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Half Year Report 2013

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Letter to our Shareholders

Dear Shareholders,

We have successfully closed the first half of this year, improving not only our sales revenues and gross profits but also our operating result. Accordingly, we are able to report a moderately positive result at the half-year stage.

It is especially gratifying to see that our two business segments showed a positive trend in the reporting period. The eDistribution segment continued to grow, while the ePortals segment was able to return to growth in the first six months of 2013, following a negative trend in the previous year. Group revenues for the first six months of the

year totalled approx. 40 million euros, which represents a 19 percent increase on the same period of the previous year. The Group's gross profits improved by over 6 percent to approx. 5 million euros, which led to a moderately positive half-year result, compared to losses in the prior year period.

Software and e-commerce services, the core elements of our business model, remain a global growth market. In such an environment, we are optimistic that we will achieve the improved operating results projected for the full year 2013.

Your continued support of asknet AG is appreciated and we sincerely thank our shareholders for the confidence placed in us.

Sincerely,

The Executive Board of asknet AG

A handwritten signature in black ink, appearing to read 'M. Konrad', is positioned above the name 'Michael Konrad'. The signature is fluid and cursive, with a prominent initial 'M' and a long, sweeping tail.

Michael Konrad

asknet Aktiengesellschaft Electronic Business Solutions,
Karlsruhe

Group Management Report for the period ended June 30, 2013

Market Development

The world economy is in a phase of moderate growth. According to the latest forecast published by the International Monetary Fund (IMF), the global gross domestic product will grow by 3.1 percent in the full year 2013, although the IMF is of the opinion that the risks of a further slowdown in economic activity dominate. Two factors play an especially important role in this context; first the risks arising from the European debt and financial crisis; second the world economy's dependence on growth in the emerging countries, which is having an increasingly adverse impact on global economic activity in the current phase of weakness. The emerging and developing countries' share in the world economy has doubled from 20 to 40 percent between 2000 and 2013. While their GDP is projected to grow by a total of 5.0 percent this year, the industrialised countries will grow by only 1.2 percent. The eurozone economy remains in recession and is expected to contract by another 0.6 percent in 2013. Germany will be able to isolate itself from the eurozone trend, with 0.3 percent growth forecast by the IMF for 2013. In April, the experts had still projected a growth rate of 0.6 percent.

The global e-commerce market continues to grow. According to a forecast by independent market research company eMarketer, the global business-to-consumer (B2C) e-commerce market alone will grow by 17 percent to 1.2 trillion US dollars this year. Germany's Handelsverband Deutschland (HDE) expects the German online market to grow to over 33 billion euros in 2013, which is equivalent to a 12 percent increase in sales revenues. Most of German's online retailers are optimistic about the future. According to an HDE survey, approx. 83 percent of them expect their business situation to improve or to remain stable at least.

The world market for information and communications technology (ITC) continues to grow. According to the European Information Technology Observatory (EITO), global ITC spending will increase by 5.1 percent to 2.7 trillion euros in 2013. The countries boasting the highest growth rates are India (13.9 percent), Brazil (9.6 percent) and China (8.9 percent), with 6.5% growth projected for the USA. Against the background of the projected macroeconomic recession, the EU-wide growth rate of 0.9 percent may well be described as dynamic. A major contribution to ITC growth is

made by the global software industry, which the market researchers from IDC expect to grow by 6 percent in 2013, just as in 2012. Germany's industry association, BITKOM, expects the software market to grow by 4.6 percent to 17.8 billion euros in 2013. Cloud computing is becoming an increasingly important driver for the software market. BITKOM expects revenues from cloud solutions for business customers alone to grow by 53 percent to 4.6 billion euros in 2013, with as much as 13.7 billion euros projected for 2016.

Business Development

Sales and operating results

First-half sales revenues of asknet Group amounted to 39.86 million euros, of which 27.60 million euros were generated in the eDistribution segment and 12.26 million euros in the ePortals segment. Sales revenues for the company as a whole were up by 19.1 percent or 6.40 million euros on the same period of the previous year. It should be noted that a portion of the sales revenues in the eDistribution segment is handled via service provider agreements. Under these agreements, only the service fees are recognised as revenues in asknet's income statement. asknet handled a total of 747,000 e-commerce transactions, up by approx. 5 percent on the previous year's 711,000. Transaction revenues increased by 13 percent to 46.51 million euros in the first half of the year.

asknet Group's gross profits were up by 6.4 percent or 0.30 million euros on the first six months of 2012 to 5.02 million euros in H1 2013, of which 3.74 million euros were accounted for by the eDistribution segment and 1.28 million euros by the ePortals segment. The Group's earnings before interest and taxes (EBIT) amounted to 14.8 thousand euros, up 102 thousand euros on the first half of the previous year. Earnings before taxes (EBT) reached 17.2 thousand euros. Net income after interest and taxes for the first six months of 2013 amounted to 14.9 thousand euros. At the bottom line, the weaker yen put a 99 thousand euros dent in the result for the first half of the year. Such risks are meanwhile hedged by currency forwards.

