasing process is intuitive, the waiting times are minimal, and the product presentation is accurate.

Particularly in these times of crisis, clients need concepts that are innovative but that have also proven their quality. Software as a Service (SaaS) fits the bill precisely – logical, tailored to market needs, and capable of generating steady, long-term profits.

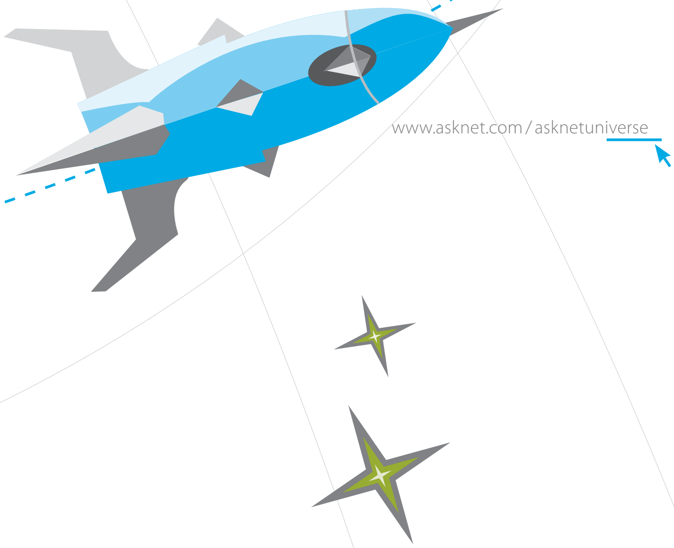
Even if no one can predict the actual scope of the global financial crisis and the extent to which it will drag the real economy in its wake, there will always be a demand for software, especially all types of security-related software and those which are required for operating and maintaining existing systems. However, the crisis will force software publishers to subject their products, their pricing policies, and their distribution channels to careful scrutiny. This could make it significantly easier for asknet to acquire new customers. After all, asknet offers exactly the products and services that can provide software producers' businesses with lasting protection against further declines.

The objective of SaaS is sustainable profitability. This includes making investments now that will pay off in the long term. Such investments are necessary to obtain the expertise, quality, and thorough knowledge of the market that a company requires in order to establish itself in the market as a SaaS provider. asknet has been systematically developing this strategy since 1995 and is perfectly positioned to support increasing numbers of software publishers in their online sales when they are ready to safeguard and expand their own businesses. Right now.

asknet offers exactly the products and services that can provide software producers' businesses with lasting protection against further declines.

This strategy will make it possible for asknet to steadily improve our own results.

Management Report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asknet AG Electronic Business Solutions,
Karlsruhe, Germany

Management Report asknet AG

Market development

In ancient Greece, one of the three Fates, Atropos, was widely believed to have the power to foresee future events. More than ever before, the dramatic events of the last twelve months have illustrated that the ability to predict the future belongs more to mythology than to our current reality. Take the predictions made by Collins Stewart in the third quarter of 2008, which forecast growth of 14 % for 2008 and 12 % for 2009 in the U.S. eCommerce market.

Following the advent of the financial crisis, these prognoses were corrected significantly downwards. The economic downturn of historic dimensions has – for the first time in over 50 years – affected virtually all industries. Even the eCommerce sector, long accustomed to double-digit growth, experienced a sharp decline that has brought it down to almost zero growth. comScore, a well-known market researcher for Internet usage, announced in November that the growth rate in online sales had only risen by 1 % compared to the previous month – and that October had marked the sixth consecutive month in which lower rates of growth were posted. In the third quarter the U.S. Census Bureau, part of the Department of Commerce, reported seasonally adjusted eCommerce sales of 34.4 billion dollars in the USA. This represented an increase of 0.3 % over the previous quarter. According to eMarketer, an information portal for the Internet, eBusiness, and online marketing, total online sales will amount to approximately 137 billion USD in 2008 at an average annual growth rate of 7.2 %. Travel booked online is not included in these figures. In Europe, the volume of trade has been continuously sinking in comparison to the same month of the previous year since February 2008; therefore we must expect declining sales in the eCommerce sector as well. Since North America and western Europe together make up more than three quarters of the global electronic software distribution (ESD) market, the developments in these two regions are extremely significant for the market as a whole. As an operator of online portals and online shops, asknet AG is directly affected by these market developments. For example, the usual seasonal fourth quarter growth was hardly noticeable this year.

Financial crisis, growing unemployment, widespread poor consumer confidence, and declining disposable income have all combined to push into the background the two factors that have until now had the greatest influence on electronic software distribution – the availability of broadband connections and worldwide Internet access. The economic concerns mentioned above are causing demand to sink within large segments of the population, especially low and middle-income households. In the USA sales sank by 3 % in comparison to the previous year among households with a maximum annual income of 50,000 USD. In the segment earning between 50,000 and 100,000 USD, sales grew by 1 %, while wealthy households with annual incomes of over 100,000 USD spent over 14 % more online than in the previous year. In this context it is not surprising that the average transaction value in the first week of December – which is traditionally high in sales – also sank to only 47 USD (2007: 58 USD); the average amount of money spent was 123 USD (2007: 131). But despite the massive macroeconomic upheavals and their direct consequences, eCommerce remains a highly attractive market.

Even if the prognoses for 2009 differ, they are all significantly more optimistic for this sector than for the economy as a whole. In order to best leverage the potential of online sales as times become more difficult, it is necessary to look beyond the net sales figures to achieve a differentiated analysis of asknet's position.

- ePortals, which are primarily frequented by scientific institutions in Germany, did not post any decrease in revenues in 2008. We can safely assume that the budgets of colleges and universities won't be cut in 2009; indeed, they are likely to increase slightly as part of the second German economic stimulus package. Longer-term prognoses are not possible at this time, but asknet AG is of the opinion that our position as market leader can be solidified in the future.

- In eDistribution there are several factors that must be differentiated. Since, as already discussed, the average amount spent per transaction has declined, software providers will have to respond with changes in pricing policy. As a general rule, since the end of 2008 expensive products and large software packages have become significantly less attractive to customers. This particularly applies to the business-to-consumer (B2C) sector, i.e. to sales to private end users.

- In the business-to-business (B2B) sector, i.e. business between companies, sales to established customers have showed a year-on-year decrease. However, there has been a sharp increase in demand for new eShops as companies try to sink distribution costs and open up new markets, proving that asknet AG's portfolio of products and services has not declined in attractiveness.

- The sales results of individual product groups differ to the extreme. Anti-virus software, PC and Internet security software, and maintenance and service software have maintained almost unchanged levels of sales. However, software that is high priced and not related to security, such as specific design programs, has not seen high demand.

Of the top ten online retailers in the USA, seven have reported a decrease in traffic on their Internet sites – but online sales as a whole present a rosy picture compared to traditional retail sales. According to data released by the U.S. Department of Commerce, retail trade corporations had sales of 71.4 billion USD (not including fuel, food, and beverages) in the third quarter of 2008, whereas retail eCommerce sales were 34.4 billion USD. This represents growth of 5.7 % compared to the same quarter of the previous year. However, retail stores may develop into a stronger competitor for online sales, since an increasing number of consumers are using the Internet to compare prices and some retailers are reacting to the massive drop in turnover by offering products at cutthroat prices.

To sum up: The eCommerce sector, long pampered by high growth rates, has been dragged down in the wake of the financial crisis. Despite this, the prognoses are significantly better than for traditional retail trade. Because they have significantly lower structural costs compared to classic channels of distribution, online sales of software and eCommerce as a whole have an advantage in the current environment. In light of sinking growth rates, in the near future even more producers may decide to eliminate their expensive in-house marketing solutions and outsource their eShops to external providers. This is especially relevant for B2B sales and marketing, which will not be able to maintain its current structure of distribution in the face of the growing cost pressure. Due to the crisis, software publishers will have to review their product and pricing policies and employ innovative and cost effective distribution models such as software as a subscription (SaaS).

asknet AG has already devised a comprehensive offering of products and services for online shops that will support software publishers in mastering the strategic challenges of the crisis and safeguarding their business.

Performance and growth

asknet AG continued to pursue our growth targets in 2008. In the first half of 2008, asknet AG had sales revenues of 36.3 million euros. Compared to the previous year this was an increase of 10.1 million euros, or 39 %. This growth was primarily the result of new customer accounts in 2007 and 2008. In the second half of the year, growth was slowed by the poor economy and delays in concluding contracts, resulting in a growth rate of 15 % for the year as a whole.

The number of transactions rose from 1,270,000 in 2007 to 1,476,000. At the same time, the number of employees (not including temporary employees and trainees) sank from 94 at the end of 2007 to 89 on December 31, 2008 due to restructuring measures. This once again proves the value of our scalable business model: The significant increase in sales had no effect on the amount of required capacity or the level of associated structural costs.

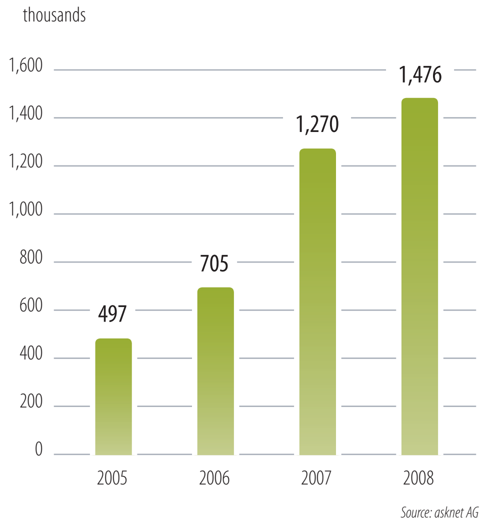
Overall, 2008 can be seen as a year of consolidation for our company. In the second half of 2008 we were able to attract two major international clients, PANDA Security and CollabNet. However, PANDA Security's eShop did not go live until the end of the fourth quarter of 2008 – and then in stages – and CollabNet's eShop followed at the beginning of 2009. All costs for the development and deployment of these eShops were booked this financial year. However, this means that in 2009 asknet AG will fully profit from the increasing sales and earnings generated by these new accounts, which acquire even more significance in light of the economic crisis and the improvement of asknet's profit situation.

asknet AG has also acquired new clients from the SME sector. For these companies with 5 to 50 million in annual sales, asknet is an attractive alternative to expensive in-house solutions.

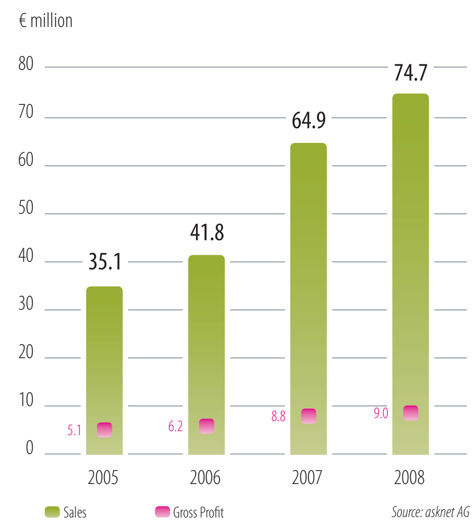
asknet AG's primary growth in 2008 was once again in eDistribution. asknet remains the undisputed market leader for portals for research and educational institutions (ePortals), which places a natural limit on the amount of further expansion possible. ePortals made up 21.1 million euros of asknet AG's total revenue, representing 28 % compared to 32 % in the previous year.

