asknet
leading in global eCommerce

Accelerate your eSales in the Digital Marketplace.

Annual Report 2012

Content

Letter to our Shareholders

Dear Shareholders,

Growth in the world economy slowed down again in 2012. While the developing and emerging countries, led by China, remained the most important growth drivers, economic output in the industrialized countries increased only moderately. The eurozone as a whole delivered a negative performance in the past fiscal year, with Germany being one of the few positive exceptions. By contrast, there were no signs of an end to growth in the e-commerce sector. Driven by the soaring number of internet users and broadband connections worldwide as well as a remarkable increase in mobile data transfer, the internet even gained importance as a distribution channel.

Our two market segments developed quite differently from each other during the reporting period. While the eDistribution segment returned to growth and posted double-digit year-on-year gross profit improvements in each of the past three quarters, the ePortals segment showed a negative trend throughout the year. On balance, however, the decline in academic software portals was fully offset by the positive development of the eDistribution segment. As a result, our company's gross profits reached the prior year level.

The streamlining of the organizational structure, which was implemented in 2011 to cut costs and increase efficiency, clearly paid off in the reporting period. Having posted a net loss in the previous year, we broke even on a full-year basis in the fiscal year 2012 and recorded consolidated net income of 0.08 million euros.

The course for sustainable profitability in the future has thus been set. We see good opportunities for our ePortals segment to return to growth in the current fiscal year and to further improve our operating result in the full year 2013.

I would like to thank you, our shareholders, for placing your trust in us and welcome you to accompany asknet AG along its path.

Sincerely,
asknet AG – The Executive Board

Michael Konrad

Management Report

asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe, Germany

Company Management Report 2012

Business Operations

asknet is a leading supplier of outsourcing solutions for global online software sales. 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 visually 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 e-commerce 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 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 e-commerce portfolio features more than 35 different billing currencies as well as payment and billing methods and 12 customer service languages.

Market Development

Growth in the world economy continued to slow down last year. According to the International Monetary Fund (IMF), the world economy grew by 3.2 percent in 2012, compared to 3.9 percent in the previous year. The low global growth momentum is primarily reflected in global trade over the past years. While trade volumes had dropped sharply as a result of the global financial and economic crisis, they increased by 12.4 percent in 2010 and by 5.9 percent in 2011 but only by as little as 2.8 percent in 2012. The developing and emerging countries remained the most important growth drivers, recording a 5.1 percent increase in gross domestic product. But there are major differences within this country group. While China remained the biggest global growth driver at a strong 7.8 percent, India's growth has slowed down somewhat to 4.5 percent. Brazil's GDP increased by as little as 1.0 percent. Between them, the industrialized countries achieved only 1.3 percent growth. The US economy performed relatively well and expanded by 2.3 percent. Japan's GDP, which had declined in 2011 in the wake of the natural disasters, picked up by 2.0 percent. The trend in the eurozone was strikingly negative, with GDP down by 0.4 percent. Within the eurozone, Germany remained the main growth driver. According to preliminary figures of the Federal Statistical Office, the German economy grew by 0.7 percent in spite of negative stimuli from other European countries. Although the foreign trade environment was difficult, exports were again the most important source of growth.

In 2012, there were again no signs of an end to growth in the e-commerce sector. Right on the contrary, the internet continues to gain importance as a distribution channel. According to market research results of the Internet World Stats, more than 2.4 billion people had access to the World Wide Web in 2012. This is equivalent to about 34 percent of the world population. This means that the number of internet users has increased more than sixfold since 2000 and continues to grow. About 22 percent of the users come from Europe, almost 45 percent from Asia and 11 percent from North America, where the internet penetration rate is the highest, with almost 79 percent of the population statistically having access to the internet – compared to 63 percent in Europe. Relatively low penetration rates of approximately 28 percent in the Asian region and 16 percent in Africa mean that these IT markets have particularly high growth potential. Moreover, use of the internet is becoming increasingly fast and mobile. According to the IDATE market researchers there were over 750 million broadband connections at the end of 2012. The number of mobile users is also growing rapidly. Market research firm IDC reports that as many as 840 million smartphones and tablets were sold across the globe in 2012. The German market for mobile devices is also growing dynamically. According to German industry association BITKOM, 3.2 million tablet computers were sold in Germany in 2012, one million more than in the previous year. Add to this about 23 million smartphones, as estimated by the European Information Technology Observatory (EITO), which represents a 43 percent increase on the previous year.

Online trade benefits from the fast and mobile exchange of large amounts of data. Rising user numbers and the constant development of internet shopping options continue to drive online sales. Germany's Bundesverband Digitale Wirtschaft (BVDW) e.V. projects sales revenues of 29.4 billion euros for the full year 2012, a 15 percent increase on the previous year. Of this amount, some 2.8 billion euros is related to m-commerce, i.e. sales via mobile terminals such as tablet computers and smartphones. Thanks to the growing number of stationary and mobile users, the world market for information and communications technology (ITC) continues to expand. According to market research firm Gartner, the global ITC market grew by 1.2 percent to over 3.6 billion US dollars in 2012. The European ITC market expanded by approximately 0.8 percent to 677 million euros, according to the EITO.

While sales of desktop computers are on the decline as a result of the mobile boom, primarily the global software market is benefiting. IDC projects a growth rate of 6 percent for the full year 2012. The American markets and the large emerging countries in Asia remain the main growth drivers. According to forecasts by Gartner the enterprise software segment increased by 3.3 percent to 278 billion US dollars. BITKOM estimates that the development in the German software market was also extremely positive. Revenues in this segment rose by 4.4 percent to 16.9 billion euros, while IT service revenues grew by 2.1 percent to 34.9 billion euros. By contrast, sales of desktop computers declined by 0.7 percent.

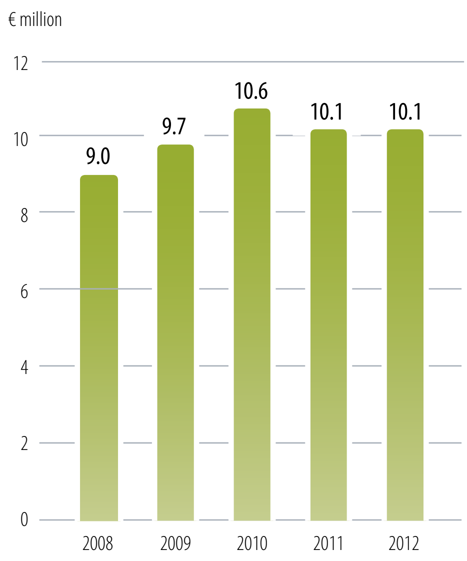
Business Development

Sales and operating results

Supported by seasonally strong year-end sales, the fourth quarter of 2012 was profitable as in the previous year. This and the sustainable reduction in structural expenses enabled asknet AG to post positive earnings before taxes (EBT) of 0.16 million euros. This means that the company broke even on a full-year basis as had been projected.

Total sales revenues of asknet AG amounted to 74.82 million euros in 2012. The eDistribution segment accounted for 53.22 million euros, while the ePortals segment contributed 21.60 million euros. Sales revenues in the prior year had totalled 65.42 million euros. It should be noted that a major portion of the sales revenues is handled via service provider agreements, under which only the service fees are recognized as revenues in asknet's income statement. asknet handled a total of 1.53 million e-commerce transactions, up by approximately 14 percent on the previous year's 1.34 million. Accordingly, transaction revenues increased from 83.9 million euros in 2011 to 90.96 million euros in 2012.

