ask|net
leading in global eCommerce

Accelerate your eSales in the Digital Marketplace.

Annual Report 2010

Content

Letter to our Shareholders

Dear Shareholders,

The global economy recovered somewhat from the consequences of the global crisis in 2010. Although the effects of the crisis were still noticeable, total economic performance accelerated surprisingly quickly after the deep recession. In the second half of the year, this momentum slowed down again but the economy nevertheless continued growing. The sentiment in the eCommerce sector remained positive as before on account of the soaring number of internet users and broadband connections and a remarkable increase in mobile data transfer. The global market for electronic software distribution – online software sales – again recorded higher growth rates than the entire software market.

In this environment, we increased our online transaction volume by around 13 percent to 94.9 million euros in the past fiscal year. As a considerable number of transactions were concluded via service provider agreements, Group sales went up by just 5.4 percent to 72.7 million euros. Gross profits on the other hand, which are a better indicator of the growth of our Group, went up by 9.4 percent to 10.6 million euros – and our gross profit margin improved significantly from 14.0 percent to 14.5 percent. We were able to almost halve our loss from the previous year to 0.62 million euros. In the fourth quarter of 2010, which is always a strong season, profits before taxation came to 0.12 million euros.

In fiscal year 2010, we generated two thirds of our transaction revenues outside of Germany. This clearly reflects the international orientation of our Group. New customer agreements with software publishers around the world such as iS3, Seagate and Norman, and the expansion of the cooperation partner network in the eDistribution segment strengthened our global position. Our outsourcing solutions stand out with their unrivaled coverage, flexibility and adaptability. Our online shops support 31 languages and enable our customers to sell their products and services in more than 170 countries around the world. Shops are tailored to the specific requirements of each country, right down to payment options in local currencies. Our global eCommerce portfolio features 37 different billing currencies, 36 payment and billing methods and 12 customer service languages. This gives us a distinct competitive advantage, which we aim to further strengthen in the future. The expansion of our ePortals segment into Switzerland also opened up a new revenue stream for our company. This segment of the business contributed approximately one third of our total sales in 2010.

It is our strategic goal to fully exhaust the potential of our scalable business model. Together with stringent cost control, our international orientation and the consistent expansion of our portfolio and customer base, we will continue to focus all our efforts on achieving sustainable profitability.

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

Sincerely,

The Executive Board of asknet AG

Michael Scheib | Michael Konrad | Dr. Dietmar Waudig

Management Report

asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe, Germany

Company Management Report 2010

Business Operations

asknet is a leading supplier of outsourcing solutions for global online software sales (electronic software distribution – ESD). Technology developed by asknet is fully scalable and highly flexible. The company operates in two business areas. In the eDistribution segment, asknet develops online shops for software publishers that are optically and technically fully integrated in their website. asknet also manages all sales processes, from product selection and payment processing to the delivery of the software. Multilingual customer service and online marketing services in cooperation with leading providers in this sector round off asknet's portfolio. In addition to the tailored eCommerce solutions for customers in the sector, asknet's ePortal segment provides comprehensive eProcurement portals for software and hardware solutions in both research and education.

The company's outsourcing solutions stand out with their unrivaled coverage, flexibility and adaptability. The online shops of asknet AG support 31 languages and enable asknet customers to sell their products and services in more than 170 countries around the world. Shops are tailored to the specific requirements of each country, right down to payment options in local currencies. asknet's global eCommerce portfolio features 37 different billing currencies, 36 payment and billing methods and 12 customer service languages.

Market Development

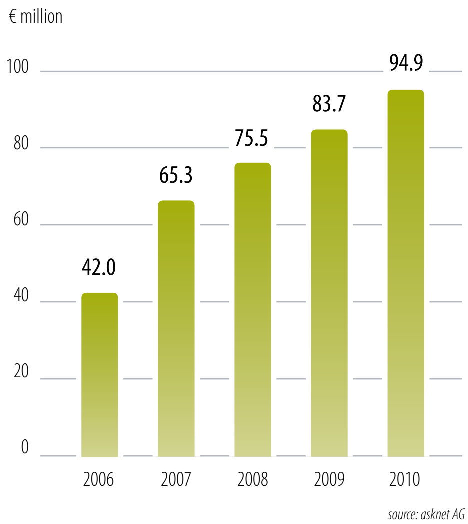
In 2010, the global economy recovered from its collapse in the wake of the global financial crisis. The global gross domestic product dropped by 0.9 percent in 2009, but then rose again steeply in 2010. According to the forecast by the Kiel Institute for the World Economy (Kieler Institut für Weltwirtschaft – IfW), this rise is likely to have amounted to 4.8 percent in the full year 2010. However, the global economic upturn lost a lot of momentum during the course of the year. Global trade showed the biggest signs of an economic slow-down – it barely went up any more at all in the second half of the year. Growth in the developing and emerging countries, which had been very strong until spring, slowed down dramatically, and foreign trade in the developed countries dropped slightly at the same time. The IfW expects the total gross domestic product in the industrialized countries to have increased by 2.4 percent in the full year 2010. The economic upturn remained mediocre in the USA, Japan and the European Union. The German economy grew again strongly according to information provided by the Federal Statistical Office (Statistisches Bundesamt). Germany's adjusted gross domestic product rose by 3.6 percent, the highest since the reunification. The economy recovered mainly in spring and summer of 2010. In 2009, Germany was still going through the worst recession in post-war times, with its GDP slumping by 4.7 percent.

Internet World Stats' market research results indicate that around 2 billion people had access to the World Wide Web in 2010. This corresponds to around 29 percent of the global population. The number of Internet users has therefore gone up by more than five times in the past 10 years and is constantly growing. The most important region in terms of growth and absolute figures is Asia, followed by Europe and North America. Around 80 percent of all Internet users come from these three regions. The majority of users are in China (about 420 million), USA (approximately 240 million) and Japan (around 99 million). In Europe, Germany is the leading country with 65 million users and comes in sixth place world-wide after India (about 81 million) and Brazil (around 75 million). In terms of continents, 42 percent of global users access the Internet from Asia. But this figure corresponds to just one in five Asian people. In Germany, the USA and Japan on the other hand, almost 80 percent of the inhabitants are already connected.

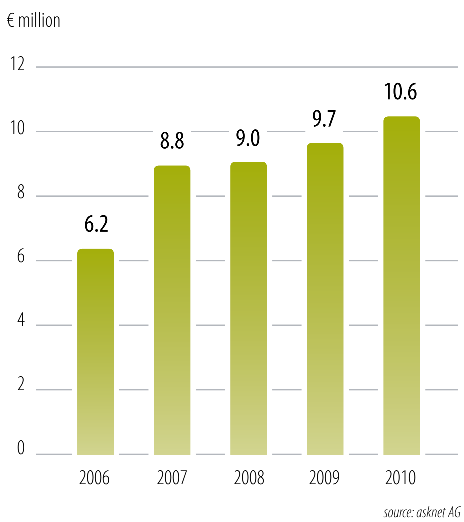
The market analysts from Point Topic recorded broadband user number 500 million at the end of June 2010 (data rate for downstreams faster than 256 KBit/s), meaning that every fifth household in the world has access to fast Internet. China is currently the leader, both in growth and absolute figures, with around 124 million connections, followed by the USA and Japan. Germany ranks number four globally and number one in Europe with around 26.5 million broadband connections. At the moment, the rate for broadband connections in the Western industrialized countries comes to around 30 percent. Mobile broadband is also booming as mobile technologies are becoming faster and faster. Mobile data use is soaring at a rapid pace as the number of Smartphones, USB modems as well as more and more tablets and other computers with integrated WiFi modems is rising.

In 2010, consumers continued to show an unwaning interest in buying online. The positive sentiment in the eCommerce sector changed little over the year. Online trade continues to show positive growth rates. The German Retail Federation (Handelsverband Deutschland – HDE) expects sales of 23.7 billion euros from online trade for the full year 2010, a rise of 8 percent year on year. In the IT sector, all signs are set for growth again after the slump in 2009. According to the forecasts of the high-tech association BITKOM, the total volume of software sales in Germany amounted to 14.6 billion euros in

Development of online transaction revenues (in EUR million)



Development of gross profits (in EUR million)



2010, an increase of 2.4 percent compared to 2009. According to these figures however, growth in Germany is still below the global average. The global software market went up by 3.6 percent to around 300 billion US dollars in 2010 according to the market research organization International Data Corporation (IDC). Online software sales achieved even greater growth rates. IDC states that the global market for electronic software distribution (ESD) totaled 36.7 billion US dollars in 2010, a 27.9 percent increase year on year.

Performance and growth

Sales and operating results

Supported by the traditional year-end upturn in business, the fourth quarter of 2010 was profitable, as in the previous year. Rising sales and a sustained reduction in structural costs helped lower the net operating losses for the full year.

The sales revenues of asknet AG were 72.7 million euros in 2010, of which 48.4 million euros came from the eDistribution segment and 24.3 million euros from ePortals. The company generated sales growth of 5.4 percent or 3.7 million euros year on year. It must be taken into consideration however, that a large part of these sales were concluded via service provider agreements, in which only the service fee is recorded as sales in asknet's income statement. The total number of eCommerce transactions processed by asknet rose by approximately 13 percent, from 1,435,411 in 2009 to 1,618,741. Transaction revenues went up correspondingly from 83.7 million euros in the previous year to 94.9 million euros in the reporting period.

Gross profits, which better represent the growth of asknet AG than sales, went up by 9.4 percent to 10.6 million euros in the reporting period, of which 7.7 million euros came from eDistribution and 2.9 million euros from ePortals. Both segments also recorded almost the same percentage of growth. The gross profit margin of the company increased from 14.0 percent in the 2009 fiscal year to 14.5 percent.

The cost of materials went up from 59.5 million euros in the previous year to 62.4 million euros in 2010. This increase of 4.9 percent roughly corresponds to sales growth in the full year.