In the reporting period, the Group generated approximately 65 percent of the transaction revenues outside Germany, with the USA representing the biggest market (16.5 percent) behind Germany.

Segment developments

Both business segments of asknet Group delivered a positive performance in the reporting period. The eDistribution segment continued its growth, with sales revenues and gross profits up by approx. 15 percent and approx. 7 percent, respectively, on the first half of 2012. While last year's trend in the ePortals segment was negative, asknet's academic

software portals returned to growth in the first six months of 2013, reporting an impressive 29 percent increase in sales revenues. This was primarily due to a high-volume Microsoft license package. As margins on such high-volume deals are relatively low, however, the ePortals segments gross profits rose by only approx. 5 percent.

In February asknet received the IBM Bestseller Award 2012 in the “Growth” category. This award recognizes outstanding contributions to IBM’s business made by the company’s business partners. The award judges were impressed with asknet’s achievements in the academic enterprise and mid-market areas. The good cooperation with IBM is being continued in the current year. In March asknet also received the “Software Made in Germany” seal of quality from the Federal association of SME IT service providers.

asknet offers its customers not only a first-class e-commerce solution but also supports them in the online distribution of their products with a view to jointly boosting e-commerce revenues. To further expand its comprehensive range of services, asknet signed a partnership agreement with ABBYY Language Services in the reporting period. In combination with the asknet platform, customers wishing to expand their international market presence can now easily launch multilingual products and marketing materials in the market. The translation API is integrated into the customer’s

content management system, so that updates are automatically available in numerous languages. The result is a high-quality translation and localisation of the content.

Employees

As of June 30, 2013, asknet Group employed 96 people, including the Executive Board. 91 worked at asknet AG and 5 at the subsidiaries asknet Inc., USA, and asknet K.K., Japan. When trainees and temporary employees are included in the figure, as of June 30, 2013, asknet Group had 111 employees.

Net assets and financial position

As of June 30, 2013, asknet Group’s total assets decreased to 11.49 million euros, compared to 13.51 million euros at the end of 2012. Total equity increased moderately in the reporting period, namely from 3.61 million euros to 3.62 million euros, corresponding to an equity ratio of approximately 31 percent. asknet Group’s liquid assets amounted to 4.83 million euros on the reporting date June 30, 2013, compared to 6.58 million euros at the end of 2012. The decline is in line with the seasonal trend of the previous years, which typically entails very high liquid assets at the end of the year. asknet Group’s liabilities dropped by as much as 2.96 million euros to 5.50 million euros, of which approx. 83 percent were trade payables. asknet Group did not have any financial obligations as of the balance sheet date. Due to the

reduction in liabilities, consolidated cash flows from operating activities were negative in the first six months of 2013 and stood at –1.69 million euros.

Risk Report

The risk situation of asknet Group has not changed compared to the description in the 2012 financial statements. The risks described in the 2012 Annual Report may potentially have a material adverse impact on the company's net assets, financial position and operating results. At present, however, there are no risks that could jeopardise the continued existence of the Group within a foreseeable period of time. For the risks, please refer to the detailed description in the 2012 Annual Report.

Post balance sheet events

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

Forecast and outlook

The outlook for the world economy deteriorated in the course of the second quarter. The emerging countries, which reliably supported the global economy for a long time, are showing the first signs of weaker growth. The International Monetary Fund (IMF) downgraded its 2013 and 2014 forecasts for China to 7.8 percent and 7.7 percent,

respectively. In the wake of China's reduced forecast, the forecasts for the other markets were downgraded as well. For the eurozone, the experts project a 0.6 percent decline in GDP for 2013, followed by a moderate recovery to 0.9 percent growth in 2014. In the spring, they had still predicted 1.0 percent growth for next year. According to the IMF, the German economy will also grow more slowly than expected. The IMF now projects 0.3 percent growth for 2013 (previously 0.6 percent) and 1.3 percent for 2014 (previously 1.4 percent).

