

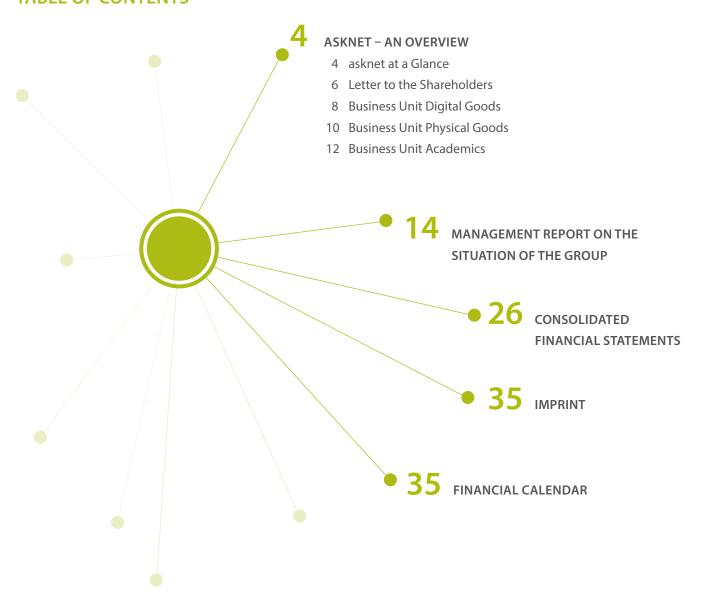


SELECTED KEY FIGURES OF THE GROUP in € million

		H1 2011	H1 2012	H1 2013	H1 2014	H1 2015	H1 2016
Transaction Revenues		41.62	41.06	46.51	48.17	42.17	37.86
Sales Revenues (excluding other operative income)		32.55	33.45	39.86	42.35	36.98	35.16
Cost of Materials		-27.56	-28.74	-34.84	-37.09	-32.22	-30.66
Gross Profit		4.99	4.71	5.02	5.26	4.76	4.50
Goss Profit Margin (of Transaction Revenues)	in %	12.0	11.5	10.8	10.9	11.3	12.0
Goss Profit Margin (of Sales Revenues)	in %	15.3	14.1	12.6	12.4	12.9	12.8
Personnel Expenses		3.32	2.47	2.47	2.63	2.52	2.72
Other Expenses		2.65	2.28	2.63	2.49	2.56	2.79
EBIT		-1.03	-0.09	0.01	0.04	-0.29	-0.87
Result from Ordinary Activities		-0.74	0.01	0.00	0.00	0.00	-0.31
EBT		-1.77	-0.07	0.02	0.04	-0.29	-1.18
Net Income/Loss		-1.77	-0.09	0.01	0.04	-0.29	-2.26
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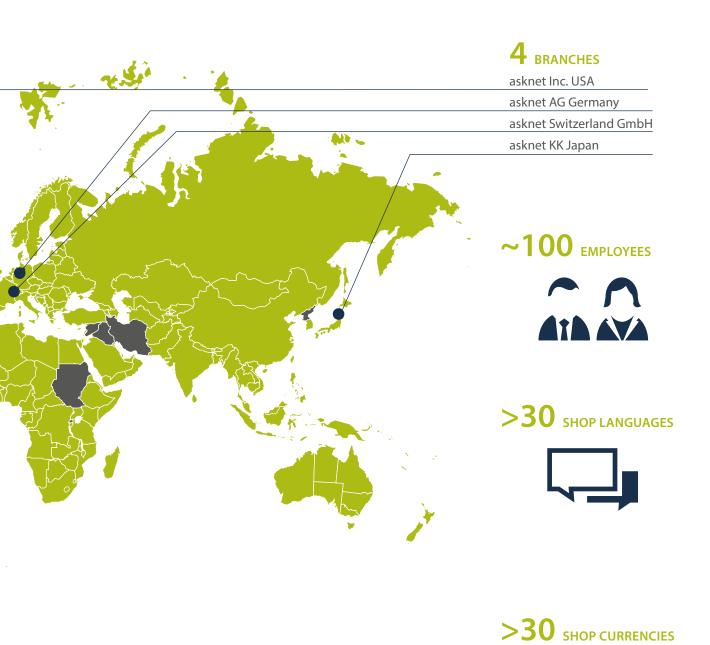