In order to remain attractive for major international clients, asknet carried forward our internationalization in 2008. For example, 58.9 % percent of end customer sales were generated abroad in 2007 and 64.4 % in 2008, representing an increase of more than 9 %. This development can in part be attributed to the expansion of our subsidiary asknet Inc. in San Francisco and our new subsidiary asknet K.K. in Japan.

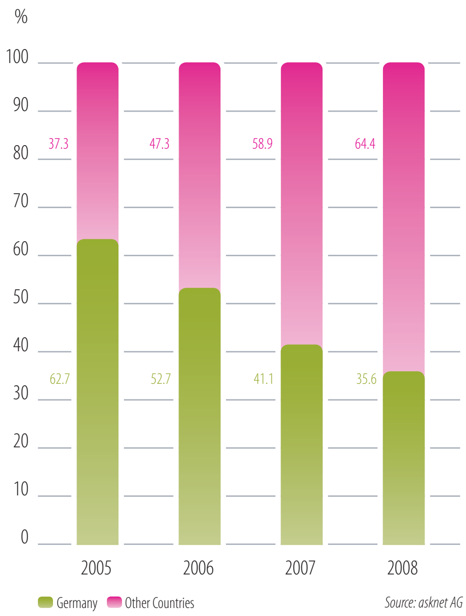
Online Transaction Volumes
(in thousands)



Sales and Gross Profit
(in € million)



Breakdown of End Customer Sales by Region



Source: asknet AG

asknet AG's gross profits rose to 9.0 million euros in 2008, compared to 8.8 million euros the previous year. Gross profits did not grow at the same rate as sales because asknet intensified our expansion in the segment of large corporations. We expect stable margins in this area in the future. Due to the scalability of our business model, as sales increase, there will be a corresponding growth in gross profits.

Because of the generally low margins resulting from this focus on large clients – which did not yet bear fruit in terms of higher sales in 2008 – asknet AG's material costs increased disproportionately, to 65.7 million euros. Personnel costs for asknet AG decreased from 5.4 million euros to 5.3 million euros. On December 31, 2008, asknet AG had 89 employees (not including temporary employees and trainees).

asknet AG's other operating expenses rose to 7.4 million euros in the period under review; in 2007 they were 6.5 million euros. This increase was mainly due to variable costs such as fees for payment providers and credit card companies as well as costs that were passed on from our subsidiaries, asknet Inc. in the USA and asknet K.K. in Japan.

In fiscal year 2008, asknet AG's operating result (EBIT) was –3.3 million euros. After interest and taxes, asknet AG recorded a net loss of –3.0 million euros for the year. This can be attributed to several factors. As mentioned above, there were the lower margins with large customers and the costs of developing the online shops for PANDA and CollabNet in the second half of 2008, which were not offset by the marginal sales in the year under review. In addition there were the higher costs passed on by our U.S. subsidiary (0.2 million euros) and non-recurring costs associated with restructuring measures (0.3 million euros).

asknet will be well placed in 2009 to profit massively from the increased sales and gross profits generated by our new accounts with large corporations.

In 2008 the starting position of asknet AG was significantly improved. asknet will therefore be well placed in 2009 to profit massively from the increased sales and gross profits generated by our new accounts with large corporations. This proves the value of our scalable business model: The ratio of personnel costs and other operating expenses to sales revenues was brought down during the last fiscal year, from 18.2 % in 2007 to 17.0 % in 2008. With our stable internal structure, attractive products and services, and steadily growing market presence, asknet has set a strategic course that will yield a continuous improvement in our results.

Investments, research and development, employees

The harder it becomes for software publishers to acquire new customers, the more important the conversion rate of their websites becomes. The conversion rate represents the number of end customers who not only visit the website, but also make a purchase. Viewed in this light, the success of a website depends largely on how user friendly it is. For this reason asknet AG continuously invests in the development of improvements to the usability of online shops. Behind this is asknet's strategic promise to our customers – to grow their sales rates by making their shops highly attractive.

In 2008 we launched the Shop 2.0 solution. Just like Web 2.0 solutions, it is based on Ajax technology, utilizing its technical advantages. For end customers, the result is even shorter eShop page loading times. Many end customers find it extremely annoying when the entire page has to be reloaded every time they enter a piece of information. Thanks to the Shop 2.0 solution, this is no longer necessary. In addition, the shoppers are guided through the purchasing process in an intuitive manner. This represents the removal of two of the main reasons for high transaction break-off rates: unclear, confusing product presentation and long loading times. A lower break-off rate leads to higher sales. Both the producer and asknet AG profit as a result.

A further important innovation is also based on Ajax technology – the new asknet Shop Cockpit OCM III, which will be ready for distribution in the first half of 2009. The Cockpit isn't simply designed for shopping cart management. Companies whose shops are operated by asknet can also use it to analyze their own eCommerce performance – independently and at any time. This is done by means of key performance indicators (KPI) and graphics that are determined on an individual basis. For example, the Cockpit can display the conversion rate, the purchases per site visitor, the average amount spent, and the total sales. In addition to the various functions for customizing shop design, it is precisely these indicators that allow companies to minutely analyze the attractiveness of their offer at all hours – in these times of weak demand, this represents a major strategic advantage.

asknet AG also continues to invest in the country-specific configuration of the individual eShops. This makes it easier for asknet's clients to enter new markets without having to bear major follow-up costs. asknet currently operates online shops for customers in 23 languages and provides billing in 34 currencies using 24 different payment and billing methods. This internationalization is also represented by the start up of our subsidiary asknet K.K. with two employees and the partnership with the SOFTBANK Group in Japan.

asknet's new subscription models are especially attractive for those of asknet's clients that serve the B2B market. These models involve buying a subscription for new versions, etc. instead of a one-time software purchase. Our decision to increase our attractiveness in this market is one of strategic significance. Although approximately 80 % of asknet customers were from the B2C segment in 2008, we aim to steadily increase the proportion of B2B providers. Subscription models are especially attractive in this market segment because of their numerous advantages. They improve customer retention, make it possible to calculate revenues in advance, reduce the marketing costs of new releases, and make it easier to convince users who are testing products to use them in the long term. Security and related software is especially suited to the subscription-based model because end users have a special interest in having the most up-to-date version. Subscription models entail an end customer paying for limited-time access or periodic user rights to a product or service. Instead of a one-time purchase, a long-term relationship is established with the customer. In 2008 asknet developed a comprehensive portfolio of subscription management and payment models.

Net assets and financial position

The asknet AG's total assets as of December 31, 2008 were approximately 14.4 million euros; in 2007 they were 17.0 million euros. In the period under review, total equity declined by 3.0 million euros to 6.3 million euros, corresponding to an equity ratio of 44 %. asknet had no debt as of the reporting date. Liquidity decreased from 9.8 million euros at the end of 2007 to 7.8 million euros at the end of 2008.

asknet AG's liabilities increased by 0.5 million euros to 6.8 million euros as of December 31, 2008. The company's operative cash flow was negative, as expected, but did improve from –3.0 million euros in 2007 to –1.9 million euros in 2008.

Post balance sheet events

After the end of the fiscal year, there were no material events that affected net assets, financial position, and results of operations.

Risk Report

The success of asknet AG's business model for eDistribution has two main prerequisites. First, that software publishers continue to have an interest in expanding their online shops and outsourcing them to asknet. Second, that there is enough demand for software among end users in the B2B and B2C sectors to make the production and sales of software by and large profitable.

Regarding the first point, asknet AG must make certain to maintain the attractiveness of our products and services at the same high level in order to retain the large customers who are responsible for a significant share of our gross profits. These key accounts play a major role in our growth strategy. However, the margins that can be generated in our key accounts are generally more narrow, which can only be compensated for with higher sales. The more the cost pressure experienced by software publishers increases, the greater the danger that they will step up the margin pressure on eShop providers such as asknet.

asknet is broadening our customer base through the continuous acquisition of new clients. This is especially important because asknet's business with our five chief eDistribution partners accounted for approximately 47 % of our gross profits in the 2008 fiscal year. If one or more of these important clients should decide to discontinue their business relationship with asknet, this could have a negative impact on the company's net assets, financial position, and operating results.

Every international expansion involves investments for premises, employees, sales, and marketing; in addition, exchange rate risks are intrinsic to international trade. Because of the global recession there is the risk that these costs will not pay off with a strong growth in sales, which would also negatively affect asknet's net assets, financial position, and operating results.

asknet AG reported a loss in the 2008 fiscal year. This is chiefly due to investments in new eShops for large customers, technical innovation and development, personnel costs, and non-recurring costs associated with restructuring. At the same time, the company aims to continue reducing this loss over the course of the current fiscal year.

Due to the recent macroeconomic upheavals, it is unclear whether the increases in sales that are of such strategic importance can be sustained over time – this largely depends on factors which asknet AG cannot influence. The product strategy of the software providers should also be mentioned in this context. In the fourth quarter of 2008, for example, the average amount spent per transaction decreased, demonstrating that the demand for high-priced products is sinking significantly in the current environment. Software producers can react to this trend by offering inexpensive basic versions priced at a maximum of 30 euros/40 USD.

As the world's number two electronic software distributor, asknet faces fewer risks when it comes to competitors. With our portfolio of products and services, asknet has set ourselves apart from our smaller competitors, especially in terms of coverage of international markets. In addition, the amount of liquid assets at hand allows us to foresee no financial bottlenecks in 2009.

One pillar of asknet's financial health is of course our highly professional employees. Our staff identifies strongly with the company, which guarantees that they are highly motivated and productive. It also offers excellent insurance against the damage to our image and our bottom line that would occur if an operating system were to fail or if there were problems with an internal or outsourced IT system.

In order to constantly monitor such risks, asknet AG has developed our own control system, which we continually adapt and improve. Using the collected financial and performance indicators, potential risks can be identified early and eliminated. In addition, asknet remains in constant dialog with the most important credit card companies and payment providers so we can react quickly to changes in parameters and offer a technical infrastructure for online payments with maximum security.

Besides those mentioned here, no material risks occurred or became known prior to the publication of this management report.

Outlook

Given the current turbulent economic situation, it is more difficult than ever to make predictions, especially beyond the year 2009. However, we can safely state that the Internet will not lose its importance as a medium for communication and commerce. Due to decreases in disposable income and a sharp increase in price awareness, software producers – asknet AG's clients – will have to undertake a number of strategic measures to safeguard their business. Thanks to our continuous investment in technology and internationalism, asknet is in a prime position to help them do so. This especially applies to the B2B market, in which the classic, personnel-intensive distribution structure is no longer in keeping with the growing cost awareness. asknet is proceeding on the assumption that software producers will master the crisis by making four strategic decisions:

Thanks to our continuous investment in technology and internationalism, asknet is in a prime position to help them do so.