Development of gross profits (in EUR million)



source: asknet AG

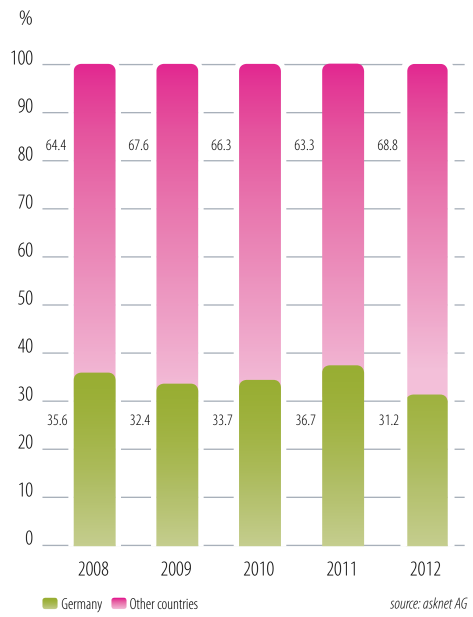
At 10.12 million euros, gross profits in the reporting period were on a par with the previous year. The eDistribution segment accounted for 7.54 million euros, while the ePortals segment contributed 2.58 million euros. For the eDistribution segment, this represented an increase by approx. 8 percent or 0.56 million euros, whereas the ePortals segment posted a decline by 0.51 million euros or approximately 17 percent compared to the previous year. asknet's gross profit margin amounted to 13.5 percent.

The cost of materials rose from 55.57 million euros in the previous year to 64.94 million euros in fiscal 2012. The 17 percent increase is more or less equivalent to the sales growth in the full year.

At 4.48 million euros, personnel expenses were clearly below the prior year level of 5.17 million euros, which is attributable to the streamlined organizational structure. 87 people worked for asknet AG at the end of 2012, including the Executive Board and excluding trainees and temporary employees. Personnel expenses as a percentage of transaction revenues declined from the previous year's 6.2 percent to 4.9 percent due to reduced structural expenses.

Other operating expenses of asknet AG amounted to 6.11 million euros in the reporting period, compared to 5.71 million euros in 2011.

End customer sales by region (in %)



The company's earnings before interest and taxes (EBIT) amounted to 46 thousand euros. Earnings before taxes (EBT) for the full year 2012 reached 66 thousand euros. Net income after interest and taxes amounted to 64 thousand euros, which means that the company broke even on a full year basis. In 2011, asknet AG had posted a net loss of 0.94 million euros.

The international orientation of asknet AG is reflected in the high percentage of end customer revenues generated abroad. In the reporting period, the company generated 68.8 percent of the transaction revenues outside Germany, with the USA representing the biggest market (15.8 percent) behind Germany (31.2 percent). The 5.5 percent increase in the foreign percentage was mainly due to the positive performance of the eDistribution segment and the weaker performance of the ePortals segment.

Segment developments

The two business segments of asknet AG developed very differently in the fiscal year 2012. The eDistribution segment had a moderate start to the year but returned to double-digit year-on-year gross profit growth in the second quarter. By contrast, the ePortals segment showed a negative trend throughout the year. On balance, however, the decline in academic software portals was fully offset by the positive development of the eDistribution segment. Gross profits for the full year were on a par with the previous year.

In the eDistribution segment, business with most key accounts was positive in the course of the year. In particular, strong year-end sales at CyberLink and Steinberg had an extremely positive effect on the company's final quarter. CyberLink Corp., an international provider of multimedia solutions from Taiwan, recorded strong sales growth in the last three months of the reporting period, which even exceeded its high expectations. CyberLink develops award-winning applications for the reproduction, creation and distribution of digital media, including the well-known CyberLink PowerDVD and PowerDirector software. asknet has operated the software manufacturer's global online shops since the end of March 2012 and is responsible for orders, deliveries and payments for the CyberLink products purchased on the web. In the third quarter of 2012, CyberLink launched a new version of its PowerDirector video editing software. Besides the Deluxe and Ultra variants, the company also launched a new Ultimate version, which, together with the new ColorDirector and AudioDirector, is available as the PowerDirector Ultimate Suite. As had been expected, CyberLink's product launches made themselves felt in the fourth quarter. Together with the very strong Christmas sales, this led to a sharp rise in sales revenues.

A strong increase in sales in the fourth quarter was also reported by Steinberg Media Technologies GmbH, a world-leading manufacturer of audio software, with over 1.5 million users. By launching a new release of its main product, Cubase 7, Steinberg once again intensified its focus on online commerce. Upgrades from previous versions to Cubase 7 were available for the first time exclusively in the company's online shop, which is operated by asknet. Cubase 7 offers numerous composing, recording, editing and mixing functions as well as virtually unlimited possibilities for professional music producers and sound engineers. The state-of-the-art workstation is characterized by outstanding audit quality, a plug-in set with many innovative tools and functions which make working in a studio much more efficient. A member of the Yamaha Group, Steinberg has marketed professional software and hardware for musicians and producers from the music, video and film industry since 1984. Since then, the company has developed many technological innovations which have changed the world of music production fundamentally.

asknet's ePortals segment recorded a sharp decline in the reporting period. This was due to a lower number of new customer projects as well as weaker sales of the products sourced from the company's large software partners. The new agreements signed with IBM and the Swiss Migros Group as well as growing service revenues with universities should have a positive effect going forward. Under two new global OEM agreements, asknet will operate as IBM's ISV-partner and provide staff of academic institutions and students with its SPSS ResearchPack and SPSS StudyPack business intelligence solutions at special terms. asknet's own solutions are thus giving the company access to customers in need of information management and predictive analytics solutions. asknet has also been able to win new clients in Switzerland; in cooperation with SoftwareONE, the company has successfully provided the participants of the Club Schools of the Swiss Migros Group with Adobe download products at reduced prices via the www.studyhouse.ch portal. The products are available not only to the roughly 7,100 teachers and coaches and 1,500 employees but also to more than 450,000 course and seminar participants per year.

asknet meanwhile supplies more than 80 percent of Germany's universities with software products. By continuing its expansion to Switzerland and Austria and entering the students market, the company has already opened up new prospects for this business segment. Many software manufacturers offer their products to students at preferential terms. With some 2.2 million students in Germany alone, this market has huge potential.

Changes on the Executive Board

Dr. Dietmar Waudig, co-founder and long-standing member of the Executive Board of asknet AG, resigned from office with effect from November 16, 2012 in agreement with the Supervisory Board and left the company at the end of the year, when his contract expired. Having spent over 17 years with the company, Dr. Dietmar Waudig wanted to take up new tasks outside of his previous field of activity. The Supervisory Board would like to thank Dr. Dietmar Waudig for his great, long-standing commitment to the company. The former tasks of Dr. Waudig have been taken over by his fellow Board member Michael Konrad, who is now the sole member of the company's Executive Board.

Employees

As of December 31, 2012, asknet AG employed 87 people, including the Executive Board. When trainees and temporary employees are included in the figure, as of December 31, 2012, the company had 101 employees.

Net assets and financial position

As of December 31, 2012, asknet AG's total assets rose to 13.44 million euros, compared to 11.50 million euros in 2011. Total equity increased moderately in the reporting period, namely from 3.45 million euros to 3.51 million euros, corresponding to an equity ratio of approximately 26 percent. asknet AG's liquid assets amounted to 5.81 million euros on the reporting date December 31, 2012, compared to 5.56 million euros at the end of 2011.

Liabilities of asknet AG increased by 1.75 million euros to 8.49 million euros, of which approximately 88 percent were trade payables. The company did not have any financial obligations as of the balance sheet date.

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 a long tradition of maintaining close 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 why asknet makes continuous efforts to limit asknet's dependency on individual customers by acquiring new accounts and broadening the customer base. In 2012, asknet's 10 most important customers accounted for approximately two thirds of the company'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 and its flexibility in customising its online shops.