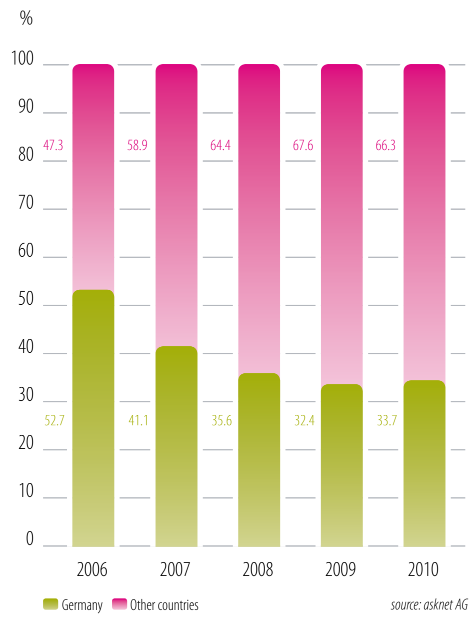
At 4.8 million euros, personnel expenses were down on the figure for the previous year of 5.0 million euros although the number of employees rose slightly in the reporting period. 87 people worked for the company at the end of 2010, including the Executive Board and excluding trainees and temporary employees. The percentage of personnel expenses in transaction revenues went down from 5.9 percent to 5.1 percent year on year.

Other operating expenses at asknet AG increased from 5.9 million euros in 2009 to 6.2 million euros in the period under review.

The company's operating result (EBIT) was – 0.78 million euros. Earnings before taxes (EBT) came to – 0.70 million euros in the full year. After interest and taxes, asknet AG recorded a net loss of 0.70 million euros for the year, therefore managing to considerably reduce the loss from the previous year. In 2009, net loss for the year still came to 1.24 million euros.

The international orientation of asknet is reflected in the high percentage of foreign end customer sales. The company generated 66.3 percent of transaction revenues abroad in the reporting period, with the USA being the largest market after Germany at 17.9 percent. The slight drop in foreign transaction revenues of 1.3 percentage points year on year mainly resulted from the positive development in the ePortals segment.

End customer sales by region (in %)



source: asknet AG

Account development

As part of asknet's internationalization, new customer agreements with globally active software publishers in the eDistribution segments are very important. The US software developer iS3, for instance, opted for asknet online solutions in 2010. The supplier of security software with headquarters in Florida appointed asknet to process a significant part of its online business, thereby replacing its previous inhouse solution. asknet managed to beat off competitors from the USA and Europe for this contract. iS3 provides security software for consumers and small companies. Its top product STOPzilla has been downloaded by more than 25 million users in 65 countries. asknet supports iS3 with the expansion of its international sales and marketing campaigns. With asknet's help, the company has already increased its global reach and created a comfortable online shopping experience for end customers. In order to achieve this, the iS3 eShops were customized with local shops and payment options to cater for the requirements of specific regions such as Great Britain, Germany, France and Spain.

New US customers are hard disk manufacturer Seagate Technology LLC and the Graduate Management Admission Council (GMAC). For Seagate Technology, asknet realized a solution to electronically transact and fulfill hard disc imaging and recovery software designed for system builders, value added resellers and IT managers. For GMAC, asknet operates the online shop mba.com, which supports 25 languages and provides end customers with the option to pay in six different currencies. GMAC is the leading global association for graduate business schools and also the owner and administrator of the GMAT test, which is available in more than 110 countries and is the most commonly used test for admission to graduate management studies.

In addition, asknet acquired the Norwegian company Norman ASA as a customer, replacing a large competitor. The global market leader and pioneer of proactive content security solutions and forensic malware tools transferred its global eCommerce activities to asknet. In the new online shops set up by asknet, end customers are greeted in one of 25 languages, according to region, and given the option to pay in all relevant billing currencies and with regionally preferred payment methods. Sales figures as well as conversion rates confirm the appeal of these shops. Instead of addressing end customers only, asknet also integrated a global reseller sales function in the new eShop, therefore representing an established, up to now non-digital sales channel. The specific requirements for each reseller were entered in the system, thus enabling automatic processing of sales partners' orders and deliveries. By doing so, asknet has made a significant contribution to expanding Norman's reseller sales growth market with a minimum risk of errors and while lowering costs at the same time.

In Germany, asknet acquired Dolphin Media Germany AG, a specialist for modern Internet child safety software solutions. The company's product Dolphin Secure is an all-in-one package for protecting children from unsuitable online contents and anonymous contact requests. asknet operates the German online shop, which offers three and 12 month subscriptions.

In the ePortals segment, for academic software portals, asknet continued to cement its position as market leader in Germany by acquiring further German universities and colleges as new portal customers. In the 2010 fiscal year, for instance, the Free University of Berlin, the universities in Rostock and Greifswalde, Beuth University of Applied Sciences, Berlin, and the Berlin School of Economics and Law opted for asknet's customized solutions. As asknet already supplies around 80 percent of all German universities with software products, growth in Germany is reaching a natural limit. asknet has created new perspectives for this segment by expanding into Switzerland. The University of Basel was already acquired as a new portal customer in the reporting period.

Business with existing customers also developed positively. Large key customers continued to expand their activities with asknet. In the eDistribution segment, Panda Security in particular, one of the leading global developers in the antivirus market, increased sales with a new release. Steinberg software, one of the largest audio software developers in the world, also released its new product WaveLab 7 in the third quarter. In addition, the company appointed asknet to implement its box business as well as the logistics and deliveries of CDs and DVDs in the entire US region in mid-2010.

Cooperation partners

In 2010, asknet expanded its cooperation partner network to increase its global eCommerce portfolio and to improve the conversion rate and online sales among its customers. The online sales payment process is extraordinarily important for the satisfaction of end customers, in fact it is one of the key factors for the success of the entire shop. All software developers wanting to sell their products in the extremely interesting Chinese market, for instance, benefit from the cooperation with Alipay, which asknet established in February 2010. Alipay is China's leading online payment service provider with the most popular and most used Chinese eCommerce payment method. The company has more than 270 million registered users and a daily transaction volume of over 176 million US dollars generated from more than 5 million transactions a day. As a partner of the five most important national banks, including the Bank of China, and over 40 other large local banks, Alipay provides end users with an alternative to credit card payments, which are unpopular among the Chinese population. Alipay uses a fiduciary system for processing payments. It minimizes the settlement risk of transactions and is one of the major drivers in the Chinese eCommerce sector. Alipay also supports suppliers with marketing campaigns that are specifically tailored for the Chinese market.

The cooperation with Klarna AB is another example of asknet's strategy to integrate exactly those payment options that best suit the requirements of the local markets in its online shops. The Swedish financial service provider has been one of Scandinavia's leading providers of eCommerce payment solutions since it was established in 2005. By now, Klarna has representations in Sweden, Norway, Finland, Denmark, Germany and the Netherlands and has processed 8 million transactions with an annual volume of 500 million euros. Around 5,500 online shops use Klarna's services.

In addition, asknet entered into further cooperations and partnerships during the reporting period, including Baynote, an innovative provider of intelligent online solutions, Rebate Delivery, the global leader for "money back transactions" in the eCommerce sector, and the German full service provider living-C.

Employees

As of December 31, 2010, asknet AG employed 87 people, including the Executive Board; in 2009 the number was 85. When trainees and temporary employees are included in the figure, as of December 31, 2010, asknet AG had 112 employees; at the same point in 2009 the company employed 115 people.

Net assets and financial position

As of December 31, 2010, asknet AG's total assets increased to approximately 14.7 million euros, compared to 13.4 million euros in 2009. Total equity went down by 0.7 million euros to 4.4 million euros on account of the operating losses in the reporting period, corresponding to an equity ratio of 30 percent. asknet AG's liquidity increased from 7.7 million euros at the end of 2009 to 8.4 million euros as of December 31, 2010 due to active cash management and temporary shifts in working capital.

asknet AG's liabilities rose by 2.2 million euros to 9.1 million euros, of which 90 percent came from a rise in trade payables. The company did not have any financial obligations as of the balance sheet date. Cash flows from operating activities were positive at 0.8 million euros.

Risk Report

Like every provider, which is positioned in eDistribution, asknet is dependent on several factors that cannot be directly influenced by the company, for example global economic developments. Producers of software must generally continue to rely on online distribution channels and, accordingly, generate demand for the operation of online shops. Furthermore, these software developers must be willing to outsource the operation of their shops to external service providers such as asknet.

asknet has always been very successful in maintaining solid customer relationships. It would be detrimental to asknet if individual vendors chose not to continue their partnerships with asknet. This especially applies to the key accounts that play a major role in asknet's business volume.

This is one reason that asknet makes continuous efforts to limit asknet's dependency on individual customers by acquiring new accounts and broadening the customer base. In 2010, asknet's 10 most important customers were responsible for approximately 62 percent of the company's gross profits. Against this background, asknet identified increased acquisition activities on the part of asknet's largest competitors on the market. If one or more key customers should decide to terminate or fail to renew their contract with asknet, this could have a negative impact on the company's net assets, financial position, and operating results. When it comes to smaller competition, asknet faces fewer risks. With its portfolio of products and services, asknet has set itself apart from its smaller competitors, especially in terms of coverage of international markets.

Another adverse affect for asknet's net assets, financial position, and operating results could develop if expansion in other markets proved unprofitable. This is always the case when the costs associated with expansion (for premises, marketing, sales, etc.) are not more than offset by sufficient growth in sales.

In order for the scalability of asknet's business model to develop to its full potential, increases in sales that are independent of one-off effects or seasonal fluctuations are necessary. Whether or not a sustainable increase in sales is possible will depend in part on circumstances beyond asknet's control, for example overall economic developments, general consumer behavior and the savings rate, vendor product strategy, and the success of producers' marketing strategies as well as their products' market maturity and the resulting competitive pressure.

In view of the general economic environment and current business developments, strategic opportunities in the interest of asknet are currently being evaluated. Should it be impossible to find suitable partners, the company will be forced to adjust the cost side in accordance with sales developments to generate profits in a timely and sustainable manner.

The equity ratio remains solid, which means asknet does not foresee any financial bottlenecks in 2011. The Group's reporting and Group currency is the euro. However, some business is transacted in other currencies. For this reason, periodic fluctuations in individual currencies can affect the revenues and profits of asknet. The company continuously monitors potential exchange rate risks related to balance sheet items as well as anticipated cash flows.

One pillar of asknet's financial health is the highly qualified professionals whom asknet employs. The staff identifies strongly with the company, which guarantees that they are highly motivated and productive. The personal skills and knowledge of the company's employees are a deciding factor for the success of asknet. Fluctuations carry the risk of losing these competences and therefore losing ground to competitors.

Any impaired functionality of asknet's operating systems caused by technical breakdown or the discontinuation of outsourced IT services at short notice could damage asknet's image and financial position, which in turn could have a negative impact on asknet's net assets, financial position, and operating results.