- Lower costs, increase efficiency

  The producers must sound out exactly which distribution channels they will use in the future. They can significantly cut costs by transitioning to online sales, especially if they choose a ready-to-use shop solution from a provider such as asknet rather than spending time and money developing and operating an in-house solution. Outsourcing eliminates all the costs for development, maintenance and operation – and after all, most companies would not even have the necessary expertise and structures to construct an online shop, since this is not part of their core business.

- Better utilization of the existing customer base

  Visitors to a website already have a basic interest in the products that are offered. It is therefore all the more important not to lose them before they can make a purchase – which means user friendliness and simple, logical buying processes are key. For this purpose, asknet offers our new Shop 2.0 solutions and subscription-based models.

- Enter new, international markets

  The decision to enter foreign markets is usually associated with high costs because the new online shops have to be adapted to the specific payment methods, tax and customs regulations, and export controls of each individual country – and then there is the language barrier. asknet offers our clients ready-to-use shop solutions that are perfectly suited to the national conditions of each country.

- Standardization of prices

  Many companies, especially our large international customers, have always sold their products using hundreds of firms – via telephone, by contract, and with individual pricing models. These individual pricing models, however, can lead to different sales executives or representatives offering their customers different discounts, and in the end, a multiplicity of different bonuses, discounts, and special deals exist for a single product. As a result, price, which should be a competitive factor, loses in transparency and becomes incalculable. Standardized, coordinated online shops bring a return of the desired transparency.

asknet offers exactly the products and services that can protect software producers' business from further declines in the long term.

To sum up: At the moment it is impossible to predict how long the economic crisis will last and the extent to which consumer behavior will actually be affected. Furthermore, the jury is still out on how effective the economic stimulus packages put forth by various national governments will be. Regardless of all this, there will continue to be demand for software. However, the publishers of software will not be able to avoid reacting to the crisis with changes to their product and pricing policies – and of course to their sales and marketing strategies. This could make it significantly easier for asknet to acquire new customers. After all, asknet offers exactly the products and services that can protect software producers' business from further declines in the long term.

Even though experience shows that all SaaS providers need patience until their business models begin to bear fruit, asknet is well positioned for this. asknet continues to mobilize all resources within our control to achieve a positive operating result, including cost-cutting measures and cost management programs.

For this reason we, the management of asknet, are confident that we will successfully continue to improve our results.

This would not be possible without the dedication of our employees, to whom we express our heartfelt thanks.

Karlsruhe, February 26, 2009

asknet Aktiengesellschaft
Electronic Business Solutions
– The Executive Board –

Gerald Prior Dr. Dietmar Waudig Michael Konrad

asknet AG Electronic Business Solutions, Karlsruhe, Germany

Management Report asknet Concerns

Market development

In ancient Greece, one of the three Fates, Atropos, was widely believed to have the power to foresee the future. More than ever before, the dramatic events of the last twelve months have illustrated that the ability to predict the future belongs more to mythology than to our current reality. Take the predictions made by Collins Stewart in the third quarter of 2008, which forecast growth of 14 % for 2008 and 12 % for 2009 in the U.S. eCommerce market.

Following the advent of the financial crisis, these prognoses were corrected significantly downwards. The economic downturn of historic dimensions has – for the first time in over 50 years – affected virtually all industries. Even the eCommerce sector, long accustomed to double-digit growth, experienced a sharp decline that has brought it down to almost zero growth. comScore, a well-known market researcher for Internet usage, announced in November that the growth rate in online sales had only risen by 1 % compared to the previous month – and that October had marked the sixth consecutive month in which lower rates of growth were posted. In the third quarter the U.S. Census Bureau, part of the Department of Commerce, reported seasonally adjusted eCommerce sales of 34.4 billion dollars in the USA. This represented an increase of 0.3 % over the previous quarter. According to eMarketer, an information portal for the Internet, eBusiness, and online marketing, total online sales will amount to approximately 137 billion USD in 2008 at an average annual growth rate of 7.2 %. Travel booked online is not included in these figures. In Europe, the volume of trade has been continuously sinking in comparison to the same month of the previous year since February 2008; therefore we must expect declining sales in the eCommerce sector as well. Since North America and western Europe together make up more than three quarters of the global electronic software distribution (ESD) market, the developments in these two regions are extremely significant for the market as a whole. As an operator of online portals and online shops, the asknet Group is directly affected by these market developments. For example, the usual seasonal fourth quarter growth was hardly noticeable this year.

Financial crisis, growing unemployment, widespread poor consumer confidence, and declining disposable income have all combined to push into the background the two factors that have until now had the greatest influence on electronic software distribution – the availability of broadband connections and worldwide Internet access. The economic concerns mentioned above are causing demand to sink within large segments of the population, especially low and middle-income households. In the USA sales sank by 3 % in comparison to the previous year among households with a maximum annual income of 50,000 USD. In the segment earning between 50,000 and 100,000 USD, sales grew by 1 %, while wealthy households with annual incomes of over 100,000 USD spent over 14 % more online than in the previous year. In this context it is not surprising that the average transaction value in the first week of December – which is traditionally high in sales – also sank to only 47 USD (2007: 58 USD); the average amount of money spent was 123 USD (2007: 131). But despite the massive macroeconomic upheavals and their direct consequences, eCommerce remains a highly attractive market.

Even if the prognoses for 2009 differ, they are all significantly more optimistic for this sector than for the economy as a whole. In order to best leverage the potential of online sales as times become more difficult, it is necessary to look beyond the net sales figures to achieve a differentiated analysis of asknet's position.

- ePortals, which are primarily frequented by scientific institutions in Germany, did not post any decrease in sales in 2008. We can safely assume that the budgets of colleges and universities won't be cut in 2009; indeed, they are likely to increase slightly as part of the second German economic stimulus package. Longer-term prognoses are not possible at this time, but the asknet Group is of the opinion that our position as market leader can be solidified.

- In eDistribution there are several factors that must be differentiated. Since, as already discussed, the average amount spent per transaction has declined, software providers will have to respond with changes in pricing policy. As a general rule, since the end of 2008 expensive products and large software packages have become significantly less attractive to customers. This particularly applies to the business-to-consumer (B2C) sector, i.e. to sales to private end users.

- In the business-to-business (B2B) sector, i.e. business between companies, sales to established customers have showed a year-on-year decrease. However, there has been a sharp increase in demand for new eShops as companies try to sink distribution costs and open up new markets, proving that the asknet Group's portfolio of products and services has not declined in attractiveness.

- The sales results of individual product groups differ to the extreme. Anti-virus software, PC and Internet security software, and maintenance and service software have maintained almost unchanged levels of sales. However, software that is high priced and not related to security, such as specific design programs, has not seen high demand.

Of the top ten online retailers in the USA, seven have reported a decrease in traffic on their Internet sites – but online sales as a whole present a rosy picture compared to traditional retail sales. According to data released by the U.S. Department of Commerce, retail trade corporations had sales of 71.4 billion USD (not including fuel, food, and beverages) in the third quarter of 2008, whereas retail eCommerce sales were 34.4 billion USD. This represents growth of 5.7 % compared to the same quarter of the previous year. However, retail stores may develop into a stronger competitor for online sales, since an increasing number of consumers are using the Internet to compare prices and some retailers are reacting to the massive drop in turnover by offering products at cutthroat prices.

To sum up: The eCommerce sector, long pampered by high growth rates, has been dragged down in the wake of the financial crisis. Despite this, the prognoses are significantly better than for traditional retail trade. Because they have significantly lower structural costs compared to classic channels of distribution, online sales of software and eCommerce as a whole have an advantage in the current environment. In light of sinking growth rates, in the near future even more producers may decide to eliminate their expensive in-house marketing solutions and outsource their eShops to external providers. This is especially relevant for B2B sales and marketing, which will not be able to maintain its current structure of distribution in the face of the growing cost pressure. Due to the crisis, software publishers will have to review their product and pricing policies and employ innovative and cost effective distribution models such as software as a subscription (SaaS).

The asknet Group has already devised a comprehensive offering of products and services for online shops that will support software publishers in mastering the strategic challenges of the crisis and safeguarding their business.

Performance and growth

The asknet Group continued to pursue our growth targets in 2008. In the first half of 2008, the asknet Group had sales revenues of 36.3 million euros. Compared to the previous year this was an increase of 10.1 million euros, or 39 %. This growth was primarily the result of new customer accounts in 2007 and 2008. In the second half of the year, growth was slowed by the poor economy and delays in concluding contracts, resulting in a growth rate of 15 % for the year as a whole.

The number of transactions rose from 1,270,000 in 2007 to 1,476,000. At the same time, the number of employees (not including temporary employees and trainees) sank from 103 at the end of 2007 to 99 on December 31, 2008 due to restructuring measures. This once again proves the value of our scalable business model: The significant increase in sales had no effect on the amount of required capacity or the level of associated structural costs.

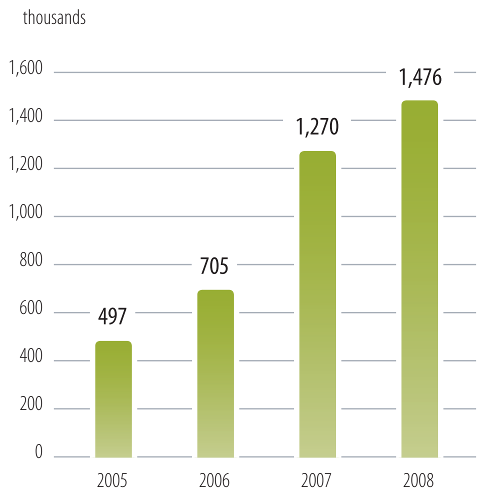
Overall, 2008 can be seen as a year of consolidation for our company. In the second half of 2008 we were able to attract two major international clients, PANDA Security and CollabNet. However, PANDA Security's eShop did not go live until the end of the fourth quarter of 2008 – and then in stages – and CollabNet's eShop followed at the beginning of 2009. All costs for the development and deployment of these eShops were booked this financial year. This means that in 2009 the asknet Group will fully profit from the increasing sales and earnings generated by these new accounts, which acquire even more significance in light of the economic crisis and the improvement of asknet's profit situation.

The asknet Group has also acquired new clients from the SME sector. For these companies with 5 to 50 million in annual sales, asknet is an attractive alternative to expensive in-house solutions.

The asknet Group's primary growth in 2008 was once again in eDistribution. asknet remains the undisputed market leader for portals for research and educational institutions (ePortals), which places a natural limit on the amount of further expansion possible. ePortals made up 21.1 million euros of the Group's total revenue, representing 28 % compared to 32 % in the previous year.

In order to remain attractive for major international clients, the Group carried forward our internationalization in 2008. For example, 58.9 % percent of end customer sales were generated abroad in 2007 and 64.4 % in 2008,

Online Transaction Volumes (in thousands)



Source: asknet AG

representing an increase of more than 9 %. This development can in part be attributed to the expansion of asknet's San Francisco office and our new subsidiary asknet K.K. in Japan.

The asknet Group's gross profits rose to 9.0 million euros in 2008, compared to 8.8 million euros the previous year. Gross profits did not grow at the same rate as sales because asknet intensified our expansion in the segment of large corporations. We expect stable margins in this area in the future. Due to the scalability of our business model, as sales increase, there will be a corresponding growth in gross profits.