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ASKNET AT A GLANCE





Embargo countries

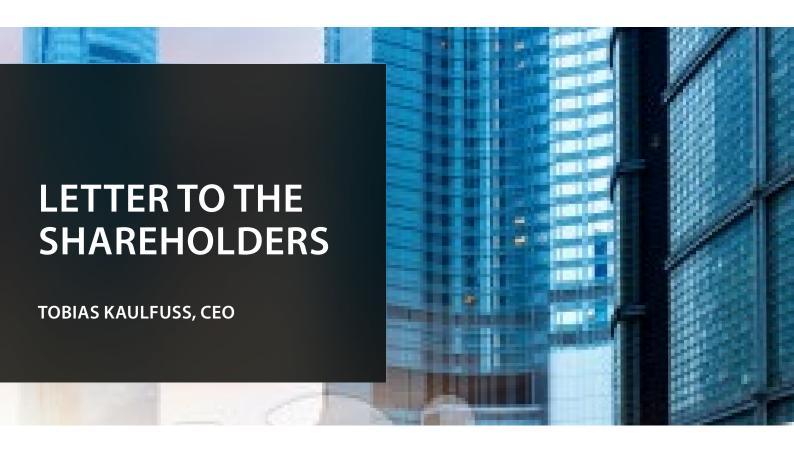


> Dear shareholders.

The first half of 2016 marks an important milestone on asknet Group's path towards new innovations and sustainable growth. The "change initiative" launched at the beginning of the year was at the heart of our reform process. This program aimed to increase company-wide profitability by analyzing and adjusting internal structures and customer profitabilities. The savings achieved in this process will clearly be reflected in our results already in the second half of the year and make us a more efficient, competitive and innovative organization.

However, during the reporting period we also had to address potential failings of the past. In the context of an upcoming tax audit by the Norwegian tax authorities, the company learnt that asknet might have had to pay value added tax on online sales to Norwegian customers made in the past. In accordance with the principle of prudence under commercial law, this circumstance led to the creation of a provision in the amount of 1.61 million euros as of June 30th, 2016. While this is a serious incident, the Group and its member companies are not exposed to a going concern risk or solvency risk. Right on the contrary, we are firmly convinced that the efforts and events of the first half of 2016 will make us stronger. After all, the necessity of the current change process has once again been confirmed and prompted us to intensify our efforts. We are currently developing an innovation initiative to follow the change initiative of the first half-year, which is scheduled to be launched in the fourth quarter of 2016. After the internal process optimizations completed in the first half of the year, the new program will focus on opening up growth prospects essentially through product and process innovations. In this context, we have asked you to fulfill the preconditions for raising new capital, thereby allowing us to seize growth opportunities and/or make promising investments that arise in the context of the new innovation initiative.

"... we are firmly convinced that the efforts and events of the first half of 2016 will make us stronger."



Our reform process is also being appreciated and supported by our customers, as is reflected in their encouraging response since the turn of the year. The new distribution focus and the expansion of the range of products and services have paid off especially in the Digital Goods Business Unit, where a large number of new customers have been signed up despite strong competitive pressure. In addition, we have a promising pipeline of new customers as well as growing business volumes with some existing customers. The first half of 2016 also saw the Physical Goods Business Unit follow through on new leads in Asia, which confirms that there is interest in the solutions provided by asknet. The Academics Business Unit continues to expand its partnerships and to develop new products and services. What is more, additional gross profits are expected to be generated by the new laaS offering once the market launch phase is completed.

In contrast to our original projections, we will nevertheless post a significant loss in 2016 due to the extraordinary provisions and restructuring expenses that will be required. We still expect gross profits for the full year to slightly exceed the prior year level, though. Needless to say, we will also maintain our aim of establishing asknet as a global and innovative growth company in the international eCommerce sector.

Yours sincerely,

The Executive Board of asknet AG

Tobias Kaulfuss

"Our reform process is also being appreciated and supported by our customers..."





Besides the full service offering of the eCommerce Suite, asknet also offers individual services for the optimization of online distribution that can be integrated into any online shop. asknet Verify is a good example for this product range of stand-alone products. The digital verification solution is cloud-based and ensures that target group-specific special offers, e.g. for students, are sold exclusively to this specific target group. The easy interface design enables swift integration into the respective online vendor's systems.



