Accelerate your eSales in the Digital Marketplace.

Annual Report 2011

Content

Letter to our Shareholders

Dear Shareholders,

The recovery of the global economy lost momentum in 2011. Despite renewed strong growth in developing and emerging countries, with China and India leading the way, global economic output growth was decidedly lower than in the previous year. GDP growth in industrialized countries was only half the previous year's level. Sentiment in the eCommerce sector has remained positive on account of the soaring number of internet users and broadband connections as well as a remarkable increase in mobile data transfer worldwide. Around the world, the internet is becoming an increasingly important sales channel.

For asknet, 2011 was a volatile year. Gross profits, which are a telling indicator of the growth of our Group, totaled 10.1 million euros in the past fiscal year, a 5 percent decline year-on-year. In order to achieve a sustainable increase in efficiency by lowering structural costs, we reduced the number of employees in the Group and scaled down the Executive Board as well as the Supervisory Board in the third quarter of 2011.

These measures already lead to positive effects in the fourth quarter. Supported by the traditional year-end upturn in business and the reduction in structural costs, our Group was significantly profitable in the fourth quarter. With positive quarterly earnings before taxes of 0.5 million euros we set the foundation for sustainable profitability in the future. Our gross profit margin for the full year also improved significantly to 15.4 percent.

Both of our market segments developed quite differently from each other during the reporting period. Due to weaker development among existing key customers as well as a lack of new customer agreements with large software publishers, development in the eDistribution segment slumped. At the same time, we recorded further growth with our academic software portals. However, the ePortals segment was not able to fully compensate for the decline in eDistribution. Our consolidated losses for the full year of approximately 0.9 million euros were slightly higher than the losses from the previous year, not least due to one-off costs from streamlining our organizational structure.

The scalability of our business model, along with stringent cost control, international focus, as well as a consequent broadening of our product range and customer base, will enable us to improve our results in the future. Introduction of the Adobe Download Depot and the continued expansion of our ePortals segment into Switzerland and Austria have opened up a new revenue stream for our company's second pillar, which accounted for more than one-third of total Group sales in 2011. For the current fiscal year we are confident that we will see a profit for the full year 2012.

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

Sincerely,
The Executive Board of asknet AG

Michael Konrad   Dr. Dietmar Waudig

Management Report

asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe, Germany

Company Management Report 2011

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 eDistribution, asknet's ePortals 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 190 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 more than 35 different billing currencies as well as payment and billing methods and 12 customer service languages.

Market Development

The global economic recovery lost momentum in 2011. According to recent forecasts of the International Monetary Fund (IMF), it only grew by 3.8 percent. In 2010 global economic output had increased by 5.2 percent, although this figure was based on even lower growth in 2009, a year that had bared the brunt of the financial crisis. The drop in momentum is also reflected in global sales which, according to the World Bank, only rose by 6.6 percent in full-year 2011 compared to against 12.4 percent in 2010. Both import and export were affected by weak growth. As in previous years, reporting period growth was driven by developing and emerging countries, where gross domestic product growth amounted to 6.2 percent, as calculated by the IMF. China's GDP grew by 9.2 percent and India's rose by 7.4 percent. In contrast, industrialized countries only saw GDP growth of 1.6 percent in 2011, down from 3.2 percent in the previous year.

Against the optimistic expectations at the beginning of the year, the US economy only grew by 1.8 percent, with Japan's economy even contracting by 0.9 percent in the wake of the earthquake catastrophe, following growth of 4.4 percent in 2010. The European economy grew by 1.6 percent, although rates varied greatly between the different European countries: While the German economy grew by 3.0 percent, other European countries such as Spain and Italy only saw weak growth of 0.7 percent and 0.4 percent respectively, while the Portuguese and Greek economies contracted. These Southern European countries are suffering under a substantial weight of debt in relation to GDP. Overall, the solution to the European debt crisis will determine future economic trends both in the Eurozone and worldwide.

There were no signs of an end to growth in the eCommerce sector in 2011: In fact, quite the contrary. Across the globe the internet is gaining in importance as a sales channel. Market research results by the Internet World Stats indicate that approximately 2.3 billion people had access to the World Wide Web in 2011. This corresponds to around 33 percent of the global population. The number of internet users has therefore gone up by more than six times since 2000 and is constantly growing. Around 80 percent of all Internet users come from Europe, North America and Asia. More than 250 million people in Asia have gained Internet access during the past two years, up 33 percent. China tops country rankings with 485 million users in 2011. Germany comes in sixth place worldwide with more than 65 million users, making it the leading country in Europe. The rising number of internet users and the continuous development of internet shopping are both contributing to a rise in sales from online trade. The German Retail Federation (Handelsverband Deutschland – HDE) expects sales of 26.1 billion euros from online trade for the full year 2011, a rise of 10 percent year on year. However, as international comparisons show, the online market in Germany still has considerable potential. According to a study conducted by the consulting company Price Waterhouse Coopers in December 2011, German consumers shop online only three times a month. Compare this to China where the figure is 8.4 and the USA where the average is 5.2 online transactions per month. Adding to this are rising sales of smartphones and tablet computers, bringing about considerable mobile Internet usage growth. Industry association BITKOM forecasted that last year sales with mobile data services rose by 12 percent to approximately 7.0 billion euros in Germany alone.

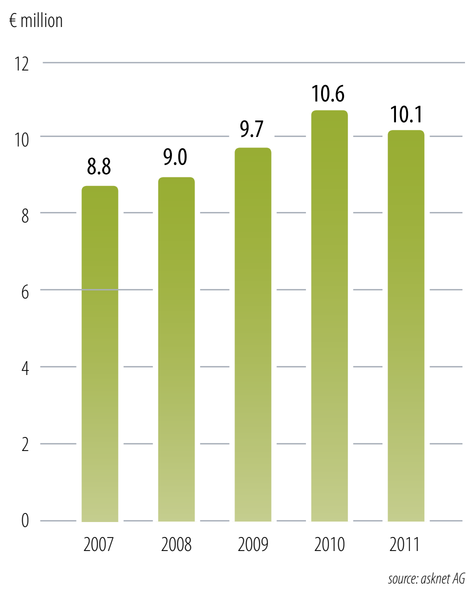
The German software market also saw positive development in 2011. According to estimates by BITKOM, sales in this segment rose by 5.1 percent, from 15.4 billion euros in 2010 to 16.2 billion in 2011. BITKOM forecasts from June 2011 show that the global IT market grew by 4.3 percent in the past year to a total turnover of 963.4 billion euros. The main driving forces behind this growth are again the major emerging countries China, Russia, India and Brazil, which continue to invest heavily in modern technology.

Business Developments

Sales and operating results

Supported by the traditional year-end upturn in business and lowered structural costs, the fourth quarter of 2011 was profitable, as in the previous year: asknet AG generated positive earnings before taxes (EBT) of 0.4 million euros in the fourth quarter.

Development of gross profits (in EUR million)



The sales revenues of asknet AG were 65.4 million euros in 2011, of which 42.2 million euros came from the eDistribution segment and 23.2 million euros from ePortals. Whole Group sales in the same period in 2010 amounted to 72.7 million euros. 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 amounted to 1.34 million, down some 17 percent year on year (1.62 million). Transaction revenues correspondingly declined from 94.9 million euros in the previous year to 83.9 million euros in the reporting period.