Because of the generally low margins resulting from this focus on large clients – which did not yet bear fruit in terms of higher sales in 2008 – asknet's material costs increased disproportionately, to 65.7 million euros. Personnel costs for the asknet Group rose from 6.1 million euros to 6.3 million euros. On December 31, 2008, the asknet Group had 99 employees (not including temporary employees and trainees). The asknet Group's other operating expenses rose to 6.2 million euros in the period under review; in 2007 they were 5.7 million euros. This increase was mainly due to variable costs such as fees for payment providers and credit card companies.

In fiscal year 2008, the operating result (EBIT) was –3.1 million euros for the asknet Group. After interest and taxes, the Group recorded a net loss of –2.9 million euros for the year. This can be attributed to several factors. As mentioned above, there were the lower margins with large customers and the costs of developing the online shops for PANDA and CollabNet in the second half of 2008, which were not offset by the marginal sales in the year under review. In addition there were the higher personnel costs at our U.S. subsidiary (0.2 million euros) and non-recurring costs associated with restructuring measures (0.3 million euros).

In 2008 the starting position of the asknet Group was significantly improved. asknet will therefore be well placed in 2009 to profit massively from the increased sales and gross profits generated by our new accounts with large corporations. This also proves the value of our scalable business model in two ways: First, the personnel costs totaled only 8.4 % of sales revenues, compared to 9.3 % in 2007. Secondly, other operating expenses were brought down from 8.8 % of sales revenues in 2007 to 8.3 % in 2008. With our stable internal structure, attractive products and services, and steadily growing market presence, asknet has set a strategic course that will yield a continuous improvement in our results.

Investments, research and development, employees

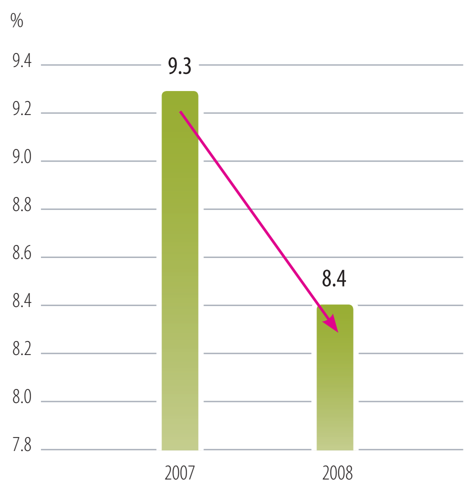
The harder it becomes for software publishers to acquire new customers, the more important the conversion rate of their websites becomes. The conversion rate represents the number of end customers who not only visit the website, but also make a purchase. Viewed in this light, the success of a website depends largely on how user friendly it is. For this reason the asknet Group continuously invests in the development of improvements to the usability of online shops. Behind this is asknet's strategic promise to our customers – to grow their sales rates by making their shops highly attractive.

In 2008 we launched the Shop 2.0 solution. Just like Web 2.0 solutions, it is based on Ajax technology, utilizing its technical advantages. For end customers, the result is even shorter eShop page loading times. Many end customers find it extremely annoying when the entire page has to be reloaded every time they enter a piece of information. Thanks to the Shop 2.0 solution, this is not longer necessary. In addition, the shoppers are guided through the purchasing process in an intuitive manner. This represents the removal of two of the main reasons for high transaction break-off rates: unclear, confusing product presentation and long loading times. A lower break-off rate leads to higher sales. Both the software producer and the asknet Group profit as a result.

A further important innovation is also based on Ajax technology – the new asknet Shop Cockpit OCM III, which will be ready for distribution in the first half of 2009. The Cockpit isn't simply designed for shopping cart management. Companies whose shops are operated by asknet can also use it to analyze their own eCommerce performance – independently and at any time. This is done by means of key performance indicators (KPI) and graphics that are determined on an individual basis. For example, the Cockpit can display the conversion rate, the purchases per site visitor, the average amount spent, and the total sales. In addition to the various functions for customizing shop design, it is precisely these indicators that allow companies to minutely analyze the attractiveness of their offer at all hours – in these times of weak demand, this represents a major strategic advantage.

The asknet Group also continues to invest in the country-specific configuration of the individual eShops. This makes it easier for asknet's clients to enter new markets without having to bear major follow-up costs. asknet currently operates online shops for customers in 23 languages and provides billing in 34 currencies using 24 different payment and billing methods. This internationalization is also represented by the start up of our

Personnel Costs (of Sales Revenues)



Source: asknet AG

subsidiary asknet K.K. with two employees and the partnership with the SOFTBANK Group in Japan. asknet's new subscription models are especially attractive for those of asknet's clients that serve the B2B market.

These models involve buying a subscription for new versions, etc. instead of a one-time software purchase. Our decision to increase our attractiveness in this market is one of strategic significance. Although approximately 80 % of asknet customers were from the B2C segment in 2008, we aim to steadily increase the proportion of B2B providers. Subscription models are especially attractive in this market segment because of their numerous advantages. They improve customer retention, make it possible to calculate revenues in advance, reduce the marketing costs of new releases, and make it easier to convince users who are testing products to use them in the long term. Security and related software is especially suited to the subscription-based model because end users have a special interest in having the most up-to-date version. Subscription models entail an end customer paying for limited-time access or periodic user rights to a product or service. Instead of a one-time purchase, a long-term relationship is established with the customer. In 2008 asknet developed a comprehensive portfolio of subscription management and payment models.

Net assets and financial position

The asknet Group's total assets as of December 31, 2008 were approximately 14.4 million euros; in 2007 they were 17.0 million euros. In the period under review, total equity declined by 2.9 million euros to 6.2 million euros, corresponding to an equity ratio of 43 %. asknet had no debt as of the reporting date. Liquidity decreased from 9.9 million euros at the end of 2007 to 8.2 million euros at the end of 2008. The asknet Group's liabilities increased by 0.5 million euros to 6.9 million euros as of December 31, 2008. The company's operative cash flow was negative, as expected, but did improve from –2.9 million euros in 2007 to –1.7 million euros in 2008.

Post balance sheet events

After the end of the fiscal year, there were no material events that affected the Group's net assets, financial position, and results of operations.

Risk Report

The success of the asknet Group's business model for eDistribution has two main prerequisites. First, that software publishers continue to have an interest in expanding their online shops and outsourcing them to asknet. Second, that there is enough demand for software among end users in the B2B and B2C sectors to make the production and sales of software by and large profitable. Regarding the first point, the asknet Group must make certain to maintain the attractiveness of our products and services at the same high level in order to retain the large customers who are responsible for a significant share of our gross profits. These key accounts play a major role in our growth strategy. However, the margins that can be generated in our key accounts are generally more narrow, which can only be compensated for with higher sales. The more the cost pressure experienced by software publishers increases, the greater the danger that they will step up the margin pressure on eShop providers such as asknet.

asknet is broadening our customer base through the continuous acquisition of new clients. This is especially important because asknet's business with our five chief eDistribution partners accounted for approximately 47 % of our gross profits in the 2008 fiscal year. If one or more of these important clients should decide to discontinue their business relationship with asknet, this could have a negative impact on the company's net assets, financial position, and operating results.

Every international expansion involves investments for premises, employees, sales, and marketing; in addition, exchange rate risks are intrinsic to international trade. Because of the global recession there is the risk that these costs will not pay off with a strong growth in sales, which would also negatively affect asknet's net assets, financial position, and operating results.

The asknet Group reported a loss in the 2008 fiscal year. This is chiefly due to investments in new eShops for large customers, technical innovation and development, personnel costs, and non-recurring costs associated with restructuring. At the same time, the company aims to continue reducing this loss over the course of the current fiscal year.

Due to the recent macroeconomic upheavals, it is unclear whether the increases in sales that are of such strategic importance can be sustained over time – this largely depends on factors which the asknet Group cannot influence. The product strategy of the software providers should also be mentioned in this context. In the fourth quarter of 2008, for example, the average amount spent per transaction decreased, demonstrating that the demand for high-priced products is sinking significantly in the current environment. Software producers can react to this trend by offering inexpensive basic versions priced at a maximum of 30 euros/40 USD. When it comes to competitors, as the world's number two electronic software distributor asknet faces fewer risks. With our portfolio of products and services, asknet has set ourselves apart from our smaller competitors, especially in terms of coverage of international markets. In addition, the amount of liquid assets at hand allows us to foresee no financial bottlenecks in 2009.

One pillar of asknet's financial health is of course our highly professional employees. Our staff identifies strongly with the company, which guarantees that they are highly motivated and productive. It also offers excellent insurance against the damage to our image and our bottom line that would occur if an operating system were to fail or if there were problems with an internal or outsourced IT system.

In order to constantly monitor such risks, asknet has developed our own control system, which we continually adapt and improve. Using the collected financial and performance indicators, potential risks can be identified early and eliminated. In addition, asknet remains in constant dialog with the most important credit card companies and payment providers so we can react quickly to changes in parameters and offer a technical infrastructure for online payments with maximum security.

Besides those mentioned here, no material risks occurred or became known prior to the publication of this management report.

Outlook

Given the current turbulent economic situation, it is difficult to make predictions, especially beyond the year 2009. However, we can safely state that the Internet will not lose its importance as a medium for communication and commerce. Due to decreases in disposable income and a sharp increase in price awareness, software producers – the asknet Group's clients – will have to undertake a number of strategic measures to safeguard their business. Thanks to our continuous investment in technology and internationalism, asknet is in a prime position to help them do so. This especially applies to the B2B market, in which the classic, personnel-intensive distribution structure is no longer in keeping with the growing cost awareness. asknet is proceeding on the assumption that software producers will master the crisis by making four strategic decisions:

- Lower costs, increase efficiency

  The producers must sound out exactly which distribution channels they will use in the future. They can significantly cut costs by transitioning to online sales, especially if they choose a ready-to-use shop solution from a provider such as asknet rather than spending time and money developing and operating an in-house solution. Outsourcing eliminates all the costs for development, maintenance and operation – and after all, most companies would not even have the necessary expertise and structure to construct an online shop since this is not part of their core business.

- Better utilization of the existing customer base

  Visitors to a website already have a basic interest in the products that are offered. It is therefore all the more important not to lose them before they can make a purchase – which means user friendliness and simple, logical buying processes are key. For this purpose, asknet offers the new Shop 2.0 solutions and subscription-based models.

- Enter new, international markets

  The decision to enter foreign markets is usually associated with high costs because the new online shops have to be adapted to the specific payment methods, tax and customs regulations, and export controls of each individual country – and then there is the language barrier. asknet offers our clients ready-to-use shop solutions that are perfectly suited to the national conditions of each country.

- Standardization of prices

  Our major international clients in particular have been accustomed to selling their products through regional partners and internal sales teams, each of which has their own contracts and pricing models. These individual pricing models, however, can lead to different sales reps offering their customers different discounts, and in the end, a multiplicity of different bonuses, discounts, and special deals exist for a single product. As a result, price, which should be a competitive factor, loses in transparency and becomes incalculable. Standardized, coordinated online shops bring a return of the desired transparency.