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 e-commerce 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 e-commerce 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 2013. The Group's reporting and Group currency is the euro. However, some business is transacted in other currencies. For this reason, periodic fluctuations in individual currencies can affect the revenues and profits of asknet. The company continuously monitors potential exchange rate risks related to balance sheet items as well as anticipated cash flows.

One pillar of asknet's financial health is the highly qualified professionals whom asknet employs. The staff identifies strongly with the company, which guarantees that they are highly motivated and productive. The personal skills and knowledge of the 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 as well as unauthorized data access or the infection or manipulation of systems 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. Wherever this makes sense, asknet takes specific measures to mitigate these risks.

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 and 2012 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

There were no 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

Growth in the world economy is likely to pick up somewhat this year. In its latest forecast for 2013, the IMF projects a growth rate of 3.5 percent. 5.5 percent growth is projected for the developing and emerging countries, compared to only 1.4 percent for the industrialized countries. A positive trend and a 2.0 percent growth rate are anticipated for the USA, whereas the eurozone economy is expected to continue suffering from the consequences of the financial and debt crisis. While confidence in the stability of the members of the Eurogroup has increased somewhat lately, the IMF nevertheless expects economic output in the eurozone to decline by a moderate 0.2 percent. The recession persists especially in the Southern European countries. The German economy can isolate itself only partly from this negative trend and will grow by just 0.4 percent in 2013, according to the federal government's latest Annual Economic Report. This growth will be driven primarily by stable domestic demand. Among the developing and emerging countries, the BRIC countries (Brazil, Russia, India and China) attracted special attention in the past years on account of their huge growth potential. According to Credit Suisse's Global Research Team, however, this region will grow at a somewhat lower rate of about 6 percent p.a. in the medium term due to growth-dampening external and internal factors such as a lack of investments an the reform backlog. By contrast, other emerging countries such as the "Next Eleven" will gain importance going forward. The economies of the most important countries of this group, Mexico, Indonesia, South Korea, Turkey (also referred to as "MIST" countries") have more than doubled in the past ten years and have meanwhile reached a combined volume that is comparable to that of the German economy.

The number of broadband connections and mobile users is growing dynamically across the globe. According to the IDC, some 917 million smartphones and 172 million tablet computers are expected to be sold in 2013 alone. The e-commerce sector benefits strongly from increased internet penetration and mobility. According to Goldman Sachs analysts, the global online trading volume will grow by 17 percent this year to just under 1 trillion US dollars. At 323 billion US dollars, Asia will account for about 34 percent of this total, making the region the world's largest internet marketplace. An amount of 283 billion US dollars (approx. 29 percent) is projected for Europe.

In Germany, the BVDW projects a 14 percent increase to 33.6 billion euros, of which 4.3 billion euros will be accounted for by the m-commerce sector.

Gartner expects the global ITC market to expand by 4.2 percent to approximately 3.8 trillion US dollars in 2013. The rising number of mobile users will benefit primarily those companies which respond to the trend towards greater mobility. The enterprise software segment will grow dynamically by 6.4 percent in 2013. Providers of enterprise software will benefit especially from demand for security, storage management and CRM software. In spite of high global growth, the EITO expects the European ITC market to expand by only 1.1 percent in 2013 to a total of 684 billion euros. In Germany, BITKOM expects sales of ITC products and services to increase by 1.6 percent to 154.3 billion euros in 2013. The general sentiment throughout the German ITC sector is good. According to a recent industry survey carried out by BITKOM, three quarters of all companies surveyed project higher sales revenues for the first half of 2013. For the full year 2013, as many as 78 percent of the companies expect sales revenues to improve on the prior year. Only one in ten companies project declining sales. Software firms (87 percent) and IT service providers (82 percent) are especially optimistic, as they benefit from new technologies such as cloud computing and the growing demand for mobile applications for smartphones and tablet computers. According to the IDC, the medium-term outlook for Germany is also positive, as German companies' IT spending is expected to increase by an average of 2.9 percent between 2011 and 2016.

The Executive Board of asknet AG is confident that the eDistribution segment will continue to grow this year and next. Having reported declining sales lately, the ePortals segment should also return to growth in 2013. In particular, the ongoing expansion of the asknet software portals into other German-speaking countries will open up good growth opportunities in the medium term. Moreover, asknet has some interesting projects with existing customers in the pipeline, which should have a positive effect this year and next.

The streamlining of the organizational structure, which was implemented in the previous year to cut costs and increase efficiency, made itself felt clearly already in the reporting period. As had been projected, asknet AG broke even in 2012 on a full year basis, thus setting the course for sustainable profitability in the future. Constant development, which is not based on one-time effects but on asknet's strategy of the scalability of the business model, stringent cost control, international orientation and the consistent expansion of the product and service range and the customer base, is a precondition for the future improvement in operating results, which is one of the targets the Executive Board has set itself also for 2013 and 2014, taking the macroeconomic environment into account.

asknet will continue its tradition of providing all company stakeholders with information that exceeds the reporting duties of the Entry Standard. Besides publishing annual and half-year reports, the company aims to maintain a high degree of transparency by voluntarily publishing documents such as interim reports and directors' dealings. With a view to keeping the company's costs and efforts as low as possible, however, no more quarterly reports will be prepared in future. Instead, we will publish press releases on the business performance in the first three months and the first nine months of a year as well as the respective consolidated figures (consolidated balance sheet, consolidated income statement and consolidated cash flow statement) on the company's website.

The Executive Board of asknet AG would like to thank all employees for their full effort and commitment in 2012.

Karlsruhe, April 4, 2013

asknet AG – The Executive Board

Michael Konrad

asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe, Germany

Group Management Report 2012

Business Operations

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asknet AG, headquartered in Karlsruhe, is the parent company of asknet Group. As of the reporting date December 31, 2012, the Group directly held all the shares in asknet Inc., San Francisco, USA, and asknet K.K., Tokyo, Japan. The subsidiaries are primarily responsible for customer service and support in their respective regions.

Market Development

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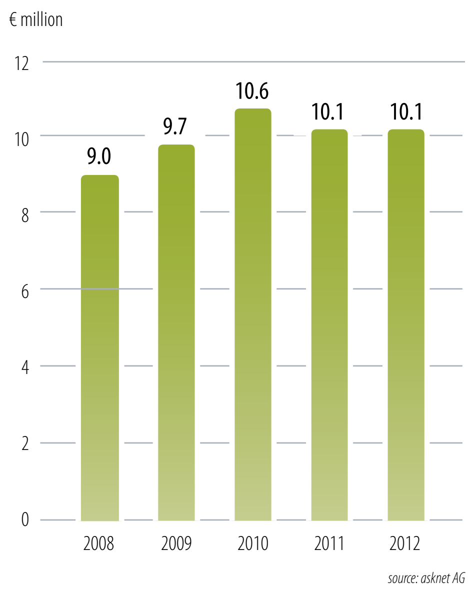
Development of gross profits (in EUR million)



Business Development

Sales and operating results

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At 10.12 million euros, gross profits in the reporting period were on a par with the previous year. The eDistribution segment accounted for 7.54 million euros, while the ePortals segment contributed 2.58 million euros. For the eDistribution segment, this represented an increase by approx. 8 percent or 0.56 million euros, whereas the ePortals segment posted a decline by 0.51 million euros or approximately 17 percent compared to the previous year. asknet Group's gross profit margin amounted to 13.5 percent.

The cost of materials rose from 55.57 million euros in the previous year to 64.94 million euros in fiscal 2012. The 17 percent increase is more or less equivalent to the sales growth in the full year.