In order to monitor such risks on an ongoing basis, asknet has developed its own control system, which asknet continually adapts and improves. The company's goal is to utilize the collected financial and performance indicators to prevent potential risks from occurring and to accelerate asknet's strategic development. In addition, asknet remains in constant dialog with the most important credit card companies and payment providers so asknet can react quickly to changes in parameters and offer a technical infrastructure for online payments with maximum security. In achieving the PCI (payment card industry) Level 1 certification, asknet has taken an important step to reducing potential risk in this area.

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

Post balance sheet events

There were no material events that affected the company's net assets, financial position, and results of operations after the balance sheet date on December 31, 2010.

Outlook

The growth of the global economy is expected to slow down again this year compared to 2010. According to IfW forecasts, the global gross domestic product in 2011 will rise by 3.6 percent, a rate roughly corresponding to the long-term average but considerably down on the years prior to the financial crisis. The IfW anticipates the total gross domestic product of the industrialized countries to increase by 1.9 percent in 2011 from 2.4 percent in the previous year. The so-called "BRIC" states, on the other hand, are expected to have an excellent growth forecast and to gain in importance in the scheme of the global economy. According to expert opinion, Brazil, Russia, India and China, the four largest emerging countries, will account for more than 60 percent of global growth in the coming years. They already represent over 40 percent of the global population and almost 15 percent of the global gross domestic product today. Goldman Sachs forecasts economic growth of 8.6 percent in 2011 for this group of countries. The US investment bank's estimate is therefore considerably higher than the general consensus of 7.8 percent. In the USA, Japan and the European Union, on the other hand, the economic upturn is expected to be much slower. The German gross domestic product is expected to grow by 2.3 percent this year.

The positive sentiment in the eCommerce sector remains unchanged. Online trade is anticipated to show positive growth rates. The soaring number of Internet users and broadband connections throughout the world support these expectations. The United Nation aims to provide half of the world's population with access to fast Internet connections within the next five years. The mobile operator Ericsson continues to anticipate that the number of mobile broadband contracts will double to over 1 billion in 2011. The Asia/Pacific region is fast becoming the main driving force in this sector, with around half of the 3.8 billion broadband contracts estimated for 2015 coming from there, according to Ericsson's forecast. China is currently planning to significantly expand its eCommerce sector by developing and implementing a standard electronic payment method for cell phones. This goal is included in the current five-year plan of the Chinese government, which talks about increasing trade in the eCommerce sector by four times until 2015.

The German Trade Association (Handelsverband Deutschland) anticipates online trade sales in Germany to rise by 10 percent to 26.1 billion euros in the current year. According to BITKOM, sales in the German software sector will reach the pre-crisis levels from 2008 again and increase by 4.2 percent to 15.2 billion euros in 2011. In the opinion of IDC and Gartner analysts, the global software market will be capable of growing between 6 percent and 7 percent annually in the coming years, with China leading the field with an average growth of 14.6 percent. Online software sales achieved even greater growth rates. The global ESD market will grow by more than 80 percent to around 67.2 billion US dollars in the next three years, according to IDC's estimates, corresponding to a share in the entire software market of approximately 19 percent.

The strategic goal of asknet is to fully exhaust the potential of the scalable business model in the future. In order to generate sustainable growth, the company is increasingly focusing on acquiring new customers and expanding its business with existing customers as well as realizing new business opportunities. The integration of established reseller sales in the asknet eDistribution platform is just one example of how asknet derives new offers for current and potential customers from existing expertise. asknet's sales partner module eChannel provides resellers with a simple solution for being integrated in the eCommerce channels of the software publishers and to improve the sales strategies of the sales partners with the help of optimized online processes. The asknet solution automates the complete ordering process, from the registration of the sales partners and automatic delivery to country and reseller-specific payment options. It also provides software publishers with the advantages of increased throughput times and reduced logistics and administrative costs. In addition, software publishers gain a comprehensive overview of all activities and their sales partners' customers thanks to the expanded reporting function. asknet already integrated the reseller sales function in the online shop of the Norwegian company Norman ASA.

Apart from the eChannel segment, asknet is also consistently developing its ePayment platform. At the end of last year, the company offered 37 different billing currencies and 36 payment and billing methods in its global eCommerce portfolio. Online sales around the world are being securely processed with this platform and the know-how of asknet's experienced payment experts. asknet is focusing on increasing the revenues of its customers, reducing their administrative costs and reacting quickly to new market trends. asknet also supports software publishers with the marketing of new business models such as Cloud Services and subscriptions.

The way has been paved for achieving sustainable profitability. Ongoing and steady developments that are not based on one-off effects but on asknet's scalable business model strategy, stringent cost control, asknet's internatio-nal orientation and consistent expansion of the products, services and customer base are a guaranteed way of improving future operating results. The Executive Board has once again made this its mission in 2011.

asknet will also continue its tradition of providing all company stakeholders with information that exceeds the reporting duties of the Entry Standard. asknet aims to maintain a high degree of transparency by choosing to publish documents such as asknet's quarterly reports and directors' dealings.

The Executive Board of asknet AG would like to thank all employees for their hard work and commitment in 2010.

Karlsruhe, March 4, 2011
asknet AG – The Executive Board

Michael Scheib Michael Konrad Dr. Dietmar Waudig

asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe, Germany

Group Management Report 2010

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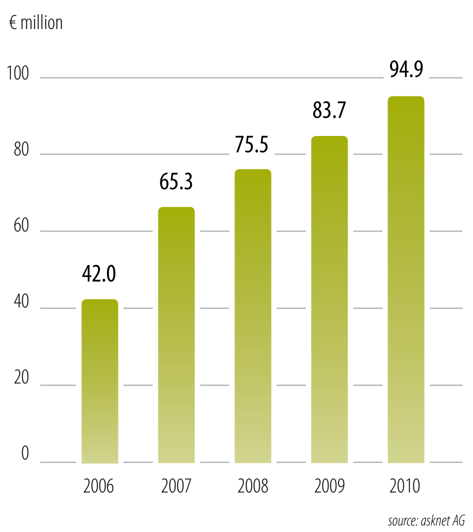
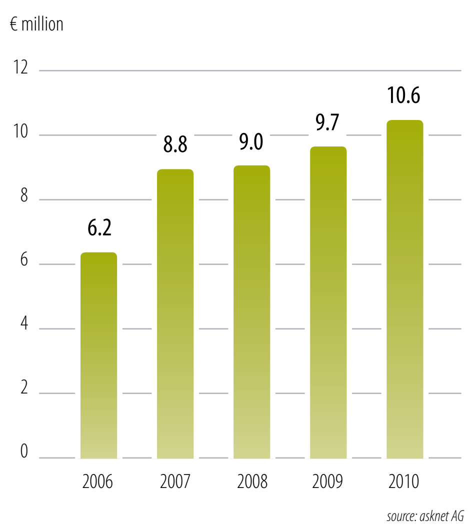


Development of gross profits (in EUR million)



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Supported by the traditional year-end upturn in business, the fourth quarter of 2010 was profitable, as in the previous year. Rising sales and a sustained reduction in structural costs helped lower the net operating losses for the full year.

asknet Group sales revenues were 72.7 million euros in 2010, of which 48.4 million euros came from the eDistribution segment and 24.3 million euros from ePortals. The whole Group generated sales growth of 5.4 percent or 3.7 million euros year on year. It must be taken into consideration however, that a large part of these sales were concluded via service provider agreements, in which only the service fee is recorded as sales in asknet's income statement. The total number of eCommerce transactions processed by asknet rose by approximately 13 percent, from 1,435,411 in 2009 to 1,618,741. Transaction revenues went up correspondingly from 83.7 million euros in the previous year to 94.9 million euros in the reporting period.

Gross profits, which better represent the growth of the Group than sales, went up by 9.4 percent to 10.6 million euros in the reporting period, of which 7.7 million euros came from eDistribution and 2.9 million euros from ePortals. Both segments also recorded almost the same percentage of growth. The gross profit margin of asknet Group increased from 14.0 percent in the 2009 fiscal year to 14.5 percent.

The cost of materials went up from 59.5 million euros in the previous year to 62.4 million euros in 2010. This increase of 4.9 percent roughly corresponds to sales growth in the full year.

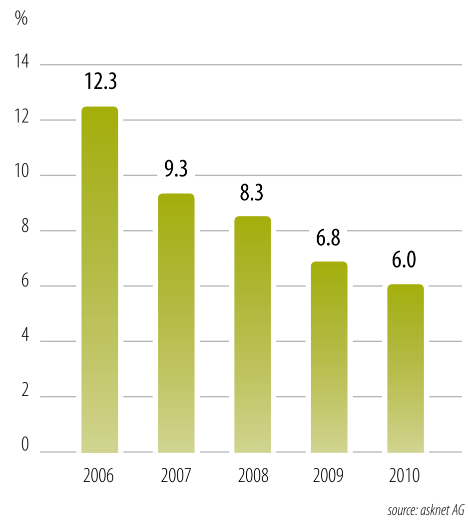
At 5.7 million euros, personnel expenses were the same as in the previous year although the number of employees rose slightly in the reporting period. 98 people worked for the asknet Group at the end of 2010, including the Executive Board and excluding trainees and temporary employees. The percentage of personnel expenses in transaction revenues went down from 6.8 percent to 6.0 percent year on year.

Other operating expenses at asknet Group increased from 5.0 million euros in 2009 to 5.3 million euros in the period under review.

asknet Group's operating result (EBIT) was – 0.66 million euros. Earnings before taxes (EBT) came to – 0.58 million euros in the full year. After interest and taxes, asknet Group recorded a net loss of 0.62 million euros for the year, therefore managing to considerably reduce the loss from the previous year. In 2009, net loss for the year still came to 1.15 million euros.

The international orientation of asknet Group is reflected in the high percentage of foreign end customer sales. The Group generated 66.3 percent of transaction revenues abroad in the reporting period, with the USA being the largest market after Germany at 17.9 percent. The slight drop in foreign transaction revenues of 1.3 percentage points year on year mainly resulted from the positive development in the ePortals segment.