To sum up: At the moment it is impossible to predict how long the economic crisis will last and the extent to which consumer behavior will actually be affected. Furthermore, the jury is still out on how effective the economic stimulus packages put forth by various national governments will be. Regardless of all this, there will continue to be demand for software. However, the publishers of software will not be able to avoid reacting to the crisis with changes to their product and pricing policies – and of course to their sales and marketing strategies. This could make it significantly easier for asknet to acquire new customers. After all, asknet offers exactly the products and services that can protect software producers' business from further declines in the long run.

Even though experience shows that all SaaS providers need patience until their business models begin to bear fruit, asknet is well positioned for this. asknet continues to mobilize all resources within our control to achieve a positive operating result, including cost-cutting measures and cost management programs.

For this reason we, the management of asknet, are confident that we will successfully continue to improve our results.

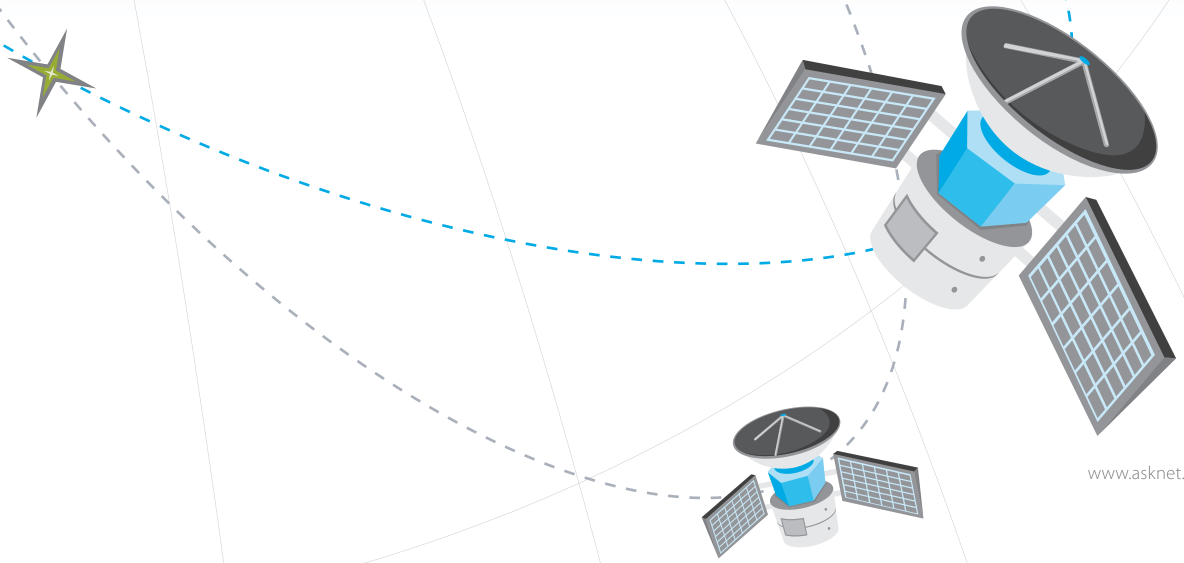
This would not be possible without the dedication of our employees, to whom we express our heartfelt thanks.

Karlsruhe, February 27, 2009

asknet Aktiengesellschaft
Electronic Business Solutions
– The Executive Board –

Gerald Prior   Dr. Dietmar Waudig   Michael Konrad

Consolidated Financial Statements



www.asknet.com/asknetuniverse

42 Consolidated Financial Statements

Consolidated Balance Sheet

as of December 31, 2008

ASSETS		Dec. 31, 2008 in € thousands	Dec. 31, 2007 in € thousands
A.	**FIXED ASSETS**		
I.	Intangible fixed assets		
	Concessions, industrial and similar rights and assets, and licenses in such rights and assets	106	125
II.	Tangible fixed assets		
	Other equipment, operating and office equipment	144	202
III.	Long-term financial assets		
	Shares in associates	77	92
		326	**419**
B.	**CURRENT ASSETS**		
I.	Inventories		
	Merchandise	312	371
II.	Receivables and other assets		
1.	Trade receivables	4,965	5,437
2.	Receivables from associates	0,00	0,00
3.	Other assets	339	11
		5,305	**6,134**
III.	Cash-in-hand, central bank balances, bank balances, cheques	8,181	9,945
		13,798	**16**
C.	**PREPAID EXPENSES**	230	136
		14,354	**17,005**

EQUITY AND LIABILITIES		Dec. 31, 2008 in € thousands	Dec. 31, 2007 in € thousands
A.	**EQUITY**		
I.	Subscribed capital	5,040	5,040
II.	Capital reserves	1,276	4,318
III.	Currency translation differences	61	20
IV.	Consolidated net accumulated losses	– 227	– 373
		6,150	**9,005**
B.	**PROVISIONS**		
I.	Other provisions	**1,282**	**1,601**
C.	**LIABILITIES**		
1.	Liabilities to banks	0.00	2
2.	Trade payables	6,426	5,712
3.	Other liabilities of which taxes: € 311,488.41 (previous year: € 515 thousand) of which relating to social security and similar obligations: € 2,320.39 (previous year: € 52 thousand)	450	661
		6,876	**6,375**
D.	**DEFERRED INCOME**	46	24
		14,354	**17,005**

Consolidated Income Statement

as of December 31, 2008

		2008 in € thousands	2007 in € thousands
1.	Sales	74,713	64,915
2.	Other operating income	695	351
		75,407	**65,266**
3.	Cost of materials		
	a) Cost of purchased merchandise	– 65,667	– 56,079
	b) Cost of purchased services	– 153	– 170
4.	Personnel expenses		
	a) Wages and salaries	– 5,471	– 5,253
	b) Social security, post-employment and other employee benefit costs of which in respect of old age pensions: € 4,232.55 (previous year: € 4 thousand)	– 817	– 803
5.	Amortization and write-downs of intangible fixed assets, and depreciation and write-downs of tangible fixed assets	– 183	– 199
6.	Other operating expenses	– 6,209	– 5,737
		– 78,502	**– 68,241**
7.	Interest and similar income	272	335
8.	Expenses from shares in associates	– 43	– 72
9.	Interest and similar expenses	– 2	– 4
		227	**258**
10.	Result from ordinary activities	– 2,868	– 2,717
11.	Extraordinary expense	0.00	0
12.	Other taxes	– 28	– 9
13.	Consolidated net loss for the year	– 2,896	– 2,725
14.	Accumulated losses brought forward	– 373	– 516
15.	Withdrawals from capital reserves	3,042	2,868
16.	Consolidated net accumulated losses	**– 227**	**– 373**

Consolidated Cash Flow Statement

as of December 31, 2008

		2008 in € thousands	2007 in € thousands
1.	**Cash flows from operating activities**		
	Consolidated net loss for the year before interest paid	– 2,894	– 2,721
	Interest paid	**– 2**	**– 4**
	Consolidated net loss	**– 2,896**	**-2,725**
	Depreciation, amortization and write-downs	226	271
	Loss on disposal of fixed assets	1	3
	Decrease in provisions	– 322	543
	Decrease in receivables and other assets	802	– 2,554
	Increase in liabilities	504	1,611
		– 1,685	**– 2,851**
2.	**Cash flows from investing activities**		
	Purchase of intangible fixed assets	– 69	– 49
	Purchase of tangible fixed assets	– 36	– 65
		– 105	**– 114**
3.	**Cash funds at end of period**		
	Net change in cash funds (subtotal 1 – 3)	– 1,790	– 2,965
	Effect on cash funds of exchange rate movements	28	– 4
	Cash funds at beginning of period	9,943	12,912
		8,181	**9,943**
4.	**Components of cash funds**		
	Cash	8,181	9,945
	Liabilities to banks	0	– 2
	Cash funds at end of period	**8,181**	**9,943**

Consolidated Statement of Changes in Equity

as of December 31, 2008

	Subscribed capital (Ordinary shares) in € thousands	Capital reserves in € thousands	Net accumulated losses in € thousands	Currency translation differences in € thousands	Group equity in € thousands
Jan. 1, 2007	**5,040**	**7,186**	**– 516**	**– 2**	**11,708**
Consolidated net loss for the year	0.00	0.00	– 2,725	0.00	– 2,725
Other comprehensive income	0.00	0.00	0.00	22	22
Comprehensive income	0.00	0.00	– 2,725	22	– 2,703
Withdrawals from capital reserves	0.00	– 2,868	2,868	0.00	0.00
Dec. 31, 2007	**5,040**	**4,318**	**– 373**	**20**	**9,005**
Jan. 1, 2008	**5,040**	**4,318**	**– 373**	**20**	**9,005**
Consolidated net loss for the year	0.00	0.00	– 2,896	0.00	– 2,896
Other comprehensive income	0.00	0.00	0.00	41	41
Comprehensive income	0.00	0.00	– 2,896	41	– 2,855
Withdrawals from capital reserves	0.00	– 3,042	3,042	0.00	0.00
Dec. 31, 2008	**5,040**	**1,276**	**– 227**	**61**	**6,150**

Auditors' Report

We have issued the following auditors' report on the consolidated annual financial statements and the Group management report:

"We have audited the consolidated financial statements – comprising balance sheet, income statement, notes to the financial statements, cash flow statement, and statement of changes in equity – and the Group management report prepared by asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe, Germany, for the fiscal year from January 1 to December 31, 2008. The legal representatives of asknet bear the responsibility for the preparation of the consolidated financial statements and the Group management report in accordance with German commercial law. Our task is – based on the audit we conduct – to provide an assessment of the consolidated financial statements and the Group management report.

We conducted our audit of the consolidated financial statements in accordance with section 317 of the German Commercial Code (HGB – Handelsgesetzbuch) and with due consideration of the accepted German auditing procedures defined by the professional association of German CPAs (IDW – Institut der Wirtschaftsprüfer). Those standards require that we plan and perform the audit in such a manner that we can detect with reasonable assurance any inaccuracies and/or irregularities that would materially affect the presentation of the net assets, financial position, and operating results in the Group management report and in the consolidated financial statements, which are prepared in accordance with the accepted German accounting principles (GoB).

In defining the audit procedures, we incorporate knowledge of the Group's business activities and its economic and legal environment, and anticipate possible errors. Within the framework of the audit, random checks are performed to determine the effectiveness of the accounting-related internal control system and the accuracy of the supporting documentation for the consolidated financial statements and Group management report. The audit includes an evaluation of the annual financial statements of those corporate entities included in the consolidated financial statements, the determination to include these entities, the accounting and consolidation principles applied, and the assessments and prognoses made by the legal representatives of the Group, as well as well as an analysis of the overall representation given in the consolidated financial statements and Group management report. We believe that our audit provides a sufficient and reasonable basis for our conclusions.

We concluded our audit with no reservations.

To the best of our knowledge and based on the findings of our audit, these consolidated financial statements comply with all legal requirements and accurately present the net assets, financial position, and operating results of the Group in accordance with the accepted German accounting principles (GoB). The Group management report is consistent with the consolidated financial statements and as a whole gives a substantiated picture of the Group's position and an accurate representation of future opportunities and risks."