Gross profits, which better represent the growth of asknet AG than sales, amounted to 10.1 million euros in the reporting period, down approximately 5 percent or 0.5 million euros year-on-year. 7.0 million euros came from eDistribution and 3.1 million euros from ePortals. ePortals saw growth of some 7 percent, while eDistribution was down approximately 9 percent on the previous year. Overall, the gross profit margin of the company increased from 14.5 percent in the 2010 fiscal year to 15.4 percent.

The cost of materials fell from 62.4 million euros in the previous year to 55.6 million euros in 2011. This decrease of approximately 11 percent roughly corresponds to sales decline in the full year.

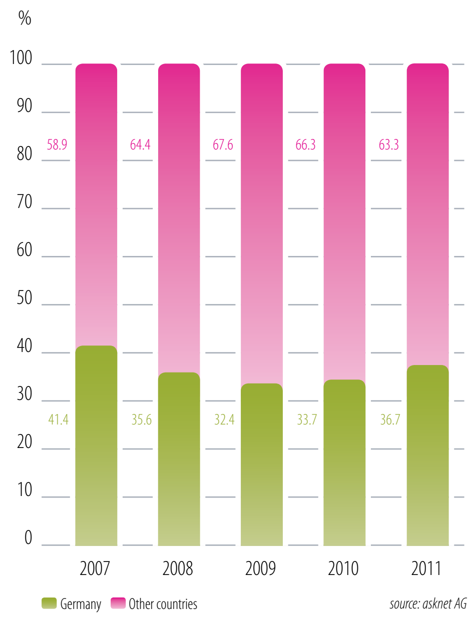
At 5.2 million euros, personnel expenses were up slightly on the previous year due to one-off organizational structure streamlining costs. 81 people worked for the company at the end of 2011, including the Executive Board and excluding trainees and temporary employees, corresponding to downsizing of approximately 7 percent in the reporting period. The percentage of personnel expenses in transaction revenues rose from 5.1 percent to 6.2 percent year on year. Due to low future structure costs, this percentage will again fall substantially.

Other operating expenses at asknet AG fell from 6.2 million euros in 2010 to 5.7 million euros in the period under review.

The company's operating result (EBIT) was -0.98 million euros. Earnings before taxes (EBT) came to -0.93 million euros in the full year. After interest and taxes, asknet AG recorded a net loss of 0.94 million euros for the year, slightly up on the loss from the previous year. In 2010, net loss for the year came to 0.70 million euros.

The international orientation of asknet is reflected in the high percentage of foreign end customer sales. The company generated 63.3 percent of transaction revenues abroad in the reporting period, with the USA at 14.4 percent being the largest market after Germany (36.7 percent). The drop in foreign transaction revenues of 3.0 percentage points year-on-year mainly resulted from the positive development in the ePortals segment and weaker eDistribution performance, especially in the USA.

End customer sales by region (in %)



Segment developments

The company's two segments developed very differently in fiscal year 2011. While eDistribution growth declined, ePortals recorded significant gross profits growth. However, positive academic software portal developments were unable to fully offset the eDistribution decline. As a result, the company's gross profits were down 5 percent on 2010. The eDistribution segment was impacted by weaker growth of existing customers and a lack of new customer agreements with major software publishers. In contrast, asknet's business with some medium-sized customers did well, posting pleasing growth. Furthermore, Congree Language Technologies, Karlsbad, and software company ArtRage joined the asknet customer base. asknet also expanded its range of services for F-Secure, a leading supplier of security software. In 2011, asknet also 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. By gaining international payment specialist omba as a new cooperation partner, asknet added a number of new payment options, such as Sofortbanking and Postfinance. In addition, by adding Boleto Bancário and Multibanco, asknet expanded the payment options for the Brazilian and Portuguese market.

In the ePortals segment, asknet continued to cement its position as market leader in Germany by acquiring further German universities and colleges as new portal customers. With the University of Berne, a new customer was won in Switzerland. Additional major projects to expand the portal business were realized with the University of Cologne, RWTH Aachen, the Free University of Berlin, and the University of Greifswald. New Microsoft framework agreements were also concluded with the Max-Planck Society, GSI Helmholtzzentrum für Schwerionenforschung GmbH, Saarland University Hospital, Ostfalia University, and Studentenwerk Karlsruhe. A new Adobe CLP state agreement was signed with the Ministry of Science, Research and the Arts, Baden-Württemberg. asknet now supplies around 80 percent of all German universities with software products. asknet has created new perspectives for this segment by expanding into Switzerland and Austria as well as by entering the student market. Many software publishers offer their products to students at low prices. This market offers great potential with approximately 2.2 million students in Germany alone.

In the context of a generally weak business performance, asknet significantly streamlined its organizational structure in fiscal year 2011. This resulted in the number of employees being reduced by 6 to a total of 81, the Executive Board from three to two members, and the Supervisory Board from six to three members. These measures were needed to sustainably increase efficiency with lower future structural costs.

Employees

As of December 31, 2011, asknet AG employed 81 people, including the Executive Board. When trainees and temporary employees are included in the figure, as of December 31, 2010, the company had 100 employees.

Net assets and financial position

As of December 31, 2011, asknet AG's total assets decreased to approximately 11.5 million euros, compared to 14.7 million euros in 2010. Total equity went down by 0.9 million euros to 3.5 million euros on account of the operating losses in the reporting period, corresponding to an equity ratio of 30 percent. asknet AG's liquid assets amounted to 5.6 million euros on the reporting date December 31, 2011.

asknet AG's liabilities fell by 2.4 million euros to 6.7 million euros, of which 90 percent came from trade payables. The company did not have any financial obligations as of the balance sheet date. Consolidated cash flows from operating activities were negative at -2.8 million euros, which is mainly due to changes in working capital and operating losses.

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 software publishers 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 2011, asknet's 10 most important customers were responsible for approximately 60 percent of the Group's gross profits. 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 effect 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. The eCommerce sector, in which asknet is active, is also undergoing constant development and change. This allows for example the launch of new technologies or protocols as well as new general conditions that influence the eCommerce market and the way in which products are sold online. Such developments and changes can at times be difficult to predict, meaning that possible risk, uncertainties, financial expenses, delays and obstacles relating to activities in a rapidly changing sector must be taken into account when determining the company's prospects of success. If the company fails to adapt to these developments and changes, this could have a negative impact on asknet's net assets, financial position, and operating results.

The equity ratio remains solid, which means asknet does not foresee any financial bottlenecks in 2012. 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 company's staff identifies strongly with the company, which guarantees that they are highly motivated and productive. The personal skills and knowledge of the employees are a deciding factor for the success of asknet AG. 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 risks in this area.

The Karlsruhe tax authority issued a notification of interest charges on July 19, 2011 to the amount of 763 thousand euros for formal errors in settling accounts with software publishers. In accordance with a judgment of the European Court, asknet AG applied for a suspension of execution, which the tax authority in question approved in a letter dated July 27, 2011.

Tax authorities usually only approve a suspension of execution when there are serious doubts about the lawfulness of a notice. asknet's Executive Board considers it unlikely that these charges will actually need to be paid and has therefore waived recognizing the expense in the 2011 annual financial statements. This estimate is also based on an assessment by tax consultants Ernst & Young GmbH. Notwithstanding this, there is a risk that the company will have to bear the cost after all once it exhausts all legal efforts.