The scenarios for global online trading remain positive. According to a forecast by market research institute Forrester, e-commerce turnover in Europe will increase by 11 percent p.a. by 2017, which means that the European market will grow faster than the currently dominating US market (+9 percent p.a.). In 2014, the European e-commerce market will have a volume of approx. 138 billion euros. According to Forrester, the highest growth will be achieved in Southern Europe, which offers considerable catch-up potential. The number of users shopping on the web is growing constantly and will play an increasingly important role in the retail sector. The key drivers include not only the general replacement of stationary retail stores by the Internet but also a change in purchasing behaviour through the use of mobile media such as smartphones and tablet PCs. The trend towards

complementing and replacing stationary software retailers by direct online distribution channels is continuing as well.

Software and e-commerce services, the core elements of asknet Group's business model, remain a global growth market. The company primarily focuses on expanding and constantly improving its range of services. In the eDistribution segment, asknet aims for the technological adaptation of market trends such as mobile and to establish the new asknet product platform at existing and new customers, which also includes stronger standardisation of the product range as well as self-service solutions for small and medium-sized software manufacturers. The company also intends to use its ePayment expertise for cloud/SaaS applications and to expand its subscription

offerings. Key objectives of the ePortals segment include expanding its business relations with blue chip IBM/SPSS in the field of research and education, tapping new customer groups and continuously expanding the standard functions of the asknet procurement portals.

Against this background, the Executive Board of asknet AG is optimistic that both the eDistribution segment and the ePortals segment will continue to grow in the current fiscal year. In particular, the well-filled project pipeline for the asknet portals in the ePortals segment provides good growth prospects for the second half of the year. In view of the good conditions for the sector, the company is confident that it will be able to improve its operating results as projected for the full year 2013.

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Consolidated Balance Sheet

as of June 30

ASSETS	June 30, 2013	December 31, 2012
	in €	in €
A. FIXED ASSETS		
I. Intangible fixed assets		
Concessions, industrial and similar rights and assets, and licenses in such rights and assets	12,697.79	14,092.79
II. Tangible fixed assets		
Other equipment, operating and office equipment	330,230.51	144,933.67
Advanced payments and assets under construction	–	145,000.00
	342,928.30	304,026.46
B. CURRENT ASSETS		
I. Inventories		
Merchandise	793,486.66	361,274.53
II. Receivables and other assets		
1. Trade receivables	4,983,474.02	5,423,252.78
2. Other assets	362,084.01	647,165.20
III. Cash-in-hand, bank balances, cheques	4,832,679.32	6,578,668.87
	10,971,724.01	13,010,361.38
C. PREPAID EXPENSES	179,113.99	199,143.24
	11,493,766.30	13,513,531.08

EQUITY AND LIABILITIES

June 30, 2013 December 31, 2012

in €

in €

A. EQUITY

I. Subscribed capital		
Contingent capital € 145,717.00 (previous year: € 146 thousand)	5,044,283.00	5,044,283.00
II. Currency translation differences	68,350.98	71,803.28
III. Consolidated net accumulated losses	-1,495,819.62	-1,510,757.27
	3,616,814.36	3,605,329.01

B. PROVISIONS

I. Other provisions	2,336,378.67	1,402,292.04
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C. LIABILITIES

1. Trade payables	4,546,722.24	7,462,302.52
2. Other liabilities		
of which on taxes: € 832,984.32 (previous year: € 657 thousand)		
of which on social security: € 7,640.70 (previous year: € 6 thousand)	954,232.06	1,002,678.36
	5,500,954.30	8,464,980.88

D. DEFERRED INCOME

	39,618.97	40,929.15
	11,493,766.30	13,513,531.08

Consolidated Income Statement

January 1 to June 30

	2013 in €	2012 in €
1. Sales	39,855,834.33	33,453,534.37
2. Other operating income	266,791.17	130,354.92
	40,122,625.50	33,583,889.29
3. Cost of materials		
a) Cost of purchased merchandise	– 34,837,228.86	– 28,739,590.93
b) Cost of purchased services	– 109,830.53	– 116,302.96
4. Personnel expenses		
a) Wages and salaries	– 2,120,344.44	– 2,137,132.79
b) Social security, post-employment and other employee benefit costs of which in respect of old age pensions: € 1,160.09 (previous year: € 1 thousand)	– 346,471.74	– 337,702.49
5. Amortization and write-downs of intangible fixed assets, and depreciation and write-downs of tangible fixed assets	– 64,711.53	– 61,290.42
6. Other operating expenses	– 2,629,232.52	– 2,278,878.18
	– 40,107,819.62	– 33,670,897.77
7. Interest and similar income	3,354.67	14,194.67
8. Interest and similar expenses	– 1,004.26	– 299.34
	2,350.41	13,895.33
9. Result from ordinary activities	17,156.29	– 73,113.15
10. Other taxes	– 2,218.64	– 14,026.02
11. Consolidated net loss for the year	14,937.65	– 87,139.17
12. Accumulated losses brought forward	– 1,510,757.27	– 1,590,263.36
13. Withdrawals from capital reserves	0.00	0.00
14. Consolidated net accumulated losses	– 1,495,819.62	– 1,677,402.53