Mannheim, February 27, 2009

Ernst & Young AG
assurance and advisory services
tax services

Herrwerth	Schmitt
certified accountant	certified accountant

asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe, Germany

Notes to the 2008 consolidated financial statements

General information

These consolidated financial statements were prepared in accordance with section 290 et seq of the German Commercial Code (HGB – Handelsgesetzbuch). These items are presented separately in the notes.

We have also incorporated the additional disclosures required for individual items into the notes. We prepared the consolidated income statement using total cost accounting methods.

Companies of the asknet Group

The consolidated financial statements include the parent company asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe, Germany; the wholly owned subsidiaries asknet Inc., San Francisco, USA and asknet K.K., Tokyo, Japan, which are fully consolidated; and the 40% equity interest in asknet BB Corp., Tokyo, Japan, which utilizes the book value method for its accounting.

asknet K.K., Tokyo, Japan, was founded on May 14, 2008 and consolidated then for the first time. At the time of this initial consolidation, there was resulting negative goodwill of one thousand euros that was reported in the income statement.

Accounting and reporting policies

The financial statements of the companies included in the parent company's consolidated financial statements were prepared using uniform accounting and reporting methods.

The realization and imparity principles were complied with; assets were valued at no higher than acquisition or production cost. Acquired intangible fixed assets are carried at cost and, if they are finite-lived, are amortized in accordance with their useful lives (straight-line method).

Tangible fixed assets are carried at their acquisition or production cost and are subject to scheduled depreciation. Merchandise is carried at the lower of acquisition cost or market price. Appropriate write-downs have been recognized for all identifiable inventory risks that result from reduced marketability and lower replacement costs. With the exception of customary retention of title, inventories are free from third-party rights.

Receivables and other assets are carried at their face value. Adequate specific provisions are allowed for all items that carry risk; the general credit risk is covered by standard write-downs.

Foreign currencies are translated at the lower of their acquisition cost or the closing rates.

All identifiable risks were taken into account in the measuring of provisions.

Liabilities are carried at their settlement values.

Translation of foreign currencies

The individual financial statements of the asknet subsidiaries were prepared in USD and JPY respectively, and were translated at the closing rates. All balance sheet items were translated into euros on the financial statement date using the respective mean rate of exchange, with the exception of equity, which was translated using historical exchange rates. Any differences arising from changes in exchange rates compared with the previous year or at the date of initial consolidation were taken directly to the difference in equity due to currency translation.

Income and expenses were translated at the average monthly rates. The net income or loss for the year from the translated income statement was incorporated in the balance sheet. The difference between the translation of the net income or loss for the year at average monthly rates and the closing rate was taken directly to the difference in equity due to currency translation.

Consolidation principles

The initial capital consolidation was carried out using the book value method. Receivables and liabilities, as well as income and expenses were eliminated. No eliminations of intercompany profits or losses were necessary. No deferred taxes resulted.

Explanatory notes to the consolidated balance sheet

Fixed assets

Changes in fixed assets are presented on page 54.

Consolidated net accumlated losses changed as follows

	in € 000s
Jan. 1, 2008	– 373
Consolidated net loss for the year	– 2,896
Withdrawals from capital reserves	3,042
Dec. 31, 2008	– 227

Sales

	2008	2007
Sales by segment	in € 000s	in € 000s
Product sales to academic institutions, business and private customers	21,144	20,544
eDistribution network	53,569	44,371
	74,713	**64,915**
Sales by region		
Germany	26,598	26,680
USA	19,201	16,229
Other Countries	28,914	22,006
	74,713	**64,915**

Receivables and other assets

Receivables and other assets have a remaining maturity of up to one year.

Bank balances

Of our bank balances, 616 thousand euros are reserved as collateral for aval commitments.

Equity

The subscribed capital of 5,040 thousand euros and the capital reserves of 1,276 thousand euros correspond to the balance sheet items reported by the parent company.

Stock options

In the fiscal year, employees and members of the Executive Board were granted 230,000 of 350,000 possible stock options.

These subscription rights entitle the stock option owner to purchase a registered share in the company at a nominal value of 1.00 euro per share as soon as the vesting period (two years from the granting of the subscription right) for the first-time exercise of the option has elapsed, certain performance targets have been reached, and the other conditions for exercising the right are fulfilled.

The performance target for the stock options granted in the first half of 2008 will be met if the EBIT margin (as explained below) is greater than or equal to 3% in the 2009 fiscal year; the performance target for those granted in the second half of 2008 as well as in 2009 will be met if the EBIT margin is greater than or equal to 10% in the 2010 fiscal year. The EBIT margin represents the relationship between the asknet Group's profits before interest and taxes are subtracted (EBIT – earnings before interest and taxes) on the one hand and the asknet Group's net sales revenues on the other.

Bearer shares in the company are purchased at the exercise price. This is equal to the average share price of the company's registered, no-par stock in the last thirty days before the subscription right was granted. In accordance with section 9, paragraph 1 of the German Stock Corporation Act (AktG – Aktiengesetz), the exercise price must be equal to at least the fraction of the company's share capital represented by a single no-par share.

Liabilities

As in the previous year, all liabilities have a remaining maturity of up to one year and are not collateralized.

Contingent liabilities

Contingent liabilities consist of aval loan draw downs of in the amount of 616 thousand euros.

Other financial obligations

asknet has other financial obligations in the amount of 921 thousand euros from rental agreements and leases.

Other disclosures

Employees

The average number of employees (not including members of the Executive Board, temporary employees, and trainees) in the fiscal year was 90 in Germany and ten in other countries.

Total remuneration of the Executive Board

In 2008, the Executive Board received remuneration of 475 thousand euros. In addition, the Executive Board received stock options with a time value of 0.00 euros at the time they were granted.

Total remuneration of the Supervisory Board

In 2008, the Supervisory Board received remuneration of 75 thousand euros.

Group shareholdings

asknet Inc., San Francisco, USA, and asknet KK, Tokyo, Japan, are wholly owned subsidiaries and are therefore fully consolidated in the consolidated financial statements of asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe, Germany.

asknet BB Corp., Tokyo, Japan, is included in the consolidated financial statements as an associated company. asknet AG holds a 40% stake in this subsidiary.

Karlsruhe, February 27, 2009

asknet Aktiengesellschaft
Electronic Business Solutions
– The Executive Board –

Gerald Prior   Dr. Dietmar Waudig   Michael Konrad

Consolidated Statement of Changes in Fixed Assets

2008

		Cost			
		Jan. 1, 2008 historical	Foreign exchange differences	Additions	Disposals
		in € thousands	in € thousands	in € thousands	in € thousands
I.	**Intangible fixed assets**				
	Concessions, industrial and similar rights and assets, and licenses in such rights and assets	582	0.059	69	0.00
II.	**Tangible fixed assets**				
	Other equipment, operating and office equipment	669	1	36	137
III.	**Long-term financial assets**				
	Shares in associates	247	28	0.00	0.00
		1,497	**30**	**105**	**137**

	Depreciation, amortization and write-downs					Carrying amount	
Dec. 31, 2008 in € thousands	Jan. 1, 2008 historical in € thousands	Foreign exchange differences	Additions	Disposals	Dec. 31, 2008	Dec. 31, 2008	Dec. 31, 2007
651	456	0.022	89	0.00	545	106	125
569	466	0.850	94	136	425	144	202
275	155	0.00	43	0.00	198	77	92
1,495	**1,078**	**0.873**	**226**	**136**	**1,169**	**326**	**419**

Annual Financial Statements

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Balance Sheet

as of December 31, 2008

ASSETS		Dec. 31, 2008 in € thousands	Dec. 31, 2007 in € thousands
A.	**FIXED ASSETS**		
I.	Intangible fixed assets		
	Concessions, industrial and similar rights and assets, and licenses in such rights and assets	105	125
II.	Tangible fixed assets		
	Other equipment, operating and office equipment	133	189
III.	Long-term financial assets		
1.	Shares in affiliated companies	143	83
2.	Loans to affiliated companies	177	215
3.	Other long-term equity investments	77	92
	Subtotal	**397**	**390**
	Grand Total	**635**	**703**
B.	**CURRENT ASSETS**		
I.	Inventories		
	Merchandise	312	371
II.	Receivables and other assets		
1.	Trade receivables	4,965	5,437
2.	Receivables from affiliated companies	221	174
3.	Receivables from other long-term investees or investors	0.00	11
4.	Other assets	325	682
		5,511	**6,304**
III.	Cash-in-hand and bank balances	7,756	9,767
		13,580	**16,442**
C.	**PREPAID EXPENSES**	227	132
		14,442	**17,277**

EQUITY AND LIABILITIES		Dec. 31, 2008 in € thousands	Dec. 31, 2007 in € thousands
A.	**EQUITY**		
I.	Subscribed capital	5,040	5,040
	Contingent capital €500 thousand		
II.	Capital reserves	1,276	4,318
III	Net retained profits	0.00	0.00
		6,316	**9,358**
B.	**PROVISIONS**		
I.	Other provisions	1,248	1,544
C.	**LIABILITIES**		
1.	Liabilities to banks	0.00	0.002
2.	Trade payables	6,399	5,688
3	Other liabilities	38	0.00
4.	of which taxes: € 309 thousand (previous year: € 515 thousand) of which relating to social security and similar obligations: € 2 thousand (previous year: € 52 thousand)	394	662
		6,831	**6,352**
D.	**DEFERRED INCOME**	46	24
		14,442	**17,278**

Income Statement

as of December 31, 2008

		Dec. 31, 2008 in € thousands	Dec. 31, 2007 in € thousands
1.	Sales	74,713	64,915
2.	Other operating income	711	333
		75,424	**65,248**
3.	Cost of materials		
	a) Cost of purchased merchandise	– 153	– 56,079
	b) Cost of purchased services	– 153	– 170
4.	Personnel expenses		
	a) Wages and salaries	– 4,552	– 4,594
	b) Social security, post-employment and other employee benefit costs of which in respect of old age pensions: € 4,232.55 (previous year: € 4 thousand)	– 754	– 773
5.	Amortization and write-downs of intangible fixed assets, and depreciation and write-downs of tangible fixed assets	– 177	– 193
6.	Other operating expenses	– 7,430	– 6,464
		– 78,732	**– 68,274**
7.	Income from long-term loans	9	9
8.	Other interest and similar income	278	342
	of which from affiliated companies: € 7,000.00	278	342
9.	Write-downs of long-term financial assets	– 15	– 185
10.	Interest and similar expenses	– 2	– 4
		270	**162**
11.	Result from ordinary activities	– 3,039	– 2,864
12.	Other taxes	– 3	– 4
13.	Net loss for the year	– 3,042	– 2,868
14.	Accumulated losses brought forward	0.00	0.00
15.	Withdrawals from capital reserves	3,042	2,868
16.	Net retained profits	**0.00**	**0.00**

Auditors' Report

We have issued the following auditors' report on the consolidated annual financial statements and the Group management report:

"We have audited the consolidated financial statements – comprising balance sheet, income statement, notes to the financial statements, cash flow statement, and statement of changes in equity – and the Group management report prepared by asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe, Germany, for the fiscal year from January 1 to December 31, 2008. The legal representatives of asknet bear the responsibility for the preparation of the consolidated financial statements and the Group management report in accordance with German commercial law. Our task is – based on the audit we conduct – to provide an assessment of the consolidated financial statements and the Group management report.