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

Post balance sheet events

With CyberLink Corp., asknet won another international key customer. asknet will take over the online business for the publisher of multimedia solutions from Taiwan and is responsible for orders, deliveries and payments for CyberLink products purchased online, including the well-known CyberLink PowerDVD and PowerDirector software.

There were no other events of material importance after the balance sheet date that had a material effect on asknet AG's net assets, financial position, and operating results.

Forecast and outlook

The growth of the global economy will in all likelihood slow further this year. In light of the European government debt crisis, most of the economic forecasts for full-year 2012 have been revised downwards. The IMF reduced its global economic growth forecasts by 0.7 percent to 3.3 percent, with the World Bank only expecting 2.5 percent growth. Both institutes warn of high economic risks. The IMF anticipates the gross domestic product of the industrialized countries to increase by 1.2 percent. The US economy is expected to grow somewhat more – by 1.8 percent. The forecast for developing and emerging countries is also weaker than in previous years due to economic cooling in the industrialized countries. Growth of 5.4 percent is expected for full-year 2012. However, China and India in particular remain very strong with expected growth of 8.2 percent and 7.0 percent respectively. According to expert opinion, the four largest emerging countries Brazil, Russia, India and China (the so-called BRIC states), 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 approximately 7 percent in 2012 for this group of countries, considerably higher than the general consensus. In the USA, Japan and the European Union, on the other hand, the economic upturn is expected to be much slower. The IMF is forecasting minimal growth of 0.3 percent for Germany this year, with the Kiel Institute for the World Economy (Kiel Institut für Weltwirtschaft – IfW) being slightly more optimistic with growth of 0.5 percent. A stronger economy in Germany with growth of 1.5 to 1.7 percent is not expected until next year.

Online trade is anticipated to continue to show positive growth rates. The soaring number of Internet users and broadband connections throughout the world support these expectations. Market research agency IDATE estimates that almost 750 million broadband connections will be in place by the end of 2012. Sales of internet-enabled smartphones and tablet PCs result in rapidly climbing numbers of mobile users. eCommerce segment growth is also promoted by the state. China's five-year plan, adopted in 2011, not only provides for a network upgrade but also tangible support for online trading, which is expected to increase four-fold in the coming years. According to estimates by Hamburg market research company yStats.com, at least 600 million of the country's inhabitants will have Internet access by 2015, half of whom will make online purchases. The European Commission has also recognized the advantages of online trading: in January 2012 it set the target to double the share of online trading in total EU trading by 2015. Currently, the share is at 3.4 percent according to the Statistical Office of the European Union (Eurostat). Various obstacles, which have to date prevented faster growth, are to be removed to achieve this. The European Commission intends to facilitate crossborder access to Internet products and services, solve payment and delivery problems, facilitate dispute settlement and the removal of illegal material, encourage investment in wireless connections and fixed infrastructure, and improve the development of cloud-computing services. The German Trade Association (Handelsverband Deutschland) anticipates online trade sales in Germany to rise by approximately 13 percent to 29.5 billion euros in the current year. According to estimates by industry association BITKOM, sales in the German software industry will increase by 5.2 percent to 17.0 billion euros. European market research institute EITO forecasts growth of 4.6 percent to more than 70 billion euros for the European software market.

According to current estimates, the eDistribution segment will return to growth in 2012 following declining sales, a path that is also supported by significantly stronger positioning in Asia. New perspectives have also been created in the ePortals segment by launching the Adobe download depot as well as by expanding into Switzerland and Austria. The structural organization adjustments in the second half of 2011 offer good opportunities to see a profit for the full year 2012.

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 prerequisite for improving future operating results. Taking also into account the general economic climate, the Executive Board has once again made this its mission in 2012 and 2013.

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 full effort and commitment in 2011.

Karlsruhe, March 2, 2012
asknet AG – The Executive Board

Michael Konrad Dr. Dietmar Waudig

asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe, Germany

Group Management Report 2011

Business Operations

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asknet AG, which is headquartered in Karlsruhe, is the parent company of asknet Group. As of the reporting date December 31, 2011, the Group directly held all the shares in asknet Inc., San Francisco, USA, and asknet K.K., Tokyo, Japan. The subsidiaries primarily provide customer service in the relevant regions. asknet Inc. serves the North and South American sales region, while asknet K.K. supports Japanese customers as well as logistics for asknet customers in this region.

Market Development

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Business Developments

Sales and operating results

Supported by the traditional year-end upturn in business and lowered structural costs, the fourth quarter of 2011 was profitable, as in the previous year: asknet Group generated positive earnings before taxes (EBT) of 0.5 million euros in the fourth quarter.

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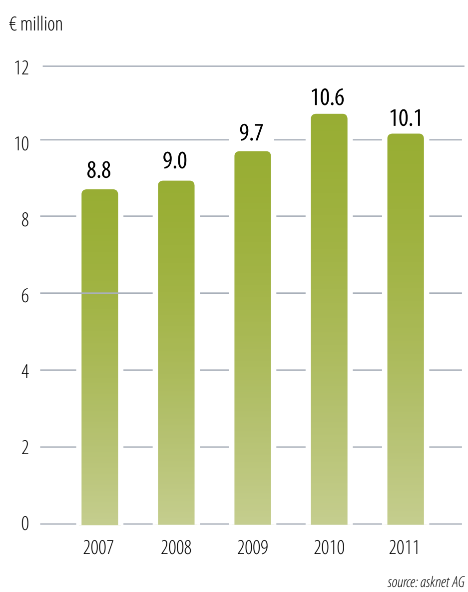
Development of gross profits (in EUR million)



Gross profits, which better represent the growth of the Group than sales, amounted to 10.1 million euros in the reporting period, down approximately 5 percent or 0.5 million euros year-on-year. 7.0 million euros came from eDistribution and 3.1 million euros from ePortals. ePortals saw growth of some 7 percent, while eDistribution was down approximately 9 percent on the previous year. Overall, the gross profit margin of asknet Group increased from 14.5 percent in the 2010 fiscal year to 15.4 percent.

The cost of materials fell from 62.4 million euros in the previous year to 55.6 million euros in 2011. This decrease of approximately 11 percent roughly corresponds to sales decline in the full year.

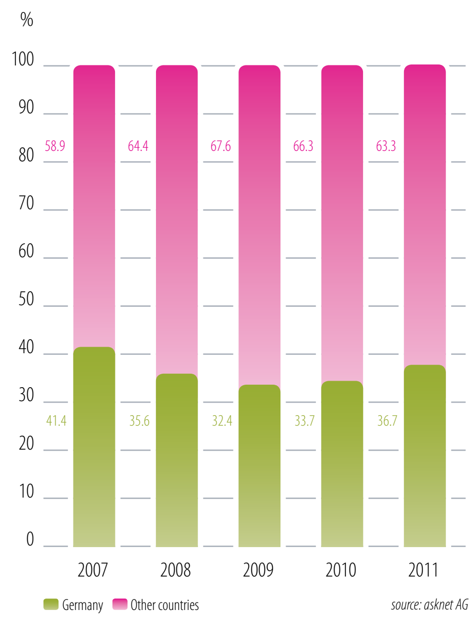
At 5.9 million euros, personnel expenses were up slightly on the previous year due to one-off organizational structure streamlining costs. 86 people worked for the asknet Group at the end of 2011, including the Executive Board and excluding trainees and temporary employees, corresponding to downsizing of approximately 12 percent in the reporting period. The percentage of personnel expenses in transaction revenues rose from 6.0 percent to 7.0 percent year on year. Due to low future structure costs, this percentage will again fall substantially.