Percentage of personnel expenses in transaction revenues (in %)

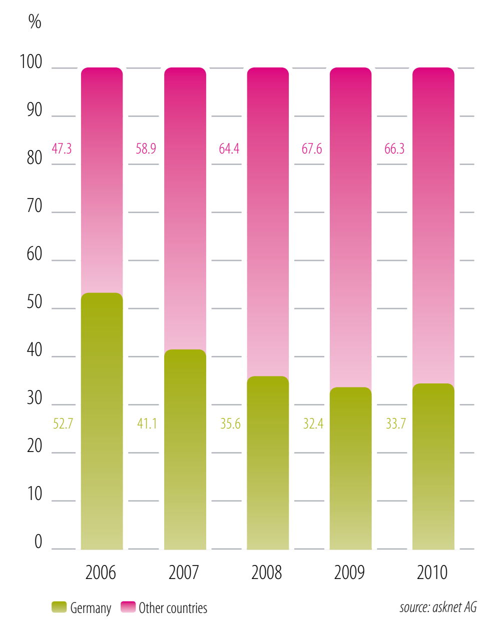


Account development

As part of the Group's internationalization, new customer agreements with globally active software publishers in the eDistribution segments are very important. The US software developer iS3, for instance, opted for asknet online solutions in 2010. The supplier of security software with headquarters in Florida appointed asknet to process a significant part of its online business, thereby replacing its previous inhouse solution. asknet managed to beat off competitors from the USA and Europe for this contract. iS3 provides security software for consumers and small companies. Its top product STOPzilla has been downloaded by more than 25 million users in 65 countries. asknet supports iS3 with the expansion of its international sales and marketing campaigns. With asknet's help, the company has already increased its global reach and created a comfortable online shopping experience for end customers. In order to achieve this, the iS3 eShops were customized with local shops and payment options to cater for the requirements of specific regions such as Great Britain, Germany, France and Spain.

New US customers are hard disk manufacturer Seagate Technology LLC and the Graduate Management Admission Council (GMAC). For Seagate Technology, asknet realized a solution to electronically transact and fulfill hard disc imaging and recovery software designed for system builders, value added resellers and IT managers.

End customer sales by region (in %)



For GMAC, asknet operates the online shop mba.com, which supports 25 languages and provides end customers with the option to pay in six different currencies. GMAC is the leading global association for graduate business schools and also the owner and administrator of the GMAT test, which is available in more than 110 countries and is the most commonly used test for admission to graduate management studies.

In addition, asknet acquired the Norwegian company Norman ASA as a customer, replacing a large competitor. The global market leader and pioneer of proactive content security solutions and forensic malware tools transferred its global eCommerce activities to asknet. In the new online shops set up by asknet, end customers are greeted in one of 25 languages, according to region, and given the option to pay in all relevant billing currencies and with regionally preferred payment methods. Sales figures as well as conversion rates confirm the appeal of these shops. Instead of addressing end customers only, asknet also integrated a global reseller sales function in the new eShop, therefore representing an established, up to now non-digital sales channel. The specific requirements for each reseller were entered in the system, thus enabling automatic processing of sales partners' orders and deliveries. By doing so, asknet has made a significant contribution to expanding Norman's reseller sales growth market with a minimum risk of errors and while lowering costs at the same time.

In Germany, asknet acquired Dolphin Media Germany AG, a specialist for modern Internet child safety software solutions. The company's product Dolphin Secure is an all-in-one package for protecting children from unsuitable online contents and anonymous contact requests. asknet operates the German online shop, which offers three and 12 month subscriptions.

In the ePortals segment, for academic software portals, asknet continued to cement its position as market leader in Germany by acquiring further German universities and colleges as new portal customers. In the 2010 fiscal year, for instance, the Free University of Berlin, the universities in Rostock and Greifswalde, Beuth University of Applied Sciences, Berlin, and the Berlin School of Economics and Law opted for asknet's customized solutions.
As asknet already supplies around 80 percent of all German universities with software products, growth in Germany is reaching a natural limit. asknet has created new perspectives for this segment by expanding into Switzerland. The University of Basel was already acquired as a new portal customer in the reporting period.

Business with existing customers also developed positively. Large key customers continued to expand their activities with asknet. In the eDistribution segment, Panda Security in particular, one of the leading global developers in the antivirus market, increased sales with a new release. Steinberg software, one of the largest audio software developers in the world, also released its new product WaveLab 7 in the third quarter. In addition, the company appointed asknet to implement its box business as well as the logistics and deliveries of CDs and DVDs in the entire US region in mid-2010.

Cooperation partners

In 2010, asknet expanded its cooperation partner network to increase its global eCommerce portfolio and to improve the conversion rate and online sales among its customers. The online sales payment process is extraordinarily important for the satisfaction of end customers, in fact it is one of the key factors for the success of the entire shop. All software developers wanting to sell their products in the extremely interesting Chinese market, for instance, benefit from the cooperation with Alipay, which asknet established in February 2010. Alipay is China's leading online payment service provider with the most popular and most used Chinese eCommerce payment method. The company has more than 270 million registered users and a daily transaction volume of over 176 million US dollars generated from more than 5 million transactions a day. As a partner of the five most important national banks, including the Bank of China, and over 40 other large local banks, Alipay provides end users with an alternative to credit card payments, which are unpopular among the Chinese population. Alipay uses a fiduciary system for processing payments. It minimizes the settlement risk of transactions and is one of the major drivers in the Chinese eCommerce sector. Alipay also supports suppliers with marketing campaigns that are specifically tailored for the Chinese market.

The cooperation with Klarna AB is another example of asknet's strategy to integrate exactly those payment options that best suit the requirements of the local markets in its online shops. The Swedish financial service provider has been one of Scandinavia's leading providers of eCommerce payment solutions since it was established in 2005. By now, Klarna has representations in Sweden, Norway, Finland, Denmark, Germany and the Netherlands and has processed 8 million transactions with an annual volume of 500 million euros. Around 5,500 online shops use Klarna's services.

In addition, asknet entered into further cooperations and partnerships during the reporting period, including Baynote, an innovative provider of intelligent online solutions, Rebate Delivery, the global leader for "money back transactions" in the eCommerce sector, and the German full service provider living-C.

Employees

As of December 31, 2010, asknet Group employed 98 people, including the Executive Board. 87 worked at asknet AG and 11 at the subsidiaries asknet Inc., USA, and asknet K.K., Japan. When trainees and temporary employees are included in the figure, as of December 31, 2010, asknet Group had 123 employees.

Net assets and financial position

As of December 31, 2010, asknet Group's total assets increased to approximately 14.9 million euros, compared to 13.4 million euros in 2009. Total equity went down by 0.6 million euros to 4.4 million euros on account of the operating losses in the reporting period, corresponding to an equity ratio of 30 percent. asknet Group's liquidity increased from 8.0 million euros at the end of 2009 to 8.8 million euros as of December 31, 2010 due to active cash management and temporary shifts in working capital.

asknet Group's liabilities rose by 2.2 million euros to 9.2 million euros, of which 90 percent came from a rise in trade payables. asknet Group did not have any financial obligations as of the balance sheet date. Consolidated cash flows from operating activities were positive at 1.0 million euros.

Risk Report

Like every provider, which is positioned in eDistribution, asknet is dependent on several factors that cannot be directly influenced by the company, for example global economic developments. Producers of software must generally continue to rely on online distribution channels and, accordingly, generate demand for the operation of online shops. Furthermore, these software developers must be willing to outsource the operation of their shops to external service providers such as asknet.

asknet has always been very successful in maintaining solid customer relationships. It would be detrimental to asknet if individual vendors chose not to continue their partnerships with asknet. This especially applies to the key accounts that play a major role in asknet's business volume.

This is one reason that asknet makes continuous efforts to limit asknet's dependency on individual customers by acquiring new accounts and broadening the customer base. In 2010, asknet's 10 most important customers were responsible for approximately 62 percent of the Group's gross profits. Against this background, asknet identified increased acquisition activities on the part of asknet's largest competitors on the market. If one or more key customers should decide to terminate or fail to renew their contract with asknet, this could have a negative impact on the company's net assets, financial position, and operating results. When it comes to smaller competition, asknet faces fewer risks. With its portfolio of products and services, asknet has set itself apart from its smaller competitors, especially in terms of coverage of international markets.

Another adverse affect for asknet's net assets, financial position, and operating results could develop if expansion in other markets proved unprofitable. This is always the case when the costs associated with expansion (for premises, marketing, sales, etc.) are not more than offset by sufficient growth in sales.

In order for the scalability of asknet's business model to develop to its full potential, increases in sales that are independent of one-off effects or seasonal fluctuations are necessary. Whether or not a sustainable increase in sales is possible will depend in part on circumstances beyond asknet's control, for example overall economic developments, general consumer behavior and the savings rate, vendor product strategy, and the success of producers' marketing strategies as well as their products' market maturity and the resulting competitive pressure.

In view of the general economic environment and current business developments, strategic opportunities in the interest of asknet are currently being evaluated. Should it be impossible to find suitable partners, the Group will be forced to adjust asknet's cost side in accordance with sales developments to generate profits in a timely and sustainable manner.

The equity ratio remains solid, which means asknet does not foresee any financial bottlenecks in 2011. The Group's reporting and Group currency is the euro. However, some business is transacted in other currencies. For this reason, periodic fluctuations in individual currencies can affect the revenues and profits of asknet. The Group continuously monitors potential exchange rate risks related to balance sheet items as well as anticipated cash flows.

One pillar of asknet's financial health is the highly qualified professionals whom asknet employs. The Group's staff identifies strongly with the company, which guarantees that they are highly motivated and productive. The personal skills and knowledge of the Group's employees are a deciding factor for the success of asknet Group. Fluctuations carry the risk of losing these competences and therefore losing ground to competitors.

Any impaired functionality of asknet's operating systems caused by technical breakdown or the discontinuation of outsourced IT services at short notice could damage asknet's image and financial position, which in turn could have a negative impact on asknet's net assets, financial position, and operating results.

In order to monitor such risks on an ongoing basis, the Group has developed its own control system, which asknet continually adapts and improves. The Group's goal is to utilize the collected financial and performance indicators to prevent potential risks from occurring and to accelerate asknet's strategic development. In addition, asknet remains in constant dialog with the most important credit card companies and payment providers so asknet can react quickly to changes in parameters and offer a technical infrastructure for online payments with maximum security. In achieving the PCI (payment card industry) Level 1 certification, asknet has taken an important step to reducing potential risk in this area.

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

Post balance sheet events

There were no material events that affected the company's net assets, financial position, and results of operations after the balance sheet date on December 31, 2010.