We conducted our audit of the consolidated financial statements in accordance with section 317 of the German Commercial Code (HGB – Handelsgesetzbuch) and with due consideration of the accepted German auditing procedures defined by the professional association of German CPAs (IDW – Institut der Wirtschaftsprüfer). Those standards require that we plan and perform the audit in such a manner that we can detect with reasonable assurance any inaccuracies and/or irregularities that would materially affect the presentation of the net assets, financial position, and operating results in the Group management report and in the consolidated financial statements, which are prepared in accordance with the accepted German accounting principles (GoB).

In defining the audit procedures, we incorporate knowledge of the Group's business activities and its economic and legal environment, and anticipate possible errors. Within the framework of the audit, random checks are performed to determine the effectiveness of the accounting-related internal control system and the accuracy of the supporting documentation for the consolidated financial statements and Group management report. The audit includes an evaluation of the annual financial statements of those corporate entities included in the consolidated financial statements, the determination to include these entities, the accounting and consolidation principles applied, and the assessments and prognoses made by the legal representatives of the Group, as well as well as an analysis of the overall representation given in the consolidated financial statements and Group management report. We believe that our audit provides a sufficient and reasonable basis for our conclusions.

We concluded our audit with no reservations.

To the best of our knowledge and based on the findings of our audit, these consolidated financial statements comply with all legal requirements and accurately present the net assets, financial position, and operating results of the Group in accordance with the accepted German accounting principles (GoB). The Group management report is consistent with the consolidated financial statements and as a whole gives a substantiated picture of the Group's position and an accurate representation of future opportunities and risks."

Mannheim, February 27, 2009

Ernst & Young AG
assurance and advisory services
tax services

Herrwerth	Schmitt
certified accountant	certified accountant

ERNST & YOUNG AG
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT · STEUERBERATUNGSGESELLSCHAFT
WIRTSCHAFTS-PRÜFUNGS-GESELLSCHAFT
SIEGEL
STUTTGART
ZWEIGNIEDERLASSUNG MANNHEIM

asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe, Germany

Notes to the December 31, 2008, annual financial statement

General information

This annual financial statement was prepared in accordance with section 242 et seq and section 262 et seq of the German Commercial Code (HGB – Handelsgesetzbuch) as well as the pertinent regulations of the German Stock Corporation Act (AktG – Aktiengesetz). As of December 31, 2008, the company fulfilled the size classification for a medium-sized corporation (previously a large corporation) for the first time. For this reason, in the reporting year the regulations governing large corporations were applied in accordance with HGB section 267.

The income statement was prepared using total cost accounting methods.

Accounting and reporting methods

The following accounting and reporting methods were consistently adopted without alteration in the preparation of this annual financial statement.

Acquired intangible fixed assets are carried at their acquirement cost and, if they are finite-lived, are amortized in accordance with their useful lives (straight-line method).

Tangible fixed assets are carried at their acquisition or production cost and are subject to scheduled depreciation (straight-line method).

Tangible fixed assets are depreciated in accordance with their expected service life. Until December 31, 2007, low value assets with a value of up to 410.00 euros were fully written off in the year they were acquired; immediate asset retirement was assumed. Since January 1, 2008, low value assets whose cost does not exceed 150.00 euros have been written off immediately. Low value assets with a cost of between 150.00 euros and 1,000.00 euros are depreciated linearly over five years.

In the case of financial assets, shares are carried at the lower of cost or fair value and loans are carried at their principal value. In the fiscal year, the company's shares in an associate company were written down by 15 thousand euros.

Merchandise is carried at the lower of acquisition cost or market price.

Appropriate write downs have been recognized for all identifiable inventory risks that result from reduced marketability and lower replacement costs. With the exception of customary retention of title, inventories are free from third-party rights.

Receivables and other assets are carried at their face value. Adequate specific provisions are allowed for all items that carry risk; the general credit risk is covered by standard write downs. Foreign currency receivables are valued at the lower of exchange rate at time of purchase or the exchange rate on the financial statement date.

Foreign currencies are translated at the lower of their acquisition cost or the closing rates.

The other provisions reflect all contingent liabilities and impending losses from outstanding contracts. The amount is determined in accordance with reasonable business judgment.

Liabilities are carried at their settlement values. Foreign currency liabilities are valued at the lower of exchange rate at time of acquisition or the exchange rate on the financial statement date.

Explanatory notes on financial statements

Fixed assets

The depreciation of individual fixed asset items during the fiscal year is presented in the summary of fixed assets..

Disclosures on shareholdings

	Reporting date	Currency	Equity interest %	Equity in local currency	Net income/loss in local currency
asknet Inc., San Francisco, USA	Dec. 31, 2008	US$ million	100.0	– 0.12	0.16
asknet BB, Tokyo, Japan	Mar. 31, 2008	Yen million	40.0	33.2	24.1
asknet K.K. Tokyo, Japan	Dec. 31, 2008	Yen million	100.0	10.5	0.45

Receivables and other assets

Receivables and other assets have a remaining maturity of up to one year.

Bank balances

Of our bank balances, 616 thousand euros are reserved as collateral for aval commitments.

Equity

Subscribed capital

The share capital of the company equaled 5,040,000.00 euros at the end of the fiscal year and consists of registered no-par value shares (common stock). Each no-par share represents one vote. The share capital was fully paid up.

Authorized capital

At the regular annual general meeting on July 28, 2006, with the full approval of the Supervisory Board, the Executive Board was authorized to increase the share capital of the corporation on one or more occasions, but by an amount not to exceed 1.8 million euros, through the issue of new registered no-par shares against cash or payment in kind.

Contingent capital of up to 150 thousand euros

At the annual general meeting on July 28, 2006, the Executive Board and the Supervisory Board were authorized to increase contingent capital by up to 150,000.00 euros in the form of registered no-par shares. This was for the purpose of stock options.

Contingent capital of up to 350 thousand euros

As part of a stock option program, at the annual general meeting of May 30, 2008, the share capital of the company was contingently increased by up to 350 thousand euros through the issue of up to 350,000 new registered no-par shares. This contingent capital increase officially took effect on July 30, 2008, when it was recorded in the commercial register.

Stock options

In the fiscal year, employees and members of the Executive Board were granted 230,000 of 350,000 possible stock options.

These subscription rights entitle the stock option owner to purchase a registered share in the company at a nominal value of 1.00 euro per share as soon as the vesting period (two years from the granting of the subscription right) for the first-time exercise of the right has elapsed, certain performance targets have been met, and the other conditions for exercising the right are fulfilled.

The performance target for the stock options granted in the first half of 2008 will be met if the EBIT margin (as explained below) is greater than or equal to 3% in the 2009 fiscal year; the performance target for those granted in the second half of 2008 as well as in 2009 will be met if the EBIT margin is greater than or equal to 10% in the 2010 fiscal year. The EBIT margin represents the relationship between the asknet Group's profits before interest and taxes are subtracted (EBIT – earnings before interest and taxes) on the one hand and the asknet Group's net sales revenues on the other.

Bearer shares in the company are purchased at the exercise price. This is equal to the average share price of the company's registered no-par stock in the last thirty days before the subscription right was granted. In accordance with section 9, paragraph 1 of the German Stock Corporation Act (AktG – Aktiengesetz), the exercise price must be equal to at least the fraction of the company's share capital represented by a single no-par share.

Capital reserves

3,042 thousand euros were taken from the capital reserves to offset the net losses from 2008.

Other provisions

Other provisions primarily consisted of leave entitlement and special bonuses, contributions to professional associations, year-end closing costs and tax accountant fees, as well as outstanding vendor invoices.

Liabilities

As in the previous year, all liabilities have a remaining maturity of up to one year and are not collateralized.

Contingent liabilities

Contingent liabilities consist of aval loan draw downs in the amount of 616 thousand euros.

Other financial obligations

asknet has other financial obligations in the form of rental agreements and leases with the following maturities

Other financial obligations

	in € thousands
Less than one year	401
One to five years	364
More than five years	5

Sales

	2008	**2007**
Sales by segment	**in € 000s**	**in € 000s**
Product sales to academic institutions, business and private customers	21,144	20,544
eDistribution network	53,569	44,371
	74,713	**64,915**
Sales by region		
Germany	26,598	26,680
USA	19,201	16,229
Other Countries	28,914	22,006
	74,713	**64,915**

Other disclosures

Directors of the corporation

Executive Board

The members of the executive board are:

Mr. Gerald Prior

Chairman of the Executive Board, Baden-Baden, Germany
CEO (Chief Executive Officer) and responsible for

(1) Business policy guidelines and corporate strategy
(2) Corporate development
(3) Sales and marketing
(4) Communication (corporate communication, press, investor relations, Supervisory Board concerns)
(5) Management of asknet's USA subsidiary

Dr. Dietmar Waudig

Member of the Executive Board, Karlsruhe, Germany
COO (Chief Operating Officer) and responsible for

(1) Technical development (product development, technical operations, and technical support)
(2) Product management
(3) Professional services
(4) Quality management and assurance
(5) Technical infrastructure and operations

Mr. Michael Konrad

Member of the Executive Board, Karlsruhe, Germany
CFO (Chief Financial Officer) and responsible for

(1) Finance and accounting
(2) Controlling and risk management
(3) Corporate financing
(4) Logistics (procurement, purchasing, stock-keeping, warehouse, material flow)
(5) Payment procedures
(6) Administration and human resources
(7) Legal and taxes
(8) Customer service
(9) Management of asknet's Japanese subsidiary and associate company

Supervisory Board

The members of the Supervisory Board are:

Dr. Joachim Bernecker
Management consultant, Straubenhardt, Germany
Chairman

Joachim Hug
Managing director of SPE Management GmbH, Göppingen, Germany

Thomas Krüger
Managing director of Ad Astra GmbH, Munich, Germany
Deputy Chairman

Rafael Laguna
Management consultant, Gummersbach, Germany

Dr. Frank Lerchenmüller
Management consultant, Frankfurt am Main, Germany

Marc Wurster
Attorney / tax advisor, Karlsruhe, Germany

Total remuneration of the Executive Board

In 2008, the Executive Board received remuneration of 475 thousand euros. In addition, the Executive Board received stock options with a time value of 0.00 euros at the time they were granted.

Total remuneration of the Supervisory Board

In 2008, the Supervisory Board received remuneration of 75 thousand euros.

Employees

During the 2008 fiscal year, the company employed an average of 90 employees (not including Executive Board, trainees, and temporary employees).