Other operating expenses at asknet Group fell from 5.3 million euros in 2010 to 4.9 million euros in the period under review.

asknet Group's operating result (EBIT) was -0.89 million euros. Earnings before taxes (EBT) came to -0.85 million euros in the full year. After interest and taxes, asknet Group recorded a net loss of 0.88 million euros for the year, slightly up on the loss from the previous year. In 2010, net loss for the year came to 0.62 million euros.

The international orientation of asknet Group is reflected in the high percentage of foreign end customer sales. The Group generated 63.3 percent of transaction revenues abroad in the reporting period, with the USA at 14.4 percent being the largest market after Germany (36.7 percent). The drop in foreign transaction revenues of 3.0 percentage points year-on-year mainly resulted from the positive development in the ePortals segment and weaker eDistribution performance, especially in the USA.

End customer sales by region (in %)



Segment developments

asknet Group's two segments developed very differently in fiscal year 2011. While eDistribution growth declined, ePortals recorded significant gross profits growth. However, positive academic software portal developments were unable to fully offset the eDistribution decline. As a result, the company's gross profits were down 5 percent on 2010. The eDistribution segment was impacted by weaker growth of existing customers and a lack of new customer agreements with major software publishers. In contrast, asknet's business with some medium-sized customers did well, posting pleasing growth. Furthermore, Congree Language Technologies, Karlsbad, and software company ArtRage joined the asknet customer base. asknet also expanded its range of services for F-Secure, a leading supplier of security software. In 2011, asknet also 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. By gaining international payment specialist omba as a new cooperation partner, asknet added a number of new payment options, such as Sofortbanking and Postfinance. In addition, by adding Boleto Bancário and Multibanco, asknet expanded the payment options for the Brazilian and Portuguese market.

In the ePortals segment, asknet continued to cement its position as market leader in Germany by acquiring further German universities and colleges as new portal customers. With the University of Berne, a new customer was won in Switzerland. Additional major projects to expand the portal business were realized with the University of Cologne, RWTH Aachen, the Free University of Berlin, and the University of Greifswald. New Microsoft framework agreements were also concluded with the Max-Planck Society, GSI Helmholtzzentrum für Schwerionenforschung GmbH, Saarland University Hospital, Ostfalia University, and Studentenwerk Karlsruhe. A new Adobe CLP state agreement was signed with the Ministry of Science, Research and the Arts, Baden-Württemberg. asknet now supplies around 80 percent of all German universities with software products. asknet has created new perspectives for this segment by expanding into Switzerland and Austria as well as by entering the student market. Many software publishers offer their products to students at low prices. This market offers great potential with approximately 2.2 million students in Germany alone.

In the context of a generally weak business performance, asknet significantly streamlined its organizational structure in fiscal year 2011. This resulted in the number of Group employees being reduced by 12 to a total of 86, the Executive Board from three to two members, and the Supervisory Board from six to three members. These measures were needed to sustainably increase efficiency with lower future structural costs.

Employees

As of December 31, 2011, asknet Group employed 86 people, including the Executive Board. 81 worked at asknet AG and 5 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 105 employees.

Net assets and financial position

As of December 31, 2011, asknet Group's total assets decreased to approximately 11.7 million euros, compared to 14.9 million euros in 2010. Total equity went down by 0.9 million euros to 3.5 million euros on account of the operating losses in the reporting period, corresponding to an equity ratio of 30 percent. asknet Group liquid assets amounted to 6.1 million euros on the reporting date December 31, 2011.

asknet Group's liabilities fell by 2.4 million euros to 6.8 million euros, of which 90 percent came from trade payables. asknet Group did not have any financial obligations as of the balance sheet date. Consolidated cash flows from operating activities were negative at -2.7 million euros, which is mainly due to changes in working capital and operating losses.

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 software publishers 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 2011, asknet's 10 most important customers were responsible for approximately 60 percent of the Group's gross profits. 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 effect 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. The eCommerce sector, in which asknet is active, is also undergoing constant development and change. This allows for example the launch of new technologies or protocols as well as new general conditions that influence the eCommerce market and the way in which products are sold online. Such developments and changes can at times be difficult to predict, meaning that possible risk, uncertainties, financial expenses, delays and obstacles relating to activities in a rapidly changing sector must be taken into account when determining the company's prospects of success. If the company fails to adapt to these developments and changes, this could have a negative impact on asknet's net assets, financial position, and operating results.

The equity ratio remains solid, which means asknet does not foresee any financial bottlenecks in 2012. 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 risks in this area.

The Karlsruhe tax authority issued a notification of interest charges on July 19, 2011 to the amount of 763 thousand euros for formal errors in settling accounts with software publishers. In accordance with a judgment of the European Court, asknet AG applied for a suspension of execution, which the tax authority in question approved in a letter dated July 27, 2011. Tax authorities usually only approve a suspension of execution when there are serious doubts about the lawfulness of a notice. asknet's Executive Board considers it unlikely that these charges will actually need to be paid and has therefore waived recognizing the expense in the 2011 annual financial statements. This estimate is also based on an assessment by tax consultants Ernst & Young GmbH. Notwithstanding this, there is a risk that the company will have to bear the cost after all once it exhausts all legal efforts.

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

Post balance sheet events

With CyberLink Corp., asknet won another international key customer. asknet will take over the online business for the publisher of multimedia solutions from Taiwan and is responsible for orders, deliveries and payments for CyberLink products purchased online, including the well-known CyberLink PowerDVD and PowerDirector software.

There were no other events of material importance after the balance sheet date that had a material effect on asknet AG's net assets, financial position, and operating results.

Forecast and outlook

The growth of the global economy will in all likelihood slow further this year. In light of the European government debt crisis, most of the economic forecasts for full-year 2012 have been revised downwards. The IMF reduced its global economic growth forecasts by 0.7 percent to 3.3 percent, with the World Bank only expecting 2.5 percent growth. Both institutes warn of high economic risks. The IMF anticipates the gross domestic product of the industrialized countries to increase by 1.2 percent. The US economy is expected to grow somewhat more – by 1.8 percent. The forecast for developing and emerging countries is also weaker than in previous years due to economic cooling in the industrialized countries. Growth of 5.4 percent is expected for full-year 2012. However, China and India in particular remain very strong with expected growth of 8.2 percent and 7.0 percent respectively. According to expert opinion, the four largest emerging countries Brazil, Russia, India and China (the so-called BRIC states), 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 approximately 7 percent in 2012 for this group of countries, considerably higher than the general consensus. In the USA, Japan and the European Union, on the other hand, the economic upturn is expected to be much slower. The IMF is forecasting minimal growth of 0.3 percent for Germany this year, with the Kiel Institute for the World Economy (Kiel Institut für Weltwirtschaft – IfW) being slightly more optimistic with growth of 0.5 percent. A stronger economy in Germany with growth of 1.5 to 1.7 percent is not expected until next year.