Outlook

The growth of the global economy is expected to slow down again this year compared to 2010. According to IfW forecasts, the global gross domestic product in 2011 will rise by 3.6 percent, a rate roughly corresponding to the long-term average but considerably down on the years prior to the financial crisis. The IfW anticipates the total gross domestic product of the industrialized countries to increase by 1.9 percent in 2011 from 2.4 percent in the previous year. The so-called "BRIC" states, on the other hand, are expected to have an excellent growth forecast and to gain in importance in the scheme of the global economy. According to expert opinion, Brazil, Russia, India and China, the four largest emerging countries, will account for more than 60 percent of global growth in the coming years. They already represent over 40 percent of the global population and almost 15 percent of the global gross domestic product today. Goldman Sachs forecasts economic growth of 8.6 percent in 2011 for this group of countries. The US investment bank's estimate is therefore considerably higher than the general consensus of 7.8 percent. In the USA, Japan and the European Union, on the other hand, the economic upturn is expected to be much slower. The German gross domestic product is expected to grow by 2.3 percent this year.

The positive sentiment in the eCommerce sector remains unchanged. Online trade is anticipated to show positive growth rates. The soaring number of Internet users and broadband connections throughout the world support these expectations. The United Nation aims to provide half of the world's population with access to fast Internet connections within the next five years. The mobile operator Ericsson continues to anticipate that the number of mobile broadband contracts will double to over 1 billion in 2011. The Asia/Pacific region is fast becoming the main driving force in this sector, with around half of the 3.8 billion broadband contracts estimated for 2015 coming from there, according to Ericsson's forecast. China is currently planning to significantly expand its eCommerce sector by developing and implementing a standard electronic payment method for cell phones. This goal is included in the current five-year plan of the Chinese government, which talks about increasing trade in the eCommerce sector by four times until 2015.

The German Trade Association (Handelsverband Deutschland) anticipates online trade sales in Germany to rise by 10 percent to 26.1 billion euros in the current year. According to BITKOM, sales in the German software sector will reach the pre-crisis levels from 2008 again and increase by 4.2 percent to 15.2 billion euros in 2011. In the opinion of IDC and Gartner analysts, the global software market will be capable of growing between 6 percent and 7 percent annually in the coming years, with China leading the field with an average growth of 14.6 percent. Online software sales achieved even greater growth rates. The global ESD market will grow by more than 80 percent to around 67.2 billion US dollars in the next three years, according to IDC's estimates, corresponding to a share in the entire software market of approximately 19 percent.

The Group's strategic goal is to fully exhaust the potential of the scalable business model in the future. In order to generate sustainable growth, asknet Group is increasingly focusing on acquiring new customers and expanding its business with existing customers as well as realizing new business opportunities. The integration of established reseller sales in the asknet eDistribution platform is just one example of how asknet derives new offers for current and potential customers from existing expertise. asknet's sales partner module eChannel provides resellers with a simple solution for being integrated in the eCommerce channels of the software publishers and to improve the sales strategies of the sales partners with the help of optimized online processes. The asknet solution automates the complete ordering process, from the registration of the sales partners and automatic delivery to country and reseller-specific payment options. It also provides software publishers with the advantages of increased throughput times and reduced logistics and administrative costs. In addition, software publishers gain a comprehensive overview of all activities and their sales partners' customers thanks to the expanded reporting function. asknet already integrated the reseller sales function in the online shop of the Norwegian company Norman ASA.

Apart from the eChannel segment, asknet is also consistently developing its ePayment platform. At the end of last year, the Group offered 37 different billing currencies and 36 payment and billing methods in the Group's global eCommerce portfolio. Online sales around the world are being securely processed with this platform and the know-how of asknet's experienced payment experts. The Group is focusing on increasing the revenues of its customers, reducing their administrative costs and reacting quickly to new market trends. asknet also supports software publishers with the marketing of new business models such as Cloud Services and subscriptions.

The way has been paved for achieving sustainable profitability. Ongoing and steady developments that are not based on one-off effects but on asknet's scalable business model strategy, stringent cost control, asknet's international orientation and consistent expansion of the products, services and customer base are a guaranteed way of improving future operating results. The Executive Board has once again made this its mission in 2011.

asknet will also continue its tradition of providing all company stakeholders with information that exceeds the reporting duties of the Entry Standard. asknet aims to maintain a high degree of transparency by choosing to publish documents such as asknet's quarterly reports and directors' dealings.

The Executive Board of asknet Group would like to thank all employees for their hard work and commitment in 2010.

Karlsruhe, March 4, 2011

asknet AG – The Executive Board

Michael Scheib Michael Konrad Dr. Dietmar Waudig

Consolidated Financial Statements

Consolidated Balance Sheet

as of December 31, 2010

ASSETS		Dec. 31, 2010 in €	Dec. 31, 2009 in € thousands
A.	**FIXED ASSETS**		
I.	Intangible fi xed assets		
	Concessions, industrial and similar rights and assets, and licenses in such rights and assets	38,282.27	66
II.	Tangible fixed assets		
	Other equipment, operating and office equipment	259,914.23	184
		298,196.50	**250**
B.	**CURRENT ASSETS**		
I.	Inventories		
	Merchandise	230,092.31	193
II.	Receivables and other assets		
1.	Trade receivables	5,067,248.43	4,560
2.	Other assets	283,200.07	277
		5,350,448.50	**4,837**
III.	Cash-in-hand, bank balances, cheques	8,820,897.14	7,960
		14,401,437.95	**12,990**
C.	**PREPAID EXPENSES**	166,392.50	184
		14,866,026.95	**13,424**

EQUITY AND LIABILITIES		Dec. 31, 2010 in €	Dec. 31, 2009 in € thousands
A.	**EQUITY**		
I.	Subscribed capital Contingent capital € 495,717.00 (previous year: € 500 thousand)	5,044,283.00	5,040
II.	Capital reserves	0.00	36
III.	Currency translation diff erences	75,683.36	57
IV.	Consolidated net accumulated losses	– 714,380.58	– 135
		4,405,585.78	**4,998**
B.	**PROVISIONS**		
I.	Other provisions	**1,122,723.93**	**1,404**
C.	**LIABILITIES**		
1.	Trade payables	8,362,080.06	6,324
2.	Other liabilities of which taxes € 652,815.46 (previous year: € 480 thousand) of which relating to social security and similar obligations € 5,724.40 (previous year: € 6 thousand)	855,540.92	649
		9,217,620.98	**6,973**
D.	**DEFERRED INCOME**	120,096.26	49
		14,866,026.95	**13,424**

Consolidated Income Statement

Fiscal year 2010

		2010 in €	2009 in € thousands
1.	Sales	72,662,566.26	68,939
2.	Other operating income	106,611.70	182
		72,769,177.96	**69,121**
3.	Cost of materials		
	a) Cost of purchased merchandise	– 62,107,425.62	– 59,280
	b) Cost of purchased services	– 265,747.81	– 205
4.	Personnel expenses		
	a) Wages and salaries	– 4,904,107.25	– 4,908
	b) Social security, post-employment and other employee benefi t costs of which in respect of old age pensions € 4,969.76 (previous year: € 4 thousand)	– 767,574.77	– 777
5.	Amortization and write-downs of intangible fi xed assets, and depreciation and write-downs of tangible fixed assets	– 126,893.21	– 144
6.	Other operating expenses	– 5,258,936.61	– 5,046
		– 73,430,685.27	**– 70,360**
7.	Interest and similar income	79,469.27	106
8.	Interest and similar expenses	– 1,797.06	– 4
		77,672.21	**102**
9.	Result from ordinary activities	– 583,835.10	– 1,137
10.	Other taxes	– 35,736.76	– 11
11.	Consolidated net loss for the year	– 619,571.86	– 1,148
12.	Accumulated losses brought forward	– 135,068.28	– 227
13.	Withdrawals from capital reserves	40,259.56	1,240
14.	Consolidated net accumulated losses	**– 714,380.58**	**– 135**

Consolidated Cash Flow Statement

Fiscal year 2010

		2010 in €	2009 in € thousands
1.	**Cash flows from operating activities**		
	Consolidated net loss for the year before interest paid	– 617,775	– 1,144
	Interest paid	**– 1,797**	**– 4**
	Consolidated net loss	**– 619,572**	**– 1,148**
	Depreciation, amortization and write-downs	126,893	144
	Profit on disposal of fixed assets	0	– 3
	Decrease (Increase) in provisions	– 284,313	123
	Increase (Decrease) in receivables and other assets	– 514,228	623
	Increase in liabilities	2,268,137	122
		976,917	**– 139**
2.	**Cash flows from investing activities**		
	Purchase of intangible fixed assets	– 7,864	– 24
	Purchase of tangible fixed assets	– 285,990	– 121
	Proceeds from the sale of financial assets	119,932	80
		–173,922	**– 65**
3.	**Cash flows from financing activities**		
	Payment from allocations to equity	8,566	0
		8,566	**0**
4.	**Cash funds at end of period**		
	Net change in cash funds (subtotal 1 – 3)	811,561	– 204
	Effect on cash funds of foreign exchange rate movements	48,838	–17
	Cash funds at beginning of period	7,960,498	8,181
		8,820,897	**7,960**
5.	**Components of cash funds**		
	Cash	8,820,897	7,960
	Cash funds at end of period	**8,820,897**	**7,960**

Consolidated Statement of Changes in Equity

Fiscal year 2010

	Subscribed capital (Ordinary shares) in €	Capital reserves in €	Net accumulated losses in €	Currency translation differences in €	Group equity in €
Jan. 1, 2009	**5,040,000.00**	**1,276,402.78**	**– 227,261.23**	**60,930.44**	**6,150,071.99**
Consolidated net loss for the year	0.00	0.00	– 1,148,233.27	0.00	– 1,148,233.27
Other comprehensive income	0.00	0.00	0.00	– 3,917.78	– 3,917.78
Comprehensive income	0.00	0.00	– 1,148,233.27	– 3,917.78	– 1,152,151.05
Withdrawals from capital reserves	0.00	– 1,240,426.22	1,240,426.22	0.00	0.00
Dec. 31, 2009	**5,040,000.00**	**35,976.56**	**– 135,068.28**	**57,012.66**	**4,997,920.94**
Jan. 1, 2010	**5,040,000.00**	**35,976.56**	**– 135,068.28**	**57,012.66**	**4,997,920.94**
Consolidated net loss for the year	0.00	0.00	– 619,571.86	0.00	– 619,571.86
Other comprehensive income	0.00	0.00	0.00	18,670.70	18,670.70
Comprehensive income	0.00	0.00	– 619,571.86	18,670.70	– 600,901.16
Proceeds from capital increases	4,283.00	4,283.00	0.00	0.00	8,566.00
Withdrawals from capital reserves	0.00	– 40,259.56	40,259.56	0.00	0.00
Dec. 31, 2010	**5,044,283.00**	**0.00**	**– 714,380.58**	**75,683.36**	**4,405,585.78**

Auditors' 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, 2010. 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 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, March 4, 2011

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft
(assurance and advisory services)

Th. Müller	Schmitt
Wirtschaftsprüfer	Wirtschaftsprüfer
(certified accountant)	(certified accountant)

asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe

Notes to the 2010 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).