Karlsruhe, February 27, 2009

asknet Aktiengesellschaft
Electronic Business Solutions
– The Executive Board –

Gerald Prior   Dr. Dietmar Waudig   Michael Konrad

Statement of Changes in Fixed Assets

2008

		Cost			
		Jan. 1, 2008 in € thousands	Additions in € thousands	Disposals in € thousands	Dec. 31, 2008 in € thousands
I.	**Intangible fixed assets**				
	Concessions, industrial and similar rights and assets, and licenses in such rights and assets	581	69	0	650
II.	**Tangible fixed assets**				
	Other equipment, operating and office equipment	646	33	137	542
III.	**Long-term financial assets**				
	Shares in affiliated companies	83	60	0	143
	Loans to affiliated companies	215	0	38	178
	Other long-term equity investments	277	0	0	277
		574	**60**	**38**	**597**
		1,801	**163**	**175**	**1,789**

Depreciation, amortization and write-downs				Carrying amount	
Jan. 1, 2008 in € thousands	Additions in € thousands	Disposals in € thousands	Dec. 31, 2008 in € thousands	Dec. 31, 2008 in € thousands	Dec. 31, 2007 in € thousands
456	89	0	545	105	125
457	88	136	409	133	189
0	0	0	0	143	83
0	0	0	0	178	215
185	15	0	200	77	92
185	**15**	**0**	**200**	**397**	**389**
1,098	**192**	**136**	**1,154**	**635**	**703**

Report of the Supervisory Board

Dear Shareholders,

In fiscal year 2008, the Supervisory Board performed our tasks and duties in accordance with the law and the articles of association. In an intensive and ongoing dialog with the Executive Board, we received regular, up-to-date, and comprehensive information on business developments, performance, and perspectives of asknet AG. We also kept abreast of investment projects and other special topics. The Supervisory Board made certain that the Executive Board was carrying out risk management in a due and proper manner and in accordance with section 91(2) of the German Stock Corporation Act (AktG – Aktiengesetz); that the system was being implemented effectively; and that the company was being managed in a due and proper manner and in full compliance with the law. As a result the Executive Board was able to comply with its legal and internal reporting requirements in full and in a timely manner. The Supervisory Board advised and oversaw the Executive Board on matters relating to business strategy. This included cooperation between the Executive Board and Supervisory Board in planning projects and determining the strategic focus of asknet AG.

The executive management provided written and oral reports, both within and outside the regular Supervisory Board meetings. The Supervisory Board was directly involved in all decisions and planning of material importance to the company. The Supervisory Board complied fully with the law and the articles of association in participating in or deciding on the matters required therein. After thorough examination and discussion, the Supervisory Board approved the Executive Board's proposed resolutions insofar as was required by the law, the articles of association, or the bylaws of the Executive Board. The Executive Board provided the Supervisory Board with the necessary documentation for the topics under consideration in good time; the Supervisory Board requested and received additional information from the Executive Board as necessary and reviewed the documents and contracts in question.

The Executive Board and the Supervisory Board have a long history of close cooperation and open dialog based on mutual trust. In fiscal year 2008, a total of Five Supervisory Board meetings were held – one in each quarter and one on May 30, 2008 following the election of a new Supervisory Board and held in conjunction with the company's annual meeting. All members of the Supervisory Board participated in the Supervisory Board meetings held in 2008. In addition, the Executive Board and the Supervisory Board remained in close communication, exchanging information by telephone and holding further discussions as necessary. Individual resolutions were also approved by all Supervisory Board members in writing in lieu of a meeting.

At the quarterly meetings, the company's current business position was a regular topic on the agenda. Discussion included the results for the most recent quarter, the cumulative results for the year to date, an analysis of targets and actual performance figures, and the projected results for the fiscal year. The Chairman of the Supervisory Board continued to regularly exchange information and ideas on the company's business as well as other important issues affecting asknet AG.

Key topics addressed by the Supervisory Board

In addition to our ongoing discussions on company performance, the Supervisory Board focused on a number of key topics in this reporting year.

In our meeting of March 12, 2008, we addressed the usual subjects of performance and outlook, with a particular emphasis on the results presented in the 2007 annual report as well as the approval of the consolidated financial statements based on the recommendations of the audit committee. We also discussed the change of our representative in Japan (asknet BB) and the related founding of a new company in that country (asknet K.K.), as well as preliminary matters concerning the planned stock option plan.

At the Supervisory Board meeting on May 29, 2008, the agenda included general discussion of the company's position (first quarter results of 2008), decisions regarding the stock option plan (pending approval at the annual general meeting), and additional presentations and discussions on asknet AG's strategy.

At our meeting on September 18, 2008, we discussed company performance (half-year results for 2008) as well as changes in the second tier of management. In addition, the Executive Board delivered a first prognosis for the 2009 fiscal year in light of the worsening financial crisis.

The company results for the first three quarters of 2008 were addressed at our meeting on December 16, 2008, and the Executive Board presented and discussed its planning for 2009. In the course of these discussions, the Executive Board and the Supervisory Board determined that the largest possible degree of flexibility would be necessary in the 2009 planning due to the continued turbulence in the financial markets. In order to give due consideration to general economic developments as well as to company performance at the beginning of 2009, the planning for 2009 and the three-year planning was reviewed again in January 2009 and finalized at that point.

Additional Supervisory Board resolutions, which were typically discussed in detail at the abovementioned meetings or in Supervisory Board telephone conferences and then finalized via the circulation of written documents, included:

- Publication of directors' dealings (purchase or sale of asknet shares by members of its Executive or Supervisory Boards)

- Reappointment of board members Dr. Dietmar Waudig and Mr. Michael Konrad, whose terms and contracts of service have been extended until December 31, 2010.

- Legal changes in the context of the reorganization of the company's representation in Japan

- Analysis of the Executive Board's performance in meeting their objectives for the 2007 fiscal year, as well as the establishment of a new set of targets for the Executive Board in the 2008 fiscal year.

Early in the 2008 fiscal year the Executive Board, with the full support of the Supervisory Board, began to prepare for the possible affects of the global financial crises, e.g. a short-term decrease in company growth.

Supervisory Board committees

In the 2008 fiscal year, the audit committee, which is specifically responsible for the preparatory review and discussion of the documentation for the annual financial statements, met on March 11, 2008. In this meeting, auditors from the company Ernst & Young AG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Mannheim (hereinafter referred to as Ernst & Young) reported on the findings of their audit of the annual financial statements. The members of the audit committee asked the auditors questions and discussed the findings of the audit in detail. In addition, the members of the audit committee and the other members of the Supervisory Board subjected the monthly reporting of the Executive Board to critical review and discussed their detailed questions with the Executive Board.

The personnel committee, which lays the groundwork for any personnel decisions made by the Supervisory Board, was occupied in the first quarter of 2008 with the extension of the Supervisory Board terms of Dr. Dietmar Waudig and Mr. Michael Konrad.

Annual general meeting

asknet AG's regular annual general meeting was held on May 30, 2008. The most important items on the agenda were granting discharge to the Executive Board and the Supervisory Board, the adoption of the stock option plan, and the election of members of the Supervisory Board. The management's proposals regarding the individual agenda items were carried by a large majority of the shareholders present.

Audit of the annual financial statement

At the annual general meeting on May 30, 2008, Ernst & Young was selected to perform the audit of the financial reports for the 2008 fiscal year. Ernst & Young audited asknet AG's annual financial statement for the period ending December 31, 2008, the consolidated financial statements for the period ending December 31, 2008, and the management reports of asknet AG and the asknet Group. These were all issued without reservations on the part of the auditor. asknet AG's annual financial statement and the consolidated financial statements were prepared in accordance with the German Commercial Code (HGB – Handelsgesetzbuch).

The annual financial statement, consolidated financial statements, management reports, and Ernst & Young's audit reports were provided to all members of the Supervisory Board in a timely manner. In a meeting held on March 18, 2009, the auditors presented the findings of their audit to the asknet AG Supervisory Board's audit committee, who then asked the auditors supplementary questions. The audit committee recommended that the Supervisory Board approve the annual financial statement, the consolidated financial statements, and the management reports of asknet AG and the asknet Group.

asknet AG's annual financial statement, the consolidated financial statements, and the management reports for the 2008 fiscal year were examined in detail by the Supervisory Board. Based on our own review of the audit, the Supervisory Board raised no objections and concurred with the audit results provided by Ernst & Young. With its resolution of March 18, 2009, the Supervisory Board of asknet AG therefore expressed its unreserved approval of the annual financial statement presented by the Executive Board in accordance with section 172 of the German Stock Corporation Act (AktG – Aktiengesetz). In addition, the Supervisory Board approved the consolidated financial statements, the asknet AG management report, and the asknet Group management report.

Composition of the Executive and Supervisory Boards

There were no changes in the composition of the Supervisory Board during the reporting year. In the Supervisory Board elections held in conjunction with the annual general meeting on May 30, 2008, all members of the Supervisory Board were re-elected. At our constitutive assembly held on May 30, 2009, the Supervisory Board elected Dr. Joachim Bernecker as Chairman and Mr. Thomas Krüger as Deputy Chairman. As already mentioned in the April 2008 Supervisory Board report, Mr. Gerhard Rumpff left the Executive Board of asknet AG effective January 31, 2008; Mr. Gerald Prior took on the position of Chairman of the Executive Board starting in September 2007.

The Supervisory Board of asknet AG would like to take this opportunity to thank all the company's employees and the Executive Board for their committed work and outstanding performance in the 2008 fiscal year, and wishes asknet AG every success in the 2009 fiscal year.

Karlsruhe, March 30, 2009

The Supervisory Board

Dr. Joachim Bernecker

Chairman of the Supervisory Board

Acknowledgements / Contact Information

asknet AG
Vincenz-Priessnitz-Str. 3
76131 Karlsruhe
Germany

Tel.: + 49 (0) 7 21 / 9 64 58 - 0
Fax: + 49 (0) 7 21 / 9 64 58 - 99
eMail: info@asknet.com
Internet: www.asknet.com

Investor Relations Contact
Kirsten Neininger
asknet AG
Tel.: + 49 (0) 7 21 / 9 64 58 - 63 99
eMail: kirsten.neininger@asknet.com

Commercial Register
Mannheim Local Court HRB 108713

Concept, Design and Realization
DigitalAgentur mpm, Mainz, Germany
www.digitalagentur-mpm.de

Text
asknet AG, Karlsruhe, Germany
DigitalAgentur mpm, Mainz, Germany

Photos
Photo archive asknet AG

Financial Calendar

May 15, 2009:	Publication of results for Q1 2009
June 26, 2009:	Annual General Meeting
August 14, 2009:	Publication of the half-yearly report
November 13, 2009:	Publication of results Q3 2009

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info@asknet.com | www.asknet.com

asknet AG
Company Headquarters

Vincenz-Priessnitz-Str. 3
76131 Karlsruhe
Germany

phone: + 49 (0) 7 21 9 64 58 - 0
fax: + 49 (0) 7 21 9 64 58 - 99

asknet Inc.
US Headquarters

Russ Building
235 Montgomery St, Suite 1025
San Francisco, CA 94104
USA

phone: + 1 (415) 3 52 - 26 10
fax: + 1 (415) 3 52 - 26 11

asknet K.K.

3F AIG Kabutocho Bldg.
5-1 Nihonbashi Kabutocho
Chuo-Ku, Tokyo 103-0026
Japan

phone: + 81 (0)3 68 68 - 49 00
fax: + 81 (0)3 68 68 - 49 50