Online trade is anticipated to continue to show positive growth rates. The soaring number of Internet users and broadband connections throughout the world support these expectations. Market research agency IDATE estimates that almost 750 million broadband connections will be in place by the end of 2012. Sales of internet-enabled smartphones and tablet PCs result in rapidly climbing numbers of mobile users. eCommerce segment growth is also promoted by the state. China's five-year plan, adopted in 2011, not only provides for a network upgrade but also tangible support for online trading, which is expected to increase four-fold in the coming years. According to estimates by Hamburg market research company yStats.com, at least 600 million of the country's inhabitants will have Internet access by 2015, half of whom will make online purchases. The European Commission has also recognized the advantages of online trading: in January 2012 it set the target to double the share of online trading in total EU trading by 2015. Currently, the share is at 3.4 percent according to the Statistical Office of the European Union (Eurostat). Various obstacles, which have to date prevented faster growth, are to be removed to achieve this. The European Commission intends to facilitate crossborder access to Internet products and services, solve payment and delivery problems, facilitate dispute settlement and the removal of illegal material, encourage investment in wireless connections and fixed infrastructure, and improve the development of cloud-computing services. The German Trade Association (Handelsverband Deutschland) anticipates online trade sales in Germany to rise by approximately 13 percent to 29.5 billion euros in the current year. According to estimates by industry association BITKOM, sales in the German software industry will increase by 5.2 percent to 17.0 billion euros. European market research institute EITO forecasts growth of 4.6 percent to more than 70 billion euros for the European software market.

According to current estimates, the eDistribution segment will return to growth in 2012 following declining sales, a path that is also supported by significantly stronger positioning in Asia. New perspectives have also been created in the ePortals segment by launching the Adobe download depot as well as by expanding into Switzerland and Austria. The structural organization adjustments in the second half of 2011 offer good opportunities to see a profit for the full year 2012.

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 prerequisite for improving future operating results. Taking also into account the general economic climate, the Executive Board has once again made this its mission in 2012 and 2013.

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 full effort and commitment in 2011.

Karlsruhe, March 2, 2012
asknet AG – The Executive Board

Michael Konrad   Dr. Dietmar Waudig

Consolidated Financial Statements

Consolidated Balance Sheet

as of December 31, 2011

ASSETS		Dec. 31, 2011 in €	Dec. 31, 2010 in €
A.	**FIXED ASSETS**		
I.	Intangible fixed assets		
	Concessions, industrial and similar rights and assets, and licenses in such rights and assets	18,115.85	38,282.27
II.	Tangible fixed assets		
	Other equipment, operating and office equipment	211,183.55	259,914.23
		229,299.40	**298,196.50**
B.	**CURRENT ASSETS**		
I.	Inventories		
	Merchandise	128,811.66	230,092.31
II.	Receivables and other assets		
1.	Trade receivables	4,811,343.77	5,067,248.43
2.	Other assets	311,823.06	283,200.07
		5,123,166.83	**5,350,448.50**
III.	Cash-in-hand, bank balances, cheques	6,081,117.67	8,820,897.14
		11,333,096.16	**14,401,437.95**
C.	**PREPAID EXPENSES**	138,105.97	166,392.50
		11,700,501.53	**14,866,026.95**

EQUITY AND LIABILITIES		Dec. 31, 2011 in €	Dec. 31, 2010 in €
A.	**EQUITY**		
I.	Subscribed capital Contingent capital € 495,717.00 (previous year: € 496 thousand)	5,044,283.00	5,044,283.00
II.	Currency translation differences	92,272.93	75,683.36
III.	Consolidated net accumulated losses	– 1,590,263.36	–714,380.58
		3,546,292.57	**4,405,585.78**
B.	**PROVISIONS**		
I.	Other provisions	1,187,026.66	1,122,723.93
C.	**LIABILITIES**		
1.	Trade payables	6,230,573.11	8,362,080.06
2.	Other liabilities of which taxes € 412,261.50 (previous year: € 653 thousand) of which relating to social security and similar obligations € 5,867.63 (previous year: € 6 thousand)	611,293.42	855,540.92
		6,841,866.53	**9,217,620.98**
D.	**DEFERRED INCOME**	125,315.77	120,096.26
		11,700,501.53	**14,866,026.95**

Consolidated Income Statement

Fiscal year 2011

		2011 in €	2010 in €
1.	Sales	65,418,391.52	72,662,566.26
2.	Other operating income	192,331.43	106,611.70
		65,610,722.95	**72,769,177.96**
3.	Cost of materials		
	a) Cost of purchased merchandise	– 55,345,192.20	–62,107,425.62
	b) Cost of purchased services	– 227,915.73	–265,747.81
4.	Personnel expenses		
	a) Wages and salaries	– 5,141,693.65	–4,904,107.25
	b) Social security, post-employment and other employee benefit costs of which in respect of old age pensions € 5,059.04 (previous year: € 5 thousand)	– 735,947.58	– 767,574.77
5.	Amortization and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	– 133,286.24	–126,893.21
6.	Other operating expenses	–4,919,699.47	– 5,258,936.61
		– 66,503,734.87	**– 73,430,685.27**
7.	Interest and similar income	46,153.49	79,469.27
8.	Interest and similar expenses	– 1,306.12	– 1,797.06
		44,847.37	**77,672.21**
9.	Result from ordinary activities	– 848,164.55	– 583,835.10
10.	Other taxes	– 27,718.23	– 35,736.76
11.	Consolidated net loss for the year	– 875,882.78	– 619,571.86
12.	Accumulated losses brought forward	– 714,380.58	– 135,068.28
13.	Withdrawals from capital reserves	0.00	40,259.56
14.	Consolidated net accumulated losses	**– 1,590,263.36**	**– 714,380.58**

Consolidated Cash Flow Statement

Fiscal year 2011

		2011 in €	2010 in €
1.	**Cash flows from operating activities**		
	Consolidated net loss for the year before interest paid	– 874,577	– 617,775
	Interest paid	– 1,306	– 1,797
	Consolidated net loss	**–875,883**	**– 619,572**
	Depreciation, amortization and write-downs	133,288	126,893
	Increase (previous year decrease) in provisions	63,132	– 284,313
	Decrease (previous year increase) in receivables and other assets	363,813	– 514,228
	Decrease (previous year increase) in liabilities	–2,390,206	2,268,137
		– 2,705,856	**976,917**
2.	**Cash flows from investing activities**		
	Purchase of intangible fixed assets	– 500	– 7,864
	Purchase of tangible fixed assets	– 63,640	– 285,990
	Proceeds from the sale of financial assets	0	119,932
		– 64,140	**– 173,922**
3.	**Cash flows from financing activities**		
	Payment from allocations to equity	0	8,566
		0	**8,566**
4.	**Cash funds at end of period**		
	Net change in cash funds (subtotal 1 – 3)	–2,769,996	811,561
	Effect on cash funds of foreign exchange rate movements	30,217	48,838
	Cash funds at beginning of period	8,820,897	7,960,498
		6,081,118	**8,820,897**
5.	**Components of cash funds**		
	Cash	6,081,118	8,820,897
	Cash funds at end of period	**6,081,118**	**8,820,897**

Consolidated Statement of Changes in Equity

Fiscal year 2011

	Subscribed capital (Ordinary shares) in €	Capital reserves in €	Net accumulated losses in €	Currency translation differences in €	Group equity in €
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 increase	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**
Jan. 1, 2011	**5,044,283.00**	**0.00**	**– 714,380.58**	**75,683.36**	**4,405,585.78**
Consolidated net loss for the year	0.00	0.00	– 875,882.78	0.00	– 875,882.78
Other comprehensive income	0.00	0.00	0.00	16,589.57	16,589.57
Comprehensive income	0.00	0.00	– 875,882.78	16,589.57	– 859,293.21
Dec. 31, 2011	**5,044,283.00**	**0.00**	**– 1,590,263.36**	**92,272.93**	**3,546.292.57**

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, 2011. The legal representatives of asknet bear the responsibility for the preparation of the consolidated financial statements and the Group management report in accordance with German commercial law. Our task is – based on the audit we conduct – to provide an assessment of the consolidated financial statements and the Group management report.