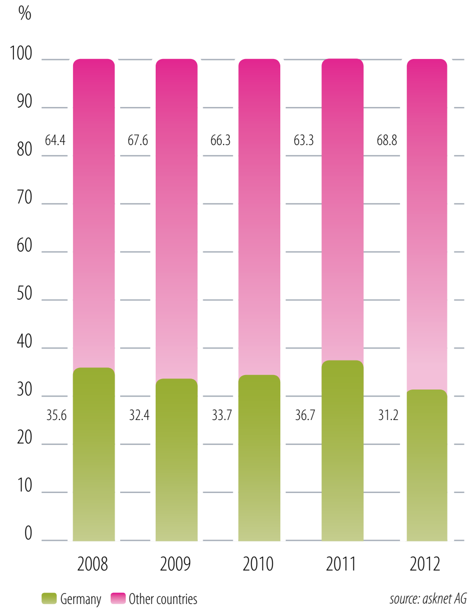
At 4.75 million euros, personnel expenses were clearly below the prior year level of 5.88 million euros, which is attributable to the streamlined organizational structure. 93 people worked for asknet Group at the end of 2012, including the Executive Board and excluding trainees and temporary employees. Personnel expenses as a percentage of transaction revenues declined from the previous year's 7.0 percent to 5.2 percent due to reduced structural expenses.

Other operating expenses of asknet Group amounted to 5.80 million euros in the reporting period, compared to 4.92 million euros in 2011.

The Group's earnings before interest and taxes (EBIT) amounted to 0.09 million euros. Earnings before taxes (EBT) for the full year 2012 reached 0.10 million euros. Net income after interest and taxes amounted to 0.08 million euros, which means that the company broke even on a full year basis. In 2011, asknet Group had posted a net loss of 0.88 million euros.

The international orientation of asknet Group is reflected in the high percentage of end customer revenues generated abroad. In the reporting period, the Group generated 68.8 percent of the transaction revenues outside Germany, with the USA representing the biggest market (15.8 percent) behind Germany (31.2 percent). The 5.5 percent increase in the foreign percentage was mainly due to the positive performance of the eDistribution segment and the weaker performance of the ePortals segment.

End customer sales by region (in %)



source: asknet AG

Segment developments

The two business segments of asknet Group developed very differently in the fiscal year 2012. The eDistribution segment had a moderate start to the year but returned to double-digit year-on-year gross profit growth in the second quarter. By contrast, the ePortals segment showed a negative trend throughout the year. On balance, however, the decline in academic software portals was fully offset by the positive development of the eDistribution segment. Gross profits for the full year were on a par with the previous year.

In the eDistribution segment, business with most key accounts was positive in the course of the year. In particular, strong year-end sales at CyberLink and Steinberg had an extremely positive effect on the company's final quarter. CyberLink Corp., an international provider of multimedia solutions from Taiwan, recorded strong sales growth in the last three months of the reporting period, which even exceeded its high expectations. CyberLink develops award-winning applications for the reproduction, creation and distribution of digital media, including the well-known CyberLink PowerDVD and PowerDirector software. asknet has operated the software manufacturer's global online shops since the end of March 2012 and is responsible for orders, deliveries and payments for the CyberLink products purchased on the web. In the third quarter of 2012, CyberLink launched a new version of its PowerDirector video editing software. Besides the Deluxe and Ultra variants, the company also launched a new Ultimate version, which, together with the new ColorDirector and AudioDirector, is available as the PowerDirector Ultimate Suite. As had been expected, CyberLink's product launches made themselves felt in the fourth quarter. Together with the very strong Christmas sales, this led to a sharp rise in sales revenues.

A strong increase in sales in the fourth quarter was also reported by Steinberg Media Technologies GmbH, a world-leading manufacturer of audio software, with over 1.5 million users. By launching a new release of its main product, Cubase 7, Steinberg once again intensified its focus on online commerce. Upgrades from previous versions to Cubase 7 were available for the first time exclusively in the company's online shop, which is operated by asknet. Cubase 7 offers numerous composing, recording, editing and mixing functions as well as virtually unlimited possibilities for professional music producers and sound engineers. The state-of-the-art workstation is characterized by outstanding audit quality, a plug-in set with many innovative tools and functions which make working in a studio much more efficient. A member of the Yamaha Group, Steinberg has marketed professional software and hardware for musicians and producers from the music, video and film industry since 1984. Since then, the company has developed many technological innovations which have changed the world of music production fundamentally.

asknet's ePortals segment recorded a sharp decline in the reporting period. This was due to a lower number of new customer projects as well as weaker sales of the products sourced from the company's large software partners. The new agreements signed with IBM and the Swiss Migros Group as well as growing service revenues with universities should have a positive effect going forward. Under two new global OEM agreements, asknet will operate as IBM's ISV-partner and provide staff of academic institutions and students with its SPSS ResearchPack and SPSS StudyPack business intelligence solutions at special terms. asknet's own solutions are thus giving the company access to customers in need of information management and predictive analytics solutions. asknet has also been able to win new clients in Switzerland; in cooperation with SoftwareONE, the company has successfully provided the participants of the Club Schools of the Swiss Migros Group with Adobe download products at reduced prices via the www.studyhouse.ch portal. The products are available not only to the roughly 7,100 teachers and coaches and 1,500 employees but also to more than 450,000 course and seminar participants per year.

asknet meanwhile supplies more than 80 percent of Germany's universities with software products. By continuing its expansion to Switzerland and Austria and entering the students market, the company has already opened up new prospects for this business segment. Many software manufacturers offer their products to students at preferential terms. With some 2.2 million students in Germany alone, this market has huge potential.

Changes on the Executive Board

Dr. Dietmar Waudig, co-founder and long-standing member of the Executive Board of asknet AG, resigned from office with effect from November 16, 2012 in agreement with the Supervisory Board and left the company at the end of the year, when his contract expired. Having spent over 17 years with the company, Dr. Dietmar Waudig wanted to take up new tasks outside of his previous field of activity. The Supervisory Board would like to thank Dr. Dietmar Waudig for his great, long-standing commitment to the company. The former tasks of Dr. Waudig have been taken over by his fellow Board member Michael Konrad, who is now the sole member of the company's Executive Board.

Employees

As of December 31, 2012, asknet Group employed 93 people, including the Executive Board. 87 worked at asknet AG and 6 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, 2012, asknet Group had 107 employees.

Net assets and financial position

As of December 31, 2012, asknet Group's total assets rose to 13.51 million euros, compared to 11.70 million euros in 2011. Total equity increased moderately in the reporting period, namely from 3.55 million euros to 3.61 million euros, corresponding to an equity ratio of approximately 27 percent. asknet Group's liquid assets amounted to 6.58 million euros on the reporting date December 31, 2012, compared to 6.08 million euros at the end of 2011.

Liabilities of asknet Group increased by 1.6 million euros to 8.46 million euros, of which approximately 88 percent were trade payables. asknet Group did not have any financial obligations as of the balance sheet date. Consolidated cash flows from operating activities were positive at 0.73 million euros.

Risk Report

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

asknet has a long tradition of maintaining close 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 why asknet makes continuous efforts to limit asknet's dependency on individual customers by acquiring new accounts and broadening the customer base. In 2012, asknet's 10 most important customers accounted for approximately two thirds 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 and its flexibility in customising its online shops.

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 e-commerce 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 e-commerce 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 2013. 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 as well as unauthorized data access or the infection or manipulation of systems 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. Wherever this makes sense, asknet takes specific measures to mitigate these risks.