If and where the amended regulations pursuant to sections 1 to 11 of the German Accounting Law Modernization Act (BilMoG – Bilanzrechtsmodernisierungsgesetz) from May 25, 2009 (BGBl. I p. 1102) are applied for the first time, the previous year's figured do not have to be adjusted in accordance with section 67 paragraph 8 of the Introductory Act on the German Commercial Code (EGHGB). Previous year's figures therefore remain unchanged.

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, as well as the wholly owned subsidiaries asknet Inc., San Francisco, USA, and asknet K.K., Tokyo, Japan, which are fully consolidated.

Accounting and reporting policies

As in the previous year, the consolidated financial statements were prepared using the accounting and reporting methods stated below.

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

Acquired **intangible fixed assets** are carried at cost and, if they have a finite useful life, are amortized in accordance with the term of their useful lives (useful life of three years, straight-line method).

Tangible fixed assets are carried at their acquisition or production costs and are subject to scheduled depreciation. They are written down in a straight line in accordance with their expected useful lives.

Low value assets with a value of up to 150.00 euros (until December 31, 2007: 400.00 euros) were fully written off in the year they were acquired; immediate asset retirement was assumed. Low value assets costing between 150.00 euros and 1000.00 euros that were acquired after December 31, 2007, were recognized as one collective item for tax purposes. This item was also recorded in the trade balance sheet to simplify accounting and was in both cases written down at an annual flat rate of 20 percent in the year of acquisition and the following four years. Since January 1, 2010, low value assets are being fully written off again in the year of acquisition.

Write downs on all other additions to tangible fixed assets are carried out on a pro-rata basis.

Inventory is carried at the lower of acquisition costs 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.

Other provisions account for all contingent liabilities and impending losses from pending transactions. They are recognized at their settlement values required according to prudent commercial judgment (in other words taking into consideration future costs and price increases).

Liabilities were carried at their settlement values.

In order to calculate **deferred taxes** arising from temporary or almost permanent differences between the values under German commercial law of assets, liabilities and deferred items and their taxable values or due to tax loss carryforwards, the amounts of the resulting tax assets and liabilities are recognized at the company-specific tax rates at the time the difference is reduced and are not discounted. Differences arising from consolidation measures in accordance with sections 300 to 307 of the German Commercial

Code (HGB – Handelsgesetzbuch) are taken into consideration, but not those resulting from the initial recognition of goodwill nor negative differences from capital consolidation. If tax loss carryforwards are acquired as part of the acquisition of a subsidiary, which can be expected to be offset within the next five years, the option to recognize deferred tax assets directly in equity during the purchase price allocation until the end of the adjustment period within the meaning of section 301 paragraph 2 sentence 2 HGB is being exercised. Deferred tax assets and liabilities are offset against one another. The company exercised the right not to recognize deferred tax assets.

Translation of foreign currencies

All foreign currency assets and liabilities were translated into euros on the financial statement date using the respective mean rate of exchange. If these had remaining terms of more than one year, the realization principle (section 298 paragraph 1 in conjunction with section 252 paragraph 1 no. 4 half sentence 2 HGB) and the historical cost principle (section 298 paragraph 1 in conjunction with section 253 paragraph 1 sentence 1 HGB) were complied with.

All assets and liabilities of annual financial statements prepared in foreign currencies were translated at the respective mean rate of exchange prevailing on the financial statement date, with the exception of equity (subscribed capital, provisions, profit / loss carryforwards at historical exchange rates). Income statement items are translated into euros at the average rate of exchange. The resulting translation differences are recognized in Group equity, below provisions in the item "Currency translation differences".

Consolidation principles

As in the previous years, the initial capital consolidation was carried out using the book value method at the time of the initial consolidation.

Receivables and liabilities, as well as income and expenses were eliminated. No eliminations of inter-company 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 pages 48 – 49.

Receivables and other assets

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

Bank balances

Of our bank balances, 472 thousand euros are reserved as collateral for aval commitments.

Equity

The subscribed capital went up by 4 thousand euros to 5,044 thousand euros as a result of the capital increase, during which the capital reserves also increased by 4 thousand euros. After using 40 thousand euros to partly offset consolidated net accumulated losses, the capital reserves were fully used up. Both subscribed capital and capital reserves correspond with the items recorded in the balance sheet of the parent company.

The following developments took place in the consolidated net accumulated losses:

	in € thousands
January 1, 2010	– 135
Group annual deficit	– 619
Withdrawals from capital reserves	40
December 31, 2010	**– 714**

Granting of subscription rights

In the 2008 fiscal year, employees and members of the Executive Board were granted 230,000 stock options; in 2009 the number was 120,000.

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 have been fulfilled.

For the first half of the stock options granted in 2008, the performance target was an EBIT margin (as explained below) of greater than or equal to 3 percent in the 2009 fiscal year. The performance target was not met for the first half of the stock options granted in 2008. For the second half of the stock options granted in 2008 as well as the stock options granted in 2009, the respective performance targets will be met if the EBIT margin is greater than or equal to 10 percent 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. The performance targets for the second half of the stock options issued in 2008 and the stock options issued in 2009 were not met.

Sales revenues

	2010	2009
Sales revenues by segment	**in € thousands**	**in € tousands**
eDistribution	48,405	47,429
ePortals	24,258	21,510
	72,663	**68,939**
Sales revenues by region		
Germany	31,305	27,997
USA	12,323	14,910
Other countries	29,035	26,032
	72,663	**68,939**

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 share 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.

Of the stock options granted in the 2008 and 2009 fiscal years, 200,000 expired during the fiscal year.

Other provisions

Other provisions primarily consisted of outstanding vendor invoices, leave entitlement and special bonuses as well as legal and consultancy fees.

Liabilities

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

Other financial obligations

asknet has other financial obligations in the form of rental agreements and leases to the amount of 852 thousand euros (previous year: 623 thousand euros).

All agreements expire between 2011 and 2015.

Explanatory notes to the consolidated cash flow statement

As in the previous year, cash funds comprised cash and bank balances. 472 thousand euros (previous year: 961 thousand euros) of these cash funds are subject to drawing restriction.

Other disclosures

Directors of the corporation

The Executive Board

The members of the Executive Board are:

Michael Scheib
CEO (Chief Executive Officer), Wörthsee, Germany
– since January 18, 2010 – and responsible for:

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

Dr. Dietmar Waudig
Member of the Executive Board, Karlsruhe, Germany,
COO (Chief Operating Officer) and responsible for:

(1) ePortals (sales, product management, Professional Services and invoicing)
(2) Technical development
(3) Technical infrastructure and operations
(4) Product management
(5) Quality management and assurance

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

(1) Finance and accounting, including financing
(2) Controlling and risk management
(3) Investor relations
(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

Supervisory Board

The members of the Supervisory Board in the 2010 fiscal year were:

Dr. Joachim Bernecker
Management Consultant, Straubenhardt, Germany,
– Chairman, from January 1, 2010 until December 31, 2010 –

Joachim Hug
Göppingen, Germany, Managing Director of Süd Kapitalbeteiligungs GmbH
– from January 1, 2010 until March 31, 2010 –

Thomas Krüger
Eichenau, Germany, Managing Director of Ad Astra Erste Beteiligungs GmbH and Ad Astra Venture Consult GmbH, both of Munich, Germany
– Deputy Chairman, from January 1, 2010 until December 31, 2010 –

Rafael Laguna
Supervisory Board Chairman of Open-Xchange AG, Nuremberg, Germany
– from January 1, 2010 until December 31, 2010 –

Dr. Frank Lerchenmüller
Management Consultant, Düsseldorf, Germany
– from January 1, 2010 until December 31, 2010 –

Marc Wurster
Attorney / Tax Advisor, Karlsruhe, Germany
– from January 1, 2010 until December 31, 2010 –

Tim Stracke
Managing Director of Chrono24.com GmbH, Frankfurt, Germany
– from May 21, 2010 until December 31, 2010 –

Total remuneration of the Executive Board

In 2010, the Executive Board received remuneration of 582 thousand euros (previous year: 643 thousand euros).

Total remuneration of the Supervisory Board

In 2010, the Supervisory Board received remuneration of 74 thousand euros (previous year: 75 thousand euros).

Auditing and consulting fees

Total auditing fees for the fiscal year amounted to 115 thousand euros and were comprised as follows:

a) audit of the consolidated financial statements	38 thousand euros
b) other consultancy services	14 thousand euros
c) tax consultancy services	63 thousand euros

Employees

During the 2010 fiscal year, the company employed an average of 85 employees in Germany and 11 abroad (not including Executive Board, trainees, and temporary employees).