We conducted our audit of the consolidated financial statements in accordance with section 317 of the German Commercial Code (HGB – Handelsgesetzbuch) and with due consideration of the accepted German auditing procedures defined by the professional association of German CPAs (IDW – Institut der Wirtschaftsprüfer). Those standards require that we plan and perform the audit in such a manner that we can detect with reasonable assurance any inaccuracies and/or irregularities that would materially affect the presentation of the net assets, financial position, and operating results in the Group management report and in the consolidated financial statements, which are prepared in accordance with the accepted German accounting principles (GoB). In defining the audit procedures, we incorporate knowledge of the Group's business activities and its economic and legal environment, and anticipate possible errors. Within the framework of the audit, random checks are performed to determine the effectiveness of the accounting-related internal control system and the accuracy of the supporting documentation for the consolidated financial statements and Group management report. The audit includes an evaluation of the annual financial statements of those corporate entities included in the consolidated financial statements, the determination to include these entities, the accounting and consolidation principles applied, and the assessments and prognoses made by the legal representatives of the Group, as well as well as an analysis of the overall representation given in the consolidated financial statements and Group management report. We believe that our audit provides a sufficient and reasonable basis for our conclusions.

We concluded our audit with no reservations.

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

Mannheim, March 2, 2012

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft
(assurance and advisory services)

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

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

asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe

Notes to the 2011 Consolidated Financial Statements

General information

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

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

Companies of the asknet Group

The consolidated financial statements include the parent company asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe, Germany, 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: 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.

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 into euros 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

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 44 / 45.

Receivables and other assets

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

Bank balances

Of our bank balances, 477 thousand euros are reserved as collateral for aval commitments.

Equity

The subscribed capital of 5,044 thousand euros corresponds with the items recorded in the balance sheet of the parent company.

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 with the following maturities:

Other financial obligations

	in € thousands
to end within one year	309
to end in one to five years	98
to end after five years	0

Explanatory notes to the consolidated cash flow statement

As in the previous year, cash funds comprised cash and bank balances. 477 thousand euros (previous year: 472 thousand euros) of these cash funds are subject to drawing restriction.

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

	in € thousands
January 1, 2011	– 714
Group annual deficit	– 876
December 31, 2011	**– 1,590**

Sales revenues

	2011	2010
Sales revenues by segment	**in € thousands**	**in € tousands**
eDistribution	42,171	48,405
ePortals	23,247	24,258
	65,418	**72,663**
Sales revenues by region		
Germany	29,831	31,305
USA	8,962	12,323
Other countries	26,625	29,035
	65,418	**72,663**

Other disclosures

Directors of the corporation

The Executive Board

These members were appointed to the Executive Board during the fiscal year:

Mr. Michael Konrad, Member of the Executive Board, Karlsruhe, Germany,
Dr. Dietmar Waudig, Member of the Executive Board, Karlsruhe, Germany,
Mr. Michael Scheib, CEO (Chief Executive Officer), Wörthsee, Germany (until July 15, 2011)

After Michael Scheib left the Executive Board, responsibilities were reallocated as follows:

Michael Konrad
Member of the Executive Board (Co-CEO)
(1) Finance and accounting, controlling, risk management and corporate financing
(2) Administration, human resources, legal and taxes
(3) Corporate marketing
(4) eDistribution operating business including marketing, sales, customer service and Professional Services
(5) Business processes including logistics (procurement, purchasing, stock-keeping, warehouse) and payment procedures
(6) Communication (corporate communication, press, Supervisory Board concerns) and Investor Relations
(7) Management of foreign subsidiaries and investments

Dr. Dietmar Waudig
Member of the Executive Board (Co-CEO)
(1) ePortals business operations including marketing, sales, customer service and Professional Services
(2) Research and development (product development)
(3) Product management
(4) Quality management and assurance
(5) IT, telecommunication, technical operations and technical support

Supervisory Board

The annual general meeting on July 29, 2011 resolved to reduce the Supervisory Board from six to three members. The company's articles of association (section 6, paragraph 6.1) were amended.

The members of the Supervisory Board in the 2011 fiscal year were:

Dr. Joachim Bernecker
Management Consultant, Straubenhardt, Germany
– Chairman –

Thomas Krüger
Managing Director of Ad Astra Erste Beteiligungs GmbH
and Ad Astra Venture Consult GmbH, both of Munich, Germany
– Deputy Chairman –

Marc Wurster
Attorney / Tax Advisor, Karlsruhe, Germany

Rafael Laguna
Chief Executive Officer of Open-Xchange AG, Nuremberg, Germany
– from January 1, 2011 until July 29, 2011 –

Dr. Frank Lerchenmüller
Management Consultant, Düsseldorf, Germany
– from January 1, 2011 until July 29, 2011 –

Tim Stracke
Managing Director of Chrono24 GmbH, Frankfurt, Germany
– from January 1, 2011 until July 29, 2011 –

Total remuneration of the Executive Board

In 2011, the Executive Board received remuneration of 687 thousand euros (previous year: 582 thousand euros).

Total remuneration of the Supervisory Board

In 2011, the Supervisory Board received remuneration of 62 thousand euros (previous year: 74 thousand euros).

Auditing and consulting fees

Total auditing fees for the fiscal year amounted to 195 thousand euros and were comprised as follows:

a) audit of the consolidated financial statements	36 thousand euros
b) tax consultancy services	158 thousand euros
c) other consultancy services	1 thousand euros

Employees

During the 2011 fiscal year, the company employed an average of 83 employees in Germany and 8 abroad (not including Executive Board, trainees, and temporary employees).

Karlsruhe, March 2, 2012

asknet Aktiengesellschaft
Electronic Business Solutions

– The Executive Board –

Michael Konrad Dr. Dietmar Waudig

Consolidated Statement of Changes in Fixed Assets

2011

		Cost			
		Jan. 1, 2011 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	682,530.66	37.09	500.00	631.00
II.	**Tangible fi xed assets**				
	Other equipment, operating and office equipment	797,280.09	1,228.50	63,640.70	6,040.30
		1,479,810.75	**1,265.59**	**64,140.70**	**6,671.30**

	Depreciation, amortization and write-downs					Carrying amount	
Dec. 31, 2011	Jan. 1, 2011 historical	Foreign exchange differences	Additions	Disposals	Dec. 31, 2011	Dec. 31, 2011	Dec. 31, 2010
in €	in €	in €	in €	in €	in €	in €	in €
682,436.75	644,248.39	42.43	20,659.08	629.00	664,320.90	18,115.85	38,282.27
856,108.99	537,365.86	969.72	112,627.16	6,037.30	644,925.44	211,183.55	259,914.23
1,538,545.74	**1,181,614.25**	**1,012.15**	**133,286.24**	**6,666.30**	**1,309,246.34**	**229,299.40**	**298,196.50**