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 and 2012 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

There were no 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

Growth in the world economy is likely to pick up somewhat this year. In its latest forecast for 2013, the IMF projects a growth rate of 3.5 percent. 5.5 percent growth is projected for the developing and emerging countries, compared to only 1.4 percent for the industrialized countries. A positive trend and a 2.0 percent growth rate are anticipated for the USA, whereas the eurozone economy is expected to continue suffering from the consequences of the financial and debt crisis. While confidence in the stability of the members of the Eurogroup has increased somewhat lately, the IMF nevertheless expects economic output in the eurozone to decline by a moderate 0.2 percent. The recession persists especially in the Southern European countries. The German economy can isolate itself only partly from this negative trend and will grow by just 0.4 percent in 2013, according to the federal government's latest Annual Economic Report. This growth will be driven primarily by stable domestic demand. Among the developing and emerging countries, the BRIC countries (Brazil, Russia, India and China) attracted special attention in the past years on account of their huge growth potential. According to Credit Suisse's Global Research Team, however, this region will grow at a somewhat lower rate of about 6 percent p.a. in the medium term due to growth-dampening external and internal factors such as a lack of investments an the reform backlog. By contrast, other emerging countries such as the "Next Eleven" will gain importance going forward. The economies of the most important countries of this group, Mexico, Indonesia, South Korea, Turkey (also referred to as "MIST" countries") have more than doubled in the past ten years and have meanwhile reached a combined volume that is comparable to that of the German economy.

The number of broadband connections and mobile users is growing dynamically across the globe. According to the IDC, some 917 million smartphones and 172 million tablet computers are expected to be sold in 2013 alone. The e-commerce sector benefits strongly from increased internet penetration and mobility. According to Goldman Sachs analysts, the global online trading volume will grow by 17 percent this year to just under 1 trillion US dollars. At 323 billion US dollars, Asia will account for about 34 percent of this total, making the region the world's largest internet marketplace. An amount of 283 billion US dollars (approx. 29 percent) is projected for Europe. In Germany, the BVDW projects a 14 percent increase to 33.6 billion euros, of which 4.3 billion euros will be accounted for by the m-commerce sector.

Gartner expects the global ITC market to expand by 4.2 percent to approximately 3.8 trillion US dollars in 2013. The rising number of mobile users will benefit primarily those companies which respond to the trend towards greater mobility. The enterprise software segment will grow dynamically by 6.4 percent in 2013. Providers of enterprise software will benefit especially from demand for security, storage management and CRM software. In spite of high global growth, the EITO expects the European ITC market to expand by only 1.1 percent in 2013 to a total of 684 billion euros. In Germany, BITKOM expects sales of ITC products and services to increase by 1.6 percent to 154.3 billion euros in 2013. The general sentiment throughout the German ITC sector is good. According to a recent industry survey carried out by BITKOM, three quarters of all companies surveyed project higher sales revenues for the first half of 2013. For the full year 2013, as many as 78 percent of the companies expect sales revenues to improve on the prior year. Only one in ten companies project declining sales. Software firms (87 percent) and IT service providers (82 percent) are especially optimistic, as they benefit from new technologies such as cloud computing and the growing demand for mobile applications for smartphones and tablet computers. According to the IDC, the medium-term outlook for Germany is also positive, as German companies' IT spending is expected to increase by an average of 2.9 percent between 2011 and 2016.

The Executive Board of asknet AG is confident that the eDistribution segment will continue to grow this year and next. Having reported declining sales lately, the ePortals segment should also return to growth in 2013. In particular, the ongoing expansion of the asknet software portals into other German-speaking countries will open up good growth opportunities in the medium term. Moreover, asknet has some interesting projects with existing customers in the pipeline, which should have a positive effect this year and next.

The streamlining of the organizational structure, which was implemented in the previous year to cut costs and increase efficiency, made itself felt clearly already in the reporting period. As had been projected, asknet Group broke even in 2012 on a full year basis, thus setting the course for sustainable profitability in the future. Constant development, which is not based on one-time effects but on asknet's strategy of the scalability of the business model, stringent cost control, international orientation and the consistent expansion of the product and service range and the customer base, is a precondition for the future improvement in operating results, which is one of the targets the Executive Board has set itself also for 2013 and 2014, taking the macroeconomic environment into account.

asknet will continue its tradition of providing all company stakeholders with information that exceeds the reporting duties of the Entry Standard. Besides publishing annual and half-year reports, the company aims to maintain a high degree of transparency by voluntarily publishing documents such as interim reports and directors' dealings. With a view to keeping the company's costs and efforts as low as possible, however, no more quarterly reports will be prepared in future. Instead, we will publish press releases on the business performance in the first three months and the first nine months of a year as well as the respective consolidated figures (consolidated balance sheet, consolidated income statement and consolidated cash flow statement) on the company's website.

The Executive Board of asknet Group would like to thank all employees for their full effort and commitment in 2012.

Karlsruhe, April 4, 2013

asknet AG – The Executive Board

Michael Konrad

Consolidated Financial Statements

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Consolidated Balance Sheet

as of December 31, 2012

ASSETS		Dec. 31, 2012 in €	Dec. 31, 2011 in €
A.	**FIXED ASSETS**		
I.	Intangible fixed assets		
1.	Paid concessions, industrial and similar rights and assets, and licenses in such rights and assets	14,092.79	18,115.85
II.	Tangible fixed assets		
1.	Other equipment, operating and office equipment	144,933.67	211,183.55
2.	Advance payments and assets under construction	145,000.00	0.00
		304,026.46	**229,299.40**
B.	**CURRENT ASSETS**		
I.	Inventories		
1.	Merchandise	361,274.53	128,811.66
II.	Receivables and other assets		
1.	Trade receivables	5,423,252.78	4,811,343.77
2.	Other assets	647,165.20	311,823.06
		6,070.417.98	5,123,166.83
III.	Cash-in-hand, bank balances, cheques	6,578,668.87	6,081,117.67
		13,010,361.38	**11,333,096.16**
C.	**PREPAID EXPENSES**	199,143.24	138,105.97
		13,513,531.08	**11,700,501.53**

EQUITY AND LIABILITIES		Dec. 31, 2012 in €	Dec. 31, 2011 in €
A.	**EQUITY**		
I.	Subscribed capital Contingent capital € 145,717.00 (previous year: € 496 thousand)	5,044,283.00	5,044,283.00
II.	Currency translation differences	71,803.28	92,272.93
III.	Consolidated net accumulated losses	– 1,510,757.27	– 1,590,263.36
		3,605,329.01	**3,546,292.57**
B.	**PROVISIONS**		
1.	Other provisions	1,402,292.04	1,187,026.66
C.	**LIABILITIES**		
1.	Trade payables	7,462,302.52	6,230,573.11
2.	Other liabilities of which taxes € 652,662.70 (previous year: € 6€ 412,261.50) of which relating to social security and similar obligations € 12,009.69 (previous year: € 5.867,63)	1,002,678.36	611,293.42
		8,464,980.88	**6,841,866.53**
D.	**DEFERRED INCOME**	40,929.15	125,315.77
		13,513,531.08	**11,700,501.53**

Consolidated Income Statement

Fiscal year 2012

		2012 in €	2011 in €
1.	Sales	74,820,699.23	65,418,391.52
2.	Other operating income	872,617.71	192,331.43
		75,693,316.94	**65,610,722.95**
3.	Cost of materials		
	a) Cost of purchased merchandise	– 64,704,914.15	– 55,345,192.20
	b) Cost of purchased services	– 232,224.08	– 227,915.73
4.	Personnel expenses		
	a) Wages and salaries	– 4,075,280.03	– 5,141,693.65
	b) Social security, post-employment and other employee benefit costs of which in respect of old age pensions € 3,462.11 (previous year: € 5 thousand)	– 675,348.10	– 735,947.58
5.	Amortization and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	– 116,470.77	– 133,286.24
6.	Other operating expenses	– 5,803,775.63	–4,919,699.47
		– 75,608,012.76	**– 66,503,734.87**
7.	Interest and similar income	20,846.45	46,153.49
8.	Interest and similar expenses	– 1,936.63	– 1,306.12
		18,909.82	**44,847.37**
9.	Result from ordinary activities	**104,214.00**	**– 848,164.55**
10.	Other taxes	– 24,707.91	– 27,718.23
11.	Consolidated net loss for the year	79,506.09	– 875,882.78
12.	Accumulated losses brought forward	– 1,590,263.36	– 714,380.58
13.	Consolidated net accumulated losses	**– 1,510,757.27**	**– 1,590,263.36**