Consolidated Cash Flow Statement

January 1 to June 30

	2013 in € thousands	2012 in € thousands
1. Cash flows from operating activities		
Consolidated net loss for the year before interest	16	– 87
Interest expense	– 1	0
Consolidated net loss	15	– 87
Depreciation, amortization and write-downs	65	64
Profit on disposal of fixed assets	0	0
Loss on disposal of fixed assets	0	0
Increase (+) / Decrease (–) in provisions	933	414
Increase (–) / Decrease (+) in receivables and other assets	690	– 30
Increase (+) / Decrease (–) in liabilities	– 3,388	– 1,267
Exchange-related change in inventories	0	2
	– 1,685	– 905
2. Cash flows from investing activities		
Purchase of intangible fixed assets	0	0
Currency differences	0	–
Purchase of tangible fixed assets	– 103	– 24
Proceeds from disposals of financial assets	0	0
	– 103	– 24
3. Cash flows from financing activities		
Payments from allocations to equity	0	0
	0	0
4. Cash funds at end of period		
Net change in cash funds (subtotal 1 – 3)	– 1,788	– 929
Effect on cash funds of exchange rate movements	42	1
Cash funds at beginning of period	6,579	6,081
	4,833	5,153
5. Components of cash funds		
Cash	4,833	5,153
Cash funds at end of period	4,833	5,153

asknet Aktiengesellschaft Electronic Business Solutions,
Karlsruhe

Notes to the consolidated financial statements for the period ended June 30, 2013

General information

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

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

Companies of the asknet Group

The consolidated financial statements include the parent company asknet Aktiengesellschaft Electronic Business Solutions, Karlsruhe, Germany, as well as the wholly owned subsidiaries asknet Inc., San Francisco, USA, and asknet K.K., Tokyo, Japan, which are fully consolidated.

Accounting and reporting policies

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

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

Acquired **intangible fixed assets** are carried at cost and, if they have a finite useful life, are amortized in accordance with the term of their useful lives.

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

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, 482 thousand euros are reserved as collateral for aval commitments.

Equity

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

The table below shows the changes in the consolidated net accumulated losses:

	in € thousands
January 1, 2013	– 1,511
Consolidated net income	15
June 30, 2013	– 1,496

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 1,509 thousand euros.

	Rent	Leasing	Total
	in €	in €	in €
due within one year	293,150.46	66,857.29	360,007.75
due in one to five years	1,099,194.49	49,452.96	1,148,647.45
due after five years	–	–	–
	1,392,344.95	116,310.25	1,508,655.20

Explanatory notes to the income statement

Other operating expenses / Other operating income

Other operating expenses in first half of the 2013 fiscal year in the amount of 2,629 thousand euros include expenses from currency translation (497 thousand euros). Other operating income in the amount of 267 thousand euros includes income from currency translation (204 thousand euros).

Explanatory notes to the consolidated cash flow statement

As in the previous year, cash funds comprised cash and bank balances. 482 thousand euros (previous year: 487 thousand euros) of these cash funds are subject to drawing restrictions.

Sales revenues

	HY1 2013	HY1 2012
Sales revenues by segment	in € thousands	in € thousands
eDistribution	27,596	23,943
ePortals	12,260	9,510
	39,856	33,453
Sales revenues by region		
Germany	15,886	12,740
USA	6,658	5,173
Other countries	17,312	15,522
	39,856	33,453

Other disclosures

Directors of the corporation

The Executive Board

The sole member of the Executive Board in the fiscal year was:

Mr. Michael Konrad, engineering manager, Karlsruhe

His compensation is not disclosed in accordance with section 286 paragraph 4 HGB.

Supervisory Board

The members of the Supervisory Board in the 2013 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

Employees

During the first half of the 2013 fiscal year, the company employed an average of 89 employees in Germany and 5 abroad (not including Executive Board, trainees, and temporary employees).

Karlsruhe, August 2, 2013

asknet Aktiengesellschaft
Electronic Business Solutions
– The Executive Board –



Michael Konrad

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Photos

Photo archive asknet AG

Finance calendar 2012

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