Annual Financial Statements

Balance Sheet

as of December 31, 2011

ASSETS		Dec. 31, 2011 in €	Dec. 31, 2010 in €
A.	**FIXED ASSETS**		
I.	Intangible fixed assets		
	Concessions, industrial and similar rights and assets, and licenses in such rights and assets	18,054.79	38,036.79
II.	Tangible fixed assets		
	Other equipment, operating and office equipment	201,246.40	248,851.40
III.	Long-term financial assets		
	Shares in affiliated companies	143,204.04	143,204.04
		362,505.23	**430,092.23**
B.	**CURRENT ASSETS**		
I.	Inventories		
	Merchandise	128,811.66	230,092.31
II.	Receivables and other assets		
1.	Trade receivables	4,811,343.77	5,067,248.43
2.	Receivables from affiliated companies	206,148.51	170,949.44
3.	Other assets	294,668.29	264,254.30
		5,312,160.57	**5,502,452.17**
III.	Cash-in-hand and bank balances	5,564,319.40	8,406,629.28
		11,005,291.63	**14,139,173.76**
C.	**PREPAID EXPENSES**	133,488.97	148,782.36
		11,501,285.83	**14,718,048.35**

EQUITY AND LIABILITIES		Dec. 31, 2011 in €	Dec. 31, 2010 in €
A.	**EQUITY**		
I.	Subscribed capital	5,044,283.00	5,044,283.00
	Contingent capital € 495,717.00 (previous year: € 496 thousand)		
II.	Net retained profits	– 1,593,640.50	– 656,902.14
		3,450,642.50	**4,387,380.86**
B.	**PROVISIONS**		
	Other provisions	1,181,218.54	1,093,228.82
C.	**LIABILITIES**		
1.	Trade payables	6,230,530.35	8,361,516.54
2.	Liabilities to affiliated companies	37,109.06	38,324.87
3.	Other liabilities of which taxes € 416,184.64 (previous year: € 650 thousand) of which relating to social security and similar obligations € 5,867.63 (previous year: € 6 thousand)	476,469.61	717,501.00
		6,744,109.02	**9,117,342.41**
D.	**DEFERRED INCOME**	125,315.77	120,096.26
		11,501,285.83	**14,718,048.35**

Income Statement

Fiscal year 2011

		2011 in €	2010 in €
1.	Sales	65,418,391.52	72,662,566.26
2.	Other operating income	180,089.81	106,322.08
		65,598,481.33	**72,768,888.34**
3.	Cost of materials		
	a) Cost of purchased merchandise	– 55,345,192.20	– 62,107,425.62
	b) Cost of purchased services	– 227,915.73	– 265,747.81
4.	Personnel expenses		
	a) Wages and salaries	– 4,490,380.33	– 4,142,381.10
	b) Social security, post-employment and other employee benefit costs of which in respect of old age pensions € 5,059.04 (previous year: € 5 thousand)	– 677,989.90	– 700,455.75
5.	Amortization and write-downs of intangible fixed assets, and depreciation and write-downs of tangible fixed assets	– 131,722.70	– 121,292.63
6.	Other operating expenses	– 5,709,712.95	– 6,213,458.10
		– 66,582,913.81	**– 73,550,761.01**
7.	Income from long-term loans	0.00	1,687.78
8.	Other interest and similar income of which from affiliated companies € 5,125.00 (previous year: € 7 thousand)	51,261.24	86,437.25
9.	Interest and similar expenses	– 1,306.12	– 1,797.06
		49,955.12	**86,327.97**
10.	Result from ordinary activities	–934,477.36	– 695,544.70
11.	Other taxes	–2,261.00	– 1,617.00
12.	Net loss for the year	– 936,738.36	– 697,161.70
13.	Withdrawals from capital reserves	0.00	40,259.56
14.	Loss carryforward	– 656,902.14	0.00
15.	Net retained profits	**–1,593,640.50**	**– 656,902.14**

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, 2011. The legal representatives of asknet bear the responsibility for the company's accounting and the preparation of the annual financial statement 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 statement, 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 statement 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 2, 2012

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 as of December 31, 2011

General information

This annual financial statement was prepared in accordance with sections 242 et seq. and sections 262 et seq. of the German Commercial Code (HGB – Handelsgesetzbuch) as well as the pertinent regulations of the German Stock Corporation Act (AktG –Aktiengesetz). As of December 31, 2011, the company fulfilled the size classification for a medium-sized corporation.

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 cost 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 acquisition cost.

Trade goods are carried at the lower of acquisition cost or market price.

Appropriate write-downs have been recognized for all identifiable inventory risks that result from reduced marketability and lower replacement costs.

With the exception of customary retention of title, inventories are free from third-party rights.

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

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	12/31/2011	USD million	100.0	0.16	0.07
asknet K.K. Tokyo, Japan	12/31/2011	JPY million	100.0	14.90	1.36

Receivables and other assets

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

Bank balances

Of our bank balances, 477 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. The option to increase the share capital, as resolved on July 28, 2006, was not used.

At the regular general meeting on July 29, 2011, with the full approval of the Supervisory Board, the Executive Board was given authorization, extending until July 16, 2016, to increase the share capital of the corporation on one or more occasions by up to 2,520,000.00 euros against cash and/or payment in kind. Shareholders' subscription rights can be excluded.

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 on account of option rights being exercised in the 2010 fiscal year.

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.

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	280
to end in one to five years	98
to end after five years	0

Other disclosures

Directors of the corporation

The Executive Board

These members were appointed to the Executive Board during the fiscal year:

Michael Konrad, Member of the Executive Board, Karlsruhe
Dr. Dietmar Waudig, Member of the Executive Board, Karlsruhe
Michael Scheib, CEO (Chief Executive Officer), Wörthsee, (until July 15, 2011)

After Michael Scheib left the Executive Board, responsibilities were re-allocated as follows:

Michael Konrad, Member of the Executive Board (Co-CEO) responsible for:

(1) Finance and accounting, controlling, risk management and company financing
(2) Administration, human resources, legal and taxes
(3) Corporate Marketing
(4) eDistribution operating business, including marketing, sales, customer service and professional services
(5) Business processes, including logistics (procurement, purchasing, stockkeeping, warehouse, material flow) and payment procedures
(6) Communication (corporate communication, press, Supervisory Board concerns) and investor relations
(7) Management of foreign subsidiaries and investments

Dr. Dietmar Waudig, Member of the Executive Board (Co-CEO)

(1) ePortals operating business, including marketing, sales, customer service and professional services
(2) Research and development (product development)
(3) Product management
(4) Quality management and assurance
(5) IT, telecommunication, technical operations and technical support

Supervisory Board

The annual general meeting on July 29, 2011 resolved to reduce the Supervisory Board from six to three members. The company's articles of association (section 6, paragraph 6.1) were amended.

The members of the Supervisory Board in the 2011 fiscal year were:

Dr. Joachim Bernecker
Management Consultant, Straubenhardt, Germany,
– Chairman –

Thomas Krüger
Managing Director of Ad Astra Erste Beteiligungs GmbH
and Ad Astra Venture Consult GmbH, both of Munich, Germany
– Deputy Chairman –

Marc Wurster
Attorney / Tax Advisor, Karlsruhe, Germany

Rafael Laguna
Chief Executive Officer of Open-Xchange AG, Nuremberg, Germany
– from January 1, 2011 to July 29, 2011 –

Dr. Frank Lerchenmüller
Management Consultant, Düsseldorf, Germany
– from January 1, 2011 to July 29, 2011 –

Tim Stracke
Managing Director of Chrono24.com GmbH, Frankfurt, Germany
– from January 1, 2011 to July 29, 2011 –

Total remuneration of the Executive Board

In 2011, the Executive Board received remuneration of 687 thousand euros.