Consolidated Cash Flow Statement

Fiscal year 2012

		2012 in €	2011 in €
1.	**Cash flows from operating activities**		
	Consolidated net loss for the year before interest paid	81	-875
	Interest paid	– 2	– 1
	Consolidated net loss	**79**	**– 876**
	Depreciation, amortization and write-downs	116	133
	Losses on the disposal of depreciation and amortization charges on noncurrent asset	3	0
	Increase (previous year decrease) in provisions	216	63
	Decrease (previous year increase) in receivables and other assets	– 1,248	364
	Decrease (previous year increase) in liabilities	1,560	– 2,390
		726	**– 2,706**
2.	**Cash flows from investing activities**		
	Purchase of intangible fixed assets	0	– 1
	Purchase of tangible fixed assets	– 194	– 64
		– 194	**– 64**
3.	**Cash flows from financing activities**		
		0	**0**
4.	**Cash funds at end of period**		
	Net change in cash funds (subtotal 1 – 3)	532	– 2,770
	Effect on cash funds of foreign exchange rate movements	– 34	30
	Cash funds at beginning of period	6,081	8,821
		6,579	**6,081**
5.	**Components of cash funds**		
	Cash	6,579	6,081
	Cash funds at end of period	**6,579**	**6,081**

Consolidated Statement of Changes in Equity

Fiscal year 2012

	Subscribed capital (Ordinary shares) in €	Net accumulated losses in €	Currency translation differences in €	Group equity in €
Jan. 1, 2011	**5,044,283.00**	**– 714,380.58**	**75,683.36**	**4,405,585.78**
Consolidated net loss for the year	0.00	– 875,882.78	0.00	– 875,882.78
Other comprehensive income	0.00	0.00	16,589.57	16,589.57
Comprehensive income	0.00	– 875,882.78	16,589.57	– 859,293.21
Dec. 31, 2011	**5,044,283.00**	**– 1,590,263.36**	**92,272.93**	**3,546,292.57**
Jan. 1, 2012	**5,044,283.00**	**– 1,590,263.36**	**92,272.93**	**3,546,292.57**
Consolidated net loss for the year	0.00	79,506.09	0.00	79,506.09
Other comprehensive income	0.00	0.00	– 20,469.65	– 20,469.65
Comprehensive income	0.00	79,506.09	– 20,469.65	59,036.44
Dec. 31, 2012	**5,044,283.00**	**– 1,510,757.27**	**– 71,803.28**	**3,605,329.01**

asknet Aktiengesellschaft Electronic Business Solutions,
Karlsruhe

Notes to the 2012 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 KK, 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.

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 have been fully written off again in the year of acquisition.

All other additions to tangible fixed assets are written down on a pro-rata temporis basis.

Inventory is carried at the lower of cost or market.

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.

Liquid funds are recognized at their face value on the balance sheet date.

Payments made before the reporting date are recognized as **prepaid expenses** if they constitute expenses for a certain period after this date.

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.

Payments received before the reporting date are recognized as **deferred income** if they constitute income for a certain period after this date.

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 for initial consolidations prior to 2010 was carried out using the book value method at the time of the initial consolidation for initial consolidations prior to 2010.

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

The changes in the individual fixed asset items during the fiscal year are presented in the fixed assets schedule together with the respective depreciation.

Receivables and other assets

As in the previous year, receivables and other assets have a remaining maturity of up to one year, with the exception of the "Solidarbürgschaft" (joint security) of the Swiss Tax Authority (23,000 Swiss francs).

Bank balances

Of our bank balances, 474 thousand euros are reserved as collateral for aval commitments.

The table below shows the changes in the consolidated net accumulated losses:	In € thousands
January 1, 2012	– 1,590
Consolidated net income	79
December 31, 2012	– 1,511

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 debt collection claims, leave entitlement and special bonuses, contributions to professional associations, year-end accounting 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 in the amount of 1,384 thousand euros.

	Rent	Leasing	Total
	in €	in €	in €
due within one year	291,519.01	71,974.78	363,493.80
due in one to five years	963,487.79	57,207.29	1,020,695.08
due after five years	–	–	–
	1,255,006.80	129,182.08	1,384,188.88

The agreements and leases expire between 2012 and 2016.

Explanatory notes to the income statement

Other operating expenses / Other operating income

Other operating expenses of the 2011 fiscal year in the amount of 4,920 thousand euros included expenses from currency translation (745 thousand euros) and income from currency translation (415 thousand euros). Expenses and income were not netted in the 2012 income statements.

Other operating expenses of the 2012 fiscal year in the amount of 5,804 thousand euros include expenses from currency translation (1,129 thousand euros). Other operating income in the amount of 873 thousand euros includes income from currency translation (662 thousand euros).

Explanatory notes to the consolidated cash flow statement

As in the previous year, cash funds comprised cash and bank balances. 474 thousand euros (previous year: 477 thousand euros) of these cash funds are subject to drawing restrictions.

Sales revenues

	2012	2011
Sales revenues by segment	**in € thousand**	**in € thousand**
eDistribution	53,218	42,171
ePortals	21,603	23,247
	74,821	**65,418**
Sales revenues by region		
Germany	28,358	29,831
USA	11,971	8,962
Other countries	34,492	26,625
	74,821	**65,418**

Other disclosures

Directors of the corporation

The Executive Board

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

Mr. Michael Konrad, engineering manager, Karlsruhe
Dr. Dietmar Waudig, graduate computer scientist, Karlsruhe (until November 16, 2012)

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

(1) Finance and accounting, controlling, risk management and corporate financing
(2) Administration, human resources, legal and taxes
(3) Corporate marketing
(4) eDistribution business operations 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 matters) 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 2012 fiscal year were:

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

Thomas Krüger
Eichenau, Germany, 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

Total remuneration of the Executive Board

In 2012, the Executive Board received remuneration of 466 thousand euros.

Total remuneration of the Supervisory Board

In 2012, the Supervisory Board received remuneration of 47 thousand euros.

Auditing and consulting fees

Total auditing fees for the fiscal year amounted to 35 thousand euros and were comprised as follows:

a) audit of the consolidated financial statements 35 thousand euros

Employees

During the 2012 fiscal year, the company employed an average of 83 employees in Germany and 5 abroad (not including Executive Board, trainees, and temporary employees).