Karlsruhe, March 4, 2011

asknet Aktiengesellschaft
Electronic Business Solutions – The Executive Board

Michael Scheib Michael Konrad Dr. Dietmar Waudig

Consolidated Statement of Changes in Fixed Assets

2010

		Cost			
		Jan. 1, 2010 historical in €	Foreign exchange differences in €	Additions in €	Disposals in €
I.	**Intangible fixed assets**				
	Concessions, industrial and similar rights and assets, and licenses in such rights and assets	674,548.44	118.22	7,864.00	0.00
II.	**Tangible fixed assets**				
	Other equipment, operating and office equipment	627,885.19	3,102.76	287,293.88	121,001.74
		1,302,433.63	**3,220.98**	**295,157.88**	**121,001.74**

	Depreciation, amortization and write-downs					Carrying amount	
Dec. 31, 2010	Jan. 1, 2010 historical	Foreign exchange diff erences	Additions	Disposals	Dec. 31, 2010	Dec. 31, 2010	Dec. 31, 2009
in €	in €	in €	in €	in €	in €	in €	in €
682,530.66	608,676.86	84.50	35,487.03	0.00	644,248.39	38,282.27	65,871.58
797,280.09	444,299.30	2,539.36	91,356.42	829.22	537,365.86	259,914.23	183,585.89
1,479,810.75	**1,052,976.16**	**2,623.86**	**126,843.45**	**829.22**	**1,181,614.25**	**298,196.50**	**249,457.47**

Annual Financial Statements

50 Annual Financial Statements

Balance Sheet

as of December 31, 2010

ASSETS		Dec. 31, 2010 in €	Dec. 31, 2009 in € thousands
A.	**FIXED ASSETS**		
I.	Intangible fixed assets		
	Concessions, industrial and similar rights and assets, and licenses in such rights and assets	38,036.79	65
II.	Tangible fixed assets		
	Other equipment, operating and office equipment	248,851.40	176
III.	Long-term financial assets		
1.	Shares in affiliated companies	143,204.04	143
2.	Loans to affiliated companies	0.00	88
		143,204.04	**231**
		430,092.23	**472**
B.	**CURRENT ASSETS**		
I.	Inventories		
	Merchandise	230,092.31	193
II.	Receivables and other assets		
1.	Trade receivables	5,067,248.43	4,560
2.	Receivables from affiliated companies	170,949.44	131
3.	Other assets	264,254.30	253
		5,502,452.17	**4,944**
III.	Cash-in-hand and bank balances	8,406,629.28	7,660
		14,139,173.76	**12,797**
C.	**PREPAID EXPENSES**	148,782.36	175
		14,718,048.35	**13,444**

EQUITY AND LIABILITIES		Dec. 31, 2010 in €	Dec. 31, 2009 in € thousands
A.	**EQUITY**		
I.	Subscribed capital	5,044,283.00	5,040
	Contingent capital € 495,717.00 (previous year: € 500 thousand)		
II.	Capital reserves	0.00	36
III.	Net retained profits	– 656,902.14	0
		4,387,380.86	**5,076**
B.	**PROVISIONS**		
	Other provisions	1,093,228.82	1,381
C.	**LIABILITIES**		
1.	Trade payables	8,361,516.54	6,320
2.	Liabilities to affiliated companies	38,324.87	31
3.	Other liabilities of which taxes € 650,351.58 (previous year: € 476 thousand) of which relating to social security and similar obligations € 5,724.40 (previous year: € 6 thousand)	717,501.00	587
		9,117,342.41	**6,938**
D.	**DEFERRED INCOME**	120,096.26	49
		14,718,048.35	**13,444**

Income Statement

Fiscal year 2010

		2010 in €	2009 in € thousands
1.	Sales	72,662,566.26	68,939
2.	Other operating income	106,322.08	189
		72,768,888.34	**69,128**
3.	Cost of materials		
	a) Cost of purchased merchandise	– 62,107,425.62	– 59,280
	b) Cost of purchased services	– 265,747.81	– 205
4.	Personnel expenses		
	a) Wages and salaries	– 4,142,381.10	– 4,241
	b) Social security, post-employment and other employee benefit costs of which in respect of old age pensions € 4,969.76 (previous year: € 4 thousand)	– 700,455.75	– 722
5.	Amortization and write-downs of intangible fixed assets, and depreciation and write-downs of tangible fixed assets	– 121,292.63	– 139
6.	Other operating expenses	– 6,213,458.10	– 5,893
		– 73,550,761.01	**– 70,480**
7.	Income from long-term loans	1,687.78	5
8.	Other interest and similar income of which from affiliated companies € 6,995.56 (previous year: € 7 thousand)	86,437.25	113
9.	Interest and similar expenses	– 1,797.06	– 4
		86,327.97	**114**
10.	Result from ordinary activities	– 695,544.70	– 1,238
11.	Other taxes	– 1,617.00	– 2
12.	Net loss for the year	– 697,161.70	– 1,240
13.	Withdrawals from capital reserves	40,259.56	1,240
14.	Net retained profits	**– 656,902.14**	**0**

Auditors' Report

We have audited the annual report – comprising the balance sheet, the income statement, and the notes to the financial statements – and the accounting and the management report of asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe, Germany, for the fiscal year from January 1 to December 31, 2010. The legal representatives of asknet bear the responsibility for the company's accounting and the preparation of the annual financial statements and the management report in accordance with German commercial law. Our task is – based on the audit we conduct – to provide an assessment of the annual financial statements, including the accounting, and of the management report.

We conducted our audit of the financial statement 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 management report and in the financial statement, which is prepared in accordance with the accepted German accounting principles (GoB). In defining the audit procedures, we incorporate knowledge of the company'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 accounting, financial statement, and management report. The audit includes an evaluation of the accounting principles applied and the conclusions drawn by the legal representatives of the company, as well as an analysis of the overall representation given in the financial statements and the 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, this annual financial statements complies with all legal requirements and accurately presents the net assets, financial position, and operating results of the company in accordance with accepted German accounting principles (GoB). The management report is consistent with the financial statements and as a whole gives a substantiated picture of the company's position and an accurate representation of future opportunities and risks.

Mannheim, March 4, 2011

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft
(assurance and advisory services)

ERNST & YOUNG GMBH WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT
WIRTSCHAFTS-PRÜFUNGS-GESELLSCHAFT
SIEGEL
STUTTGART
ZWEIGNIEDERLASSUNG MANNHEIM

Th. Müller
Wirtschaftsprüfer
(certified accountant)

Schmitt
Wirtschaftsprüfer
(certified accountant)

asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe, Germany

Notes to 2010 Annual Report

General information

This annual financial statements was prepared in accordance with sections 242 et seq. and sections 264 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, 2010, the company fulfilled the size classification for a medium-sized corporation.

If and where the amended regulations pursuant to sections 1 to 11 of the German Accounting Law Modernization Act (BilMoG – Bilanzrechtsmodernisierungsgesetz) from May 25, 2009 (BGBl. I p. 1102) are applied for the first time, the previous year's figured do not have to be adjusted in accordance with Art. 67 section 8 of the Introductory Act on the German Commercial Code (EGBGB). Previous year's figures therefore remain unchanged.

The income statement was prepared using total cost accounting methods.

Accounting and reporting methods

As in the previous year, the annual financial statement was prepared using the accounting and reporting methods stated below.

Acquired **intangible fixed assets** are carried at cost and, if they have a finite useful life, are amortized in accordance with the term of their useful lives (useful life of three years, straight-line method).

Tangible fixed assets are carried at their acquisition or production costs and are subject to scheduled depreciation (straight-line method). Tangible fixed assets are depreciated in accordance with their expected useful life.

Low value assets with a value of up to 150.00 euros (until December 31, 2007: 410.00 euros) were fully written off in the year they were acquired; immediate asset retirement was assumed. Low value assets costing between 150.00 euros and 1,000.00 euros that were acquired after December 31, 2007, were recognized as one collective item for tax purposes. This item was also recorded in the trade balance sheet to simplify accounting and was in both cases written down at an annual flat rate of 20 percent in the year of acquisition and the following four years. Since January 1, 2010, low value assets are being fully written off again in the year of acquisition.

Write-downs on all other additions to tangible fixed assets are carried out on a pro-rata basis.

In the case of **financial assets**, shares are carried at the lower of cost or fair value and loans are carried at their face value.

Inventory is carried at the lower of acquisition costs 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.

All **foreign currency assets and liabilities** were translated into euros on the financial statement date using the respective mean rate of exchange. If these had remaining terms of more than one year, the realization principle (section 252 paragraph 1 no. 4 half sentence 2 HGB) and the historical cost principle (section 253 paragraph 1 sentence 1 HGB) were complied with.

Other provisions account for all contingent liabilities and impending losses from pending transactions. They are recognized at their settlement values required according to prudent commercial judgment (in other words taking into consideration future costs and price increases).

Liabilities are carried at their settlement values.

In order to calculate **deferred taxes** arising from temporary or almost permanent differences between the values under German commercial law of assets, liabilities and deferred items and their taxable values or due to tax loss carryforwards, the amounts of the resulting tax assets and liabilities are recognized at the company-specific tax rates at the time the difference is reduced and are not discounted. Deferred tax assets and liabilities are offset against one another. The company exercised the right not to recognize deferred tax assets.

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.

Information on shareholdings

	Date of closing	Currency	Share in %	Equity in local currency	Result in local currency
asknet Inc., San Francisco, USA	12/31/2010	USD million	100.0	0.05	0.08
asknet K.K. Tokyo, Japan	12/31/2010	JPY million	100.0	13.55	1.71

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

Bank balances
Of our bank balances, 472 thousand euros are reserved as collateral for aval commitments.

Equity

Subscribed capital
The share capital of the company equaled 5,044,283.00 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 given authorization, extending until July 21, 2011, to increase the share capital of the corporation on one or more occasions by a total 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 150,000.00 euros
At the annual general meeting on July 27, 2005, 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. The contingent capital went down by 4,283.00 euros to 145,717.00 euros in the fiscal year on account of option rights being exercised.

Contingent capital of up to 350,000.00 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 350,000.00 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.

Granting of subscription rights

In the 2008 fiscal year, employees and members of the Executive Board were granted 230,000 stock options; in 2009 the number was 120,000.

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 have been fulfilled.

For the first half of the stock options granted in 2008, the performance target was an EBIT margin (as explained below) of greater than or equal to 3 percent in the 2009 fiscal year. The performance target was not met for the first half of the stock options granted in 2008. For the second half of the stock options granted in 2008 as well as the stock options granted in 2009, the respective performance targets will be met if the EBIT margin is greater than or equal to 10 percent 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. The performance targets for the second half of the stock options issued in 2008 and the stock options issued in 2009 were not met.

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 share 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.

Of the stock options granted in the 2008 and 2009 fiscal years, 200,000 expired during the fiscal year.

Capital reserves

40 thousand euros were taken from the capital reserves to off set the net losses from 2010.

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.