Total remuneration of the Supervisory Board

In 2011, the Supervisory Board received remuneration of 62 thousand euros.

Auditing and consulting fees

The company is included in the consolidated financial statements of asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe. Auditing and consulting fees were therefore not disclosed in accordance with section 285 no. 17 of the German Commercial Code (HGB – Handelsgesetzbuch).

Affiliated group

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

Employees

During the 2011 fiscal year, the company employed an average of 83 employees (not including Executive Board, trainees, and temporary employees).

Karlsruhe, March 2, 2012

asknet Aktiengesellschaft
Electronic Business Solutions
– The Executive Board –

Michael Konrad Dr. Dietmar Waudig

Statement of Changes in Fixed Assets

2011

		Costs			
		Jan. 1, 2011 in €	Additions in €	Disposals in €	Dec. 31, 2011 in €
I.	**Intangible fixed assets**				
	Concessions, industrial and similar rights and assets, and licenses in such rights and assets	681,361.49	500.00	631.00	681,230.49
II.	**Tangible fixed assets**				
	Other equipment, operating and office equipment	758,806.11	63,640.70	6,040.30	816,406.51
III.	**Long-term financial assets**				
	Shares in affiliated companies	143,204.04	0.00	0.00	143,204.04
		1,583,371.64	**64,140.70**	**6,671.30**	**1,640,841.04**

Depreciation, amortization and write-downs				Carrying amount	
Jan. 1, 2011 in €	Additions in €	Disposals in €	Dec. 31, 2011 in €	Dec. 31, 2011 in €	Dec. 31, 2010 in €
643,324.70	20,480.00	629.00	663,175.70	18,054.79	38,036.79
509,954.71	111,242.70	6,037.30	615,160.11	201,246.40	248,851.40
0.00	0.00	0.00	0.00	143,204.04	143,204.04
1,153,279.41	**131,722.70**	**6,666.30**	**1,278,335.81**	**362,505.23**	**430,092.23**

Supervisory Board Report

Dear Shareholders,

In fiscal year 2011, 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 five times during the 2011 fiscal year, with one meeting held each quarter plus an additional meeting directly before the annual general meeting on July 29, 2011. 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 29, 2011, besides addressing the usual subjects of performance and outlook, we placed particular emphasis on the results reported on the 2010 annual report as well as the unanimous approval of the 2010 annual financial statements and consolidated financial statements based on the recommendations of the audit committee. Other points on the agenda at the meeting on March 29, 2011 were the report on the results of the test phase of potential new business areas, assessing Executive Board target performance for the 2010 fiscal year and setting the targets for the Executive Board in 2011.

At the Supervisory Board meeting on June 1, 2011, the agenda included a discussion of the company's position (first quarter results of 2011), the forecast for the year as a whole, and finalizing decisions for the annual general meeting, which was scheduled for late July.

The new Supervisory Board was elected as part of the 2011 annual general meeting on July 29, 2011. The annual general meeting also resolved to reduce the Supervisory Board from six to three members. Dr. Joachim Bernecker, Thomas Krüger and Marc Wurster were appointed to the Supervisory Board. At the constitutive Supervisory Board meeting on July 29, 2011, the new Supervisory Board elected Dr. Joachim Bernecker as Chairman and Thomas Krüger as Deputy Chairman of the Supervisory Board.

At our meeting on September 22, 2011, we discussed the company's performance (results for the first half of 2011) as well as the results of the restructuring measures resolved and carried out in summer 2011. We carried out an extrapolation of the company results expected for 2012 in the form of an early view. Additionally, we decided to dissolve the audit committee and the personnel committee due to the reduction of the Supervisory Board to three members.

At our meeting on November 25, 2011, we discussed the company results for the first three quarters of 2011. The Executive Board presented its planning for 2012.

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:

- Report of the Supervisory Board for the 2010 fiscal year

- Adoption of a restructuring program by the asknet AG Executive Board following Supervisory Board approval and implementation in summer 2011. The program's objective was streamlining asknet's structures in order to be better prepared for future challenges and lead asknet AG to profitability in a timely manner. Part of this program included reducing asknet AG's executive bodies. With its resolution of June 20, 2011, the Supervisory Board decided to recommend the reduction of the Supervisory Board from six to three members at the annual general meeting on July 29, 2011

- The Supervisory Board resolution of July 5, 2011 authorized the personnel committee to release Michael Scheib from his duties and negotiate a termination agreement with him

- Agreement on a termination contract with Michael Scheib and resignation from his appointment as CEO and Chairman of the Executive Board

- With its resolution of July 5, 2011, the Supervisory Board also agreed upon the performance targets for 2011 negotiated between the personnel committee and the Executive Board.

In two workshops held in the first half of 2011, the Supervisory Board and the Executive Board discussed the restructuring program, which was later approved and implemented. The objective of the November 2011 workshop was to discuss new and/or additional market and positioning opportunities for asknet AG as part of the planning for 2012.

Supervisory Board committees

In the 2011 fiscal year, the audit committee, which was specifically responsible for the preparatory review and discussion of the documentation for the annual financial statements, met on March 28, 2011, prior to the Supervisory Board meeting on March 29, 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.

In 2011, the personnel committee, which lays the groundwork for any human resources decisions made by the Supervisory Board, dealt with the negotiations concerning the termination agreement between asknet AG and Michael Scheib as well as the Executive Board performance targets for the 2011 fiscal year.

Annual general meeting

asknet AG's regular annual general meeting was held on July 29, 2011. The main items on the agenda were granting discharge to the Executive Board and the Supervisory board, the selection of auditors for the 2011 fiscal year, the reduction and election of the new Supervisory Board, the creation of new authorized capital as well as changes to the articles of association connected with the resolutions. 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 July 29, 2011, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, was selected to perform the audit of the financial reports for the 2011 fiscal year. Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, audited asknet AG's annual financial statements for the period ending December 31, 2011, the consolidated financial statements for the period ending December 31, 2011, 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, 2012, the auditors presented the findings of their audit to the asknet AG Supervisory Board, who then asked the auditors supplementary questions.

asknet AG's annual financial statements, the consolidated financial statements, and the management reports for the 2011 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 28, 2012, 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

Michael Scheib resigned from his appointment as CEO and Chairman of the Executive Board of asknet AG in July. On July 29, 2011, the regular annual general meeting resolved to reduce the Supervisory Board from three to six members and elected Dr. Joachim Bernecker, Thomas Krüger and Marc Wurster to serve on the Supervisory Board.

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 2011 fiscal year, and wishes asknet AG every success in the 2012 fiscal year.

Karlsruhe, April 3, 2012

The Supervisory Board

Dr. Joachim Bernecker
(Chairman of the Supervisory Board)

Acknowledgements / Contact Information

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Photos
Photo archive asknet AG

Finance calendar 2012

May 24, 2012	Publication Q1/2012 results (German version)
August 15, 2012	Publication of the Half Year Report 2012 (German version)
November 15, 2012	Publication Q3/2012 results (German version)

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