Karlsruhe, April 4, 2013

asknet Aktiengesellschaft
Electronic Business Solutions
– The Executive Board –

Michael Konrad

Consolidated Statement of Changes in Fixed Assets

2012

		Cost				
		Jan. 1, 2012 historical in €	Foreign exchange differences in €	Additions in €	Disposals in €	Dec. 31, 2012 in €
I.	**Intangible fixed assets**					
1.	Paid concessions, industrial and similar rights and assets, and licenses in such rights and assets	682,436.75	22.61	0.00	0.00	682,459.36
II.	**Tangible fi xed assets**					
1.	Other equipment, operating and office equipment	856,108.99	748.98	48,834.90	157,181.58	748,511.29
2.	Advance payments and assets under construction	0.00	0.00	145,000.00	0.00	145,000.00
		1,538,545.74	**771.59**	**193,834.90**	**157,181.58**	**1,575,970.65**

Depreciation, amortization and write-downs					Carrying amount	
Jan. 1, 2012 historical in €	Foreign exchange differences in €	Additions in €	Disposals in €	Dec. 31, 2012 in €	Dec. 31, 2012 in €	Dec. 31, 2011 in €
664,320.90	22.19	4,023.49	0.00	668,366.58	14,092.79	18,115.85
644,925.44	782.14	112,447.29	154,577.25	603,577.62	144,933.67	211,183.55
0.00	0.00	0.00	0.00	0.00	145,000.00	0.00
1,309,246.34	**804.33**	**116,470.77**	**154,577.25**	**1,271,944.20**	**304,026.46**	**229,299.40**

Annual Financial Statements

Balance Sheet

as of December 31, 2012

	ASSETS	Dec. 31, 2012 in €	Dec. 31, 2011 in €
A.	**FIXED ASSETS**		
I.	Intangible fixed assets		
1.	Paid concessions, industrial and similar rights and assets, and licenses in such rights and assets	14,092.79	18,054.79
II.	Tangible fixed assets		
1.	Other equipment, operating and office equipment	141,118.40	201,246.40
2.	Advance payments and assets under construction	145,000.00	0.00
		286,118.40	**201,246.40**
III.	Long-term financial assets		
	Shares in affiliated companies	143,204.04	143,204.04
		443,415.23	**362,505.23**
B.	**CURRENT ASSETS**		
I.	Inventories		
1	Merchandise	361,274.53	128,811.66
II.	Receivables and other assets		
1.	Trade receivables	5,423,252.78	4,811,343.77
2.	Receivables from affiliated companies	579,793.06	206,148.51
3.	Other assets	628,905.93	294,668.29
		6,631,951.77	**5,312,160.57**
III.	Cash-in-hand and bank balances, cheques	5,814,294.78	5,564,319.40
		12,807,521.08	**11,005,291.63**
C.	**PREPAID EXPENSES**	192,426.36	133,488.97
		13,443,362.67	**11,501,285.83**

EQUITY AND LIABILITIES		Dec. 31, 2012 in €	Dec. 31, 2011 in €
A.	**EQUITY**		
I.	Subscribed capital	5,044,283.00	5,044,283.00
	Contingent capital € 145.717 (previous year: € 495,717.00)		
II.	Net retained profits	– 1,529,754.91	– 1,593,640.50
		3,514,528.09	**3,450,642.50**
B.	**PROVISIONS**		
1.	Other provisions	1,395,481.56	1,181,218.54
C.	**LIABILITIES**		
1.	Trade payables	7,462,302.52	6,230,530.35
2.	Liabilities to affiliated companies	38,216.07	37,109.06
3.	Other liabilities of which taxes € 648,478.87(previous year: € 416,184.64) of which relating to social security and similar obligations € 12,009.69 (previous year: € 5,867.63)	991,905.28	476,469.61
		8,492,423.87	**6,744,109.02**
D.	**DEFERRED INCOME**	40,929.15	125,315.77
		13,443,362.67	**11,501,285.83**

Income Statement

Fiscal year 2012

		2012 in €	2011 in €
1.	Sales	74,820,699.23	65,418,391.52
2.	Other operating income	868,754.83	180,089.81
		75,689,454.06	**65,598,481.33**
3.	Cost of materials		
	a) Cost of purchased merchandise	64,704,914.15	55,345,192.20
	b) Cost of purchased services	232,224.08	227,915.73
4.	Personnel expenses		
	a) Wages and salaries	3,809,579.76	4,490,380.33
	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)	669,297.67	677,989.90
5.	Amortization and write-downs of intangible fixed assets, and depreciation and write-downs of tangible fixed assets	112,857.90	131,722.70
6.	Other operating expenses	6,114,827.59	5,709,712.95
7.	Other interest and similar income of which from affiliated companies € 1,499.17 (previous year: € 5,125.00)	22,294.31	51,261.24
8.	Interest and similar expenses	1,936.63	1,306.12
9.	Result from ordinary activities	**66,110.59**	**– 934,477.36**
10.	Other taxes	2,225.00	2,261.00
11.	Net income (previous year net loss)	63,885.59	– 936,738.36
12.	Losses brought forward	– 1,593,640.50	– 656,902.14
13.	Net retained profits	**– 1,529,754.91**	**–1,593,640.50**

asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe

Notes to the 2012 annual financial statements

General information

This annual financial statement was prepared in accordance with sections 242 et seq. and sections 264 et seq. of the German Commercial Code (HGB – Handelsgesetzbuch) as well as the pertinent regulations of the German Stock Corporation Act (AktG –Aktiengesetz). As of December 31, 2012, 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.

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 have been fully written off again in the year of acquisition.

All other additions to tangible fixed assets are written down on a pro-rata temporis basis.

In the case of **financial assets**, shares are carried at acquisition cost.

Inventory is carried at the lower of cost or market.

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.

Liquid funds are recognized at their face value on the balance sheet date.

Payments made before the reporting date are recognized as **prepaid expenses** if they constitute expenses for a certain period after this date.

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.

Payments received before the reporting date are recognized as **deferred income** if they constitute income for a certain period after this date.

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.

Explanatory notes to the balance sheet

Fixed assets

The changes in the individual fixed asset items during the fiscal year are presented in the fixed assets schedule together with the respective depreciation.

Information on shareholdings

	Reporting date	Currency	Share in %	Equity in local currency	Result in local currency
asknet Inc., San Francisco, USA	12/31/2012	USD thousand	100.0	128	11
asknet K.K. Tokyo, Japan	12/31/2012	JPY thousand	100.0	15,717	816

Receivables and other assets

As in the previous year, receivables and other assets have a remaining maturity of up to one year, with the exception of the "Solidarbürgschaft" (joint security) of the Swiss Tax Authority (23,000 Swiss francs).

Receivables from affiliated companies fully result from financial transactions.

Bank balances

Of our bank balances, 474 thousand euros are reserved as collateral for aval commitments.

Equity

Subscribed capital

The share capital of the company amounts to 5,044,283.00 euros 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 general meeting on July 29, 2011, with the full approval of the Supervisory Board, the Executive Board was given authorization, extending until July 28, 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 may 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.

Other provisions

Other provisions primarily consisted of debt collection claims, leave entitlement and special bonuses, contributions to professional associations, year-end accounting 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.

Liabilities to affiliated companies fully result from financial transactions.

Other financial obligations

asknet has other financial obligations in the form of rental agreements and leases in the amount of 1,331 thousand euros.

	Lease in €	Leasing in €	Total in €
due within one year	253,082.88	71,974.78	325,057.66
due in one to five years	949,060.80	57,207.29	1,006,268.09
due after five years	–	–	–
	1,202,143.68	**129,182.08**	**1,331,325.75**

Explanatory notes to the income statement

Other operating expenses / Other operating income

Other operating expenses of the 2011 fiscal year in the amount of 5,710 thousand euros included expenses from currency translation (745 thousand euros) and income from currency translation (415 thousand euros). Expenses and income were not netted in the 2012 income statements.

Other operating expenses of the 2012 fiscal year in the amount of 6,115 thousand euros include expenses from currency translation (1,129 thousand euros). Other operating income in the amount of 869 thousand euros includes income from currency translation (662 thousand euros).

Other disclosures

Directors of the corporation

The Executive Board

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

Mr. Michael Konrad, engineering manager, Karlsruhe
Dr. Dietmar Waudig, graduate computer scientist, Karlsruhe
(until November 16, 2012)

Mr. Michael Konrad, Member of the Executive Board (Co-CEO)
responsible for:
(1) Finance and accounting, controlling, risk management and corporate financing
(2 Administration, human resources, legal and taxes
(3) Corporate marketing
(4) eDistribution business operations 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 matters) 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 2012 fiscal year were:

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

Thomas Krüger
Eichenau, Germany, 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

Total remuneration of the Executive Board

In 2012, the Executive Board received remuneration of 466 thousand euros.