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
to end within one year	396
to end in one to five years	378
to end after five years	0

Other disclosures

Directors of the corporation

The Executive Board

The members of the Executive Board are:

Michael Scheib
CEO (Chief Executive Officer), Wörthsee, Germany
– since January 18, 2010 – and responsible for:

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

Dr. Dietmar Waudig
Member of the Executive Board, Karlsruhe, Germany,
COO (Chief Operating Officer) and responsible for:

(1) ePortals (sales, product management, Professional Services and invoicing)
(2) Technical development
(3) Technical infrastructure and operations
(4) Product management
(5) Quality management and assurance

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

(1) Finance and accounting, including financing
(2) Controlling and risk management
(3) Investor relations
(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

Supervisory Board

The members of the Supervisory Board in the 2010 fiscal year were:

Dr. Joachim Bernecker
Management Consultant, Straubenhardt, Germany,
– Chairman, from January 1, 2010 until December 31, 2010 –

Joachim Hug
Göppingen, Germany, Managing Director of Süd Kapitalbeteiligungs GmbH
– from January 1, 2010 until March 31, 2010 –

Thomas Krüger
Eichenau, Germany, Managing Director of Ad Astra Erste Beteiligungs GmbH and Ad Astra Venture Consult GmbH, both of Munich, Germany
– Deputy Chairman, from January 1, 2010 until December 31, 2010 –

Rafael Laguna
Supervisory Board Chairman of Open-Xchange AG, Nuremberg, Germany
– from January 1, 2010 until December 31, 2010 –

Dr. Frank Lerchenmüller
Management Consultant, Düsseldorf, Germany
– from January 1, 2010 until December 31, 2010 –

Marc Wurster
Attorney / Tax Advisor, Karlsruhe, Germany
– from January 1, 2010 until December 31, 2010 –

Tim Stracke
Managing Director of Chrono24.com GmbH, Frankfurt, Germany
– from May 21, 2010 until December 31, 2010 –

Total remuneration of the Executive Board

In 2010, the Executive Board received remuneration of 582 thousand euros (previous year: 643 thousand euros).

Total remuneration of the Supervisory Board

In 2010, the Supervisory Board received remuneration of 74 thousand euros (previous year: 75 thousand euros).

Auditing and consulting fees

Total auditing fees for the fiscal year amounted to 115 thousand euros and were comprised as follows:

a) audit of the consolidated financial statements	38 thousand euros
b) other consultancy services	14 thousand euros
c) tax consultancy services	63 thousand euros

Affiliated group

The annual financial statements is included in the consolidated financial statements of asknet Aktiengesellschaft Electronic Business Solutions.

Employees

During the 2010 fiscal year, the company employed an average of 85 employees (not including Executive Board, trainees, and temporary employees).

Karlsruhe, March 4, 2011

asknet Aktiengesellschaft
Electronic Business Solutions – The Executive Board

Michael Scheib Michael Konrad Dr. Dietmar Waudig

Statement of Changes in Fixed Assets

2010

		Costs			
		Jan. 1, 2010 in €	Additions in €	Disposals in €	Dec. 31, 2010 in €
I.	**Intangible fixed assets**				
	Concessions, industrial and similar rights and assets, and licenses in such rights and assets	673,497.49	7,864.00	0.00	681,361.49
II.	**Tangible fixed assets**				
	Other equipment, operating and office equipment	600,299.48	278,204.67	119,698.04	758,806.11
III.	**Long-term financial assets**				
1.	Shares in affiliated companies	143,204.04	0.00	0.00	143,204.04
2.	Loans to affiliated companies	87,500.00	0.00	87,500.00	0.00
		230,704.04	**0.00**	**87,500.00**	**143,204.04**
		1,504,501.01	**286,068.67**	**207,198.04**	**1,583,371.64**

Depreciation, amortization and write-downs				Carrying amount	
Jan. 1, 2010 in €	Additions in €	Disposals in €	Dec. 31, 2010 in €	Dec. 31, 2010 in €	Dec. 31, 2009 in €
608,057.70	35,267.00	0.00	643,324.70	38,036.79	65,439.79
423,929.08	86,025.63	0.00	509,954.71	248,851.40	176,370.40
0.00	0.00	0.00	0.00	143,204.04	143,204.04
0.00	0.00	0.00	0.00	0.00	87,500.00
0.00	**0.00**	**0.00**	**0.00**	**143,204.04**	**230,704.04**
1,031,986.78	**121,292.63**	**0.00**	**1,153,279.41**	**430,092.23**	**472,514.23**

Supervisory Board Report

Dear Shareholders,

In fiscal year 2010, we, 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 company's Executive Board, we received regular, up-to-date, and comprehensive information on business developments, performance, perspectives, major investment projects and other particular issues of asknet AG. In addition, 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 consultation between the Executive Board and Supervisory Board in planning activities and determining the strategic focus of asknet AG.

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 for 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. The Supervisory Board met a total of four times during the 2010 fiscal year, with one meeting held each quarter. In addition, the Supervisory Board and Executive Board members attended three joint workshops during which they discussed issues such as strategy and planning in depth. The Executive Board and the Supervisory Board remained in close communication, exchanging information by telephone and holding further discussions as necessary. Some 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 always on the agenda. Discussions covered 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 receive and give 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 26, 2010, besides addressing the usual subjects of performance and outlook, we placed particular emphasis on the results reported on the 2009 annual report as well as the approval of the consolidated financial statements based on the recommendations of the audit committee. The annual financial statements of asknet AG and the consolidated financial statements were approved by way of circular resolution. Other points on the agenda at the meeting on March 26 were a change to the company's planning, which had been decided upon at the previous meeting, assessing the target performance for the 2009 fiscal year and setting the targets for the Executive Board in 2010.

At the Supervisory Board meeting on May 21, 2010, the agenda included a general discussion of the company's position (first quarter results of 2010), the forecast for the year as a whole, and finalizing decisions for the annual general meeting, which was held on the same day.

At our meeting on September 23, 2010, we discussed the company's performance (results for the first half of 2010) as well as organizational changes in the eDistribution segment and additional business opportunities in the ePayment and B2B market segments, we determined the initial business outlook for 2011 and provided information on the capital increase and the options granted to employees by ETV. In addition, we elected Thomas Krüger as the third member of the audit committee and successor of Joachim Hug.

The company results for the first three quarters of 2010 were addressed at our meeting on December 2, 2010; the Executive Board presented and discussed its planning for 2011, which was approved by the Supervisory Board after an in-depth discussion. In addition, business opportunities in the interest of the company were discussed in view of the overall economic situation and current business performance, and there was a discussion of the upcoming evaluation of a possible additional positioning in the ePayment and B2B market segments.

Additional Supervisory Board resolutions, which were typically discussed in detail at the above-mentioned meetings or in Supervisory Board telephone conferences and then finalized by means of circular resolution, included:

- Extending the contracts of Executive Board members Dr. Dietmar Waudig and Michael Konrad until December 31, 2012

- Report of the Supervisory Board for the 2009 fiscal year and the agenda for the annual general meeting in 2010

- Amending the contract of CEO Michael Scheib, who was newly appointed in January 2010

- Authorizing actions that required the approval of the Supervisory Board, such as the hiring of new employees whose salary exceeds a defined threshold

- Implementing the contingent capital increase based on ETV options, which became necessary within the scope of employees' exercising of their stock options

- Approving the annual financial statements 2009 and the consolidated financial statements

- Setting the targets for the Executive Board for fiscal year 2010.

In 2010, the company managed to acquire more customers in the eDistribution segment, and the ePortals segment was able to pick up on its growth path again.

The discussions between Supervisory Board and Executive Board and the joint workshops in 2010 were primarily held to weigh up new and additional market and positioning opportunities for asknet AG, to talk about evaluation measures and processes and to review the planning for 2011.

Supervisory Board committees

In the 2010 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 25, 2010, prior to the Supervisory Board meeting on March 26, 2010. In this meeting, auditors from the company Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, 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, members of the audit committee and the other members of the Supervisory Board subjected the company's performance and the monthly reporting of the Executive Board to critical review and discussed their questions on matters of detail with the Executive Board.

The personnel committee, which lays the groundwork for any human resources decisions made by the Supervisory Board, dealt with the extension of the contracts for the Executive Board members Dr. Dietmar Waudig and Michael Konrad in 2010.

Annual general meeting

asknet AG's regular annual general meeting was held on May 21, 2010. The main items on the agenda were granting discharge to the Executive Board and the Supervisory Board, the selection of auditors for the 2010 fiscal year, and the election of a new Supervisory Board member, Tim Stracke, as a successor for Joachim Hug, who resigned from his position. The resolutions for all agenda items were carried by a large majority of the shareholders present.

Audit of the annual financial statements

At the annual general meeting on May 21, 2010, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, was selected to perform the audit of the financial reports for the 2010 fiscal year. Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, audited asknet AG's annual financial statements for the period ending December 31, 2010, the consolidated financial statements for the period ending December 31, 2010, 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 statements and the consolidated financial statements were prepared in accordance with the German Commercial Code (HGB – Handelsgesetzbuch).

The annual financial statements of asknet AG, consolidated financial statements, management reports, and the audit reports of Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, were provided to all members of the Supervisory Board in a timely manner. In a meeting held on March 28, 2011, 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 statements, the consolidated financial statements, and the management reports of asknet AG and the asknet Group.

asknet AG's annual financial statements, the consolidated financial statements, and the management reports for the 2010 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 GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart. With its resolution of March 29, 2011, the Supervisory Board of asknet AG therefore expressed its unreserved approval of the annual financial statements 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

Joachim Hug resigned from his position on the Supervisory Board in the reporting year with effect from March 31, 2010. The annual general meeting on May 21, 2010, elected Tim Stracke as a new Supervisory Board member. His appointment expires at the end of the annual general meeting that resolves the discharge of the Supervisory Board for the 2010 fiscal year.

Thomas Krüger was elected as a member of the audit committee and successor of Joachim Hug.

With effect from January 18, 2010, Michael Scheib was appointed as the new CEO and Chairman of the Executive Board of asknet AG. In 2010, the contracts of the Executive Board members Dr. Dietmar Waudig and Michael Konrad, which were due to expire at the end of 2010, were also extended until the end of 2012.

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 2010 fiscal year, and wishes asknet AG every success in the 2011 fiscal year.

Karlsruhe, April 28, 2011
The Supervisory Board

Dr. Joachim Bernecker (Chairman of the Supervisory Board)

Acknowledgements / Contact Information

asknet AG
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

eMail: info@asknet.com
Internet: www.asknet.com

Investor Relations Contact
Martina Oerther
asknet AG
Phone: + 49 (0) 7 21 / 9 64 58 – 6369
eMail: inverstorrelations@asknet.com

Commercial Register
Mannheim Local Court HRB 108713

Photos
Photo archive asknet AG

Finance calendar 2011

May 19, 2011	Publication Q1/2011 results (German version)
July 29, 2011	Annual General Meeting
August 15, 2011	Publication of the Half Year Report 2011 (German version)
November 15, 2011	Publication Q3/2011 results (German version)

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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 21 964 58 - 0
fax: +49 (0) 7 21 964 58 - 99

asknet Inc.
US Headquarters

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

phone: +1 (415) 352 - 26 10
fax: +1 (415) 352 - 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