Total remuneration of the Supervisory Board

In 2012, the Supervisory Board received remuneration of 47 thousand euros.

Affiliated Group

The company is included in the consolidated financial statements of asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe.

Employees

During the 2012 fiscal year, the company employed an average of 83 employees (not including Executive Board, trainees, and temporary employees).

Karlsruhe, April 04, 2013

asknet Aktiengesellschaft
Electronic Business Solutions
– The Executive Board –

Michael Konrad

Statement of Changes in Fixed Assets

2012

		Costs			
		Jan. 1, 2012 in €	Additions in €	Disposals in €	Dec. 31, 2012 in €
I.	**Intangible fixed assets**				
1.	Paid concessions, industrial and similar rights and assets, and licenses in such rights and assets	681,230.49	0.00	0.00	681,230.49
II.	**Tangible fixed assets**				
1.	Other equipment, operating and office equipment	816,406.51	48,834.90	132,073.42	733,167.99
2.	Advance payments and assets under construction	0.00	145,000.00	0.00	145,000.00
III.	**Long-term financial assets**				
	Shares in affiliated companies	143,204.04	0.00	0.00	143,204.04
		1,640,841.04	**193,834.90**	**132,073.42**	**1,702,602.52**

Depreciation, amortization and write-downs				Carrying amount	
Jan. 1, 2012 in €	Additions in €	Disposals in €	Dec. 31, 2012 in €	Dec. 31, 2012 in €	Dec. 31, 2011 in €
663,175.70	3,962.00	0.00	667,137.70	14,092.79	18,054.79
615,160.11	108,895.90	132,006.42	592,049.59	141,118.40	201,246.40
0.00	0.00	0.00	0.00	145,000.00	0.00
0.00	0.00	0.00	0.00	143,204.04	143,204.04
1,278,335.81	**112,857.90**	**132,006.42**	**1,259,187.29**	**443,415.23**	**362,505.23**

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, 2012. The Executive Board of asknet bears 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 Executive Board 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."

Karlsruhe, April 4, 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Oliver Striebel
Wirtschaftsprüfer
(certified accountant)

ppa. Carmen Burger
Wirtschaftsprüferin
(certified accountant)

Supervisory Board Report

Dear Shareholders,

In fiscal year 2012, we, the Supervisory Board, performed our tasks and duties in accordance with the law and the articles of association. In an intensive and ongoing dialog with the company's Executive Board, we received regular, up-to-date, and comprehensive information on business developments, performance, perspectives, major investment projects and other particular issues of asknet AG. In addition, the Supervisory Board made certain that the Executive Board was carrying out risk management in a due and proper manner and in accordance with section 91(2) of the German Stock Corporation Act (AktG – Aktiengesetz), that the system was being implemented effectively, and that the company was being managed in a due and proper manner and in full compliance with the law. As a result, the Executive Board was able to comply with its legal and internal reporting requirements in full and in a timely manner. The Supervisory Board advised and oversaw the Executive Board on matters relating to business strategy. This included consultation between the Executive Board and Supervisory Board in planning activities and determining the strategic focus of asknet AG.

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

The Executive Board and the Supervisory Board have a long history of close cooperation and open dialog based on mutual trust. The Supervisory Board met a total of four times during the 2012 fiscal year, with one meeting held each quarter. In addition, the Supervisory Board and the Executive Board held several talks to discuss operational matters and address individual topics in greater detail. 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.

At our meeting of March 28, 2012, besides addressing the usual subjects of performance and outlook, we placed particular emphasis on the results reported in the 2011 annual report as well as the unanimous approval of the 2011 annual financial statements and consolidated financial statements following in-depth consultation between the Supervisory Board and the auditors. Other items on the agenda at the meeting on March 28, 2012 were additions to the 2012–2014 budget adopted at the Supervisory Board meeting on November 25, 2011 ("new business"), strategic options for asknet AG, the adoption of the agenda for the 2012 annual general meeting, the report on possible new business initiatives as well as setting the targets for the Executive Board in 2012.

At the Supervisory Board meeting on June 27, 2012, the agenda included a discussion of the company's position (first quarter results of 2012), the forecast for the year as a whole, and finalizing decisions for the regular annual general meeting scheduled for July 6. In addition, the Executive Board provided an initial outlook on the expected business trend in 2013 and new business initiatives were discussed in greater detail. We also discussed the implications of the 2011 turnover tax issue.

At our meeting on September 20, 2012, we discussed the company's performance (results for the first half of 2012) and the 2012 forecast. In addition, the Executive Board reported in detail on the ePortals segment, whose future business outlook was discussed as well.

At our meeting on December 12, 2012, we discussed the company's results for the first three quarters of 2012 and the expected result for the year 2012 (forecast). Moreover, the Executive Board presented and explained the budget for 2013, which was subsequently adopted as the 2013 annual budget. Due to the resignation of Dr. Waudig (his appointment and his management contract ended with effect from November 16, 2012 and December 31, 2012, respectively), asknet's management structure needed to be reorganized. In his future capacity as sole member of the Executive Board of asknet AG, Michael Konrad presented this new organizational structure to the Supervisory Board.

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 2011 fiscal year

- Revised bylaws for the Executive Board and the Supervisory Board

- Renewal of the Executive Board appointment of Mr. Michael Konrad

- Achievement of the Executive Board targets for the fiscal year 2011

- Renewal of the existing lease

- Proposal for the appointment of the new auditors, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Karlsruhe, for resolution by the annual general meeting

- Resolutions related to the non-renewal of the Executive Board appointment of Dr. Waudig

- Budgets for the fiscal years 2013 and 2014

- Resolutions related to the 2011 turnover tax issue

- Resolutions related to the review of strategic options

With regard to the business performance in 2012, it bears mentioning that the Executive Board and the workforce were able to reach break-even in 2012 and to generate the first positive annual result for asknet AG and asknet Group in over ten years.

Supervisory Board committees

As the size of the Supervisory Board was reduced in 2011, the former committees of the Supervisory Board (audit committee and personnel committee) were cancelled. As a result, the topics previously addressed by the committees were addressed by all members of the Supervisory Board in 2012.

Annual general meeting

asknet AG's regular annual general meeting was held on July 6, 2012. The main items on the agenda were granting discharge to the Executive Board and the Supervisory board, the selection of auditors for the 2012 fiscal year and the cancellation of the contingent capital as well as amendments 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 2012

At the annual general meeting on July 6, 2012, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Karlsruhe, was selected to perform the audit of the financial reports for the 2012 fiscal year. PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Karlsruhe, audited asknet AG's annual financial statements for the period ending December 31, 2012, the consolidated financial statements for the period ending December 31, 2012, and the management reports of asknet AG and 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 PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Karlsruhe, were provided to all members of the Supervisory Board in a timely manner. In a meeting held on April 8, 2013, 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 2012 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 PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Karlsruhe. With its resolution of April 8, 2013, 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

Dr. Dietmar Waudig's term of service on the Executive Board of asknet AG ended in the past fiscal year. Since then, Michael Konrad has been sole member of the Executive Board of asknet AG.

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 2012 fiscal year, and wishes asknet AG every success in the 2013 fiscal year.

Karlsruhe, April 8, 2013

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 2013

May 15, 2013	Publication Q1/2013 results (German version)
July 05, 2013	Annual General Meeting
August 15, 2013	Publication of the Half Year Report 2013 (German version)
November 15, 2013	Publication Q3/2013 results (German version)

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