SPECIALIZING IN THE GLOBAL DISTRIBUTION OF PHYSICAL GOODS



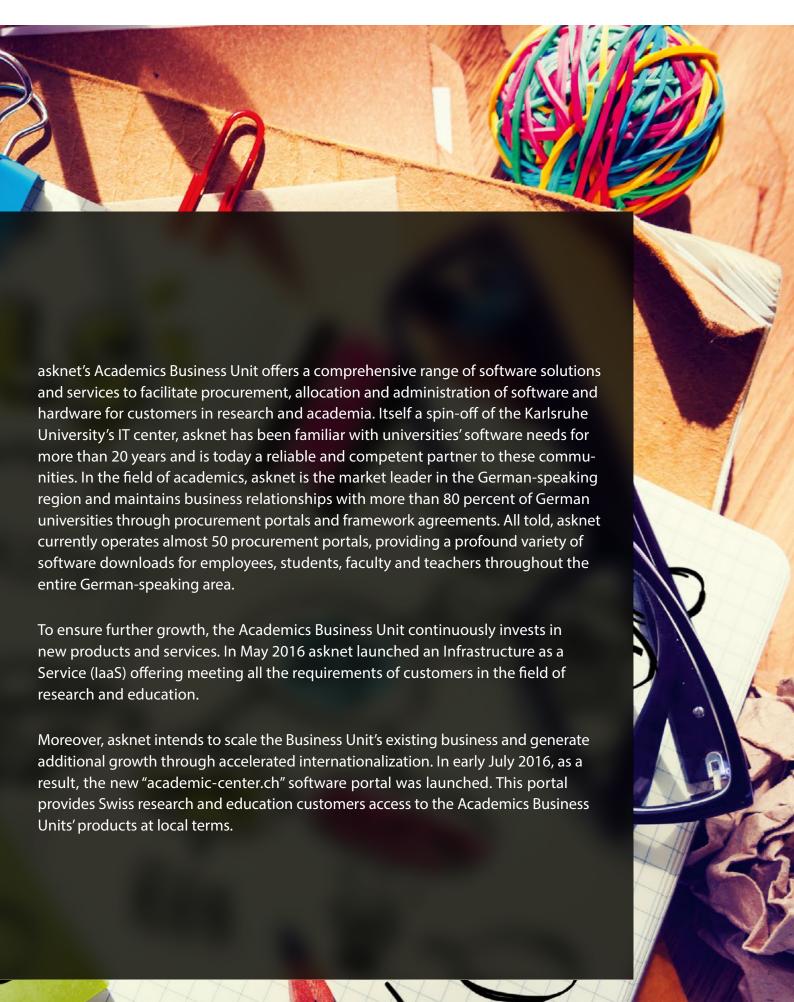
Established in 2015, the Physical Goods Business Unit facilitates the international direct online distribution for manufacturers of branded physical products in the B2C environment.

The installation of a digital distribution platform offers numerous advantages for many companies. Compared to traditional, multi-stage distribution models, it is often possible to skip several stages of the value chain and to offer products directly to end customers. Digital transformation, e.g. the launch of a company's own online shop, means high investments – not only of a monetary kind, but also in terms of time and human resources.

The Physical Goods Business Unit offers an alternative: Acting as merchant of record and emulating the respective manufacturer's brand experience, asknet sells physical products to consumers. The business unit covers the entire back-end with over 30 languages integrated into the shopping cart, accounting, payment as well as tax and customs handling. In addition, asknet offers customer service in over 10 languages. An online shop is not only a new distribution channel but also a digital brand touchpoint, enabling direct contact with the end-customer and as such complementing each branded manufacturer's existing business.

The Physical Goods Business Unit focuses on medium-sized manufacturers or divisions of large manufacturers planning to enter the international eCommerce space, to expand into new markets or to use international markets as testing grounds for distribution before rolling out such activities in their domestic market. asknet is familiar with the complex particularities of international distribution, especially in terms of payment and logistic processes, localization and customer service.







MANAGEMENT REPORT ON THE SITUATION OF THE GROUP

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ECONOMIC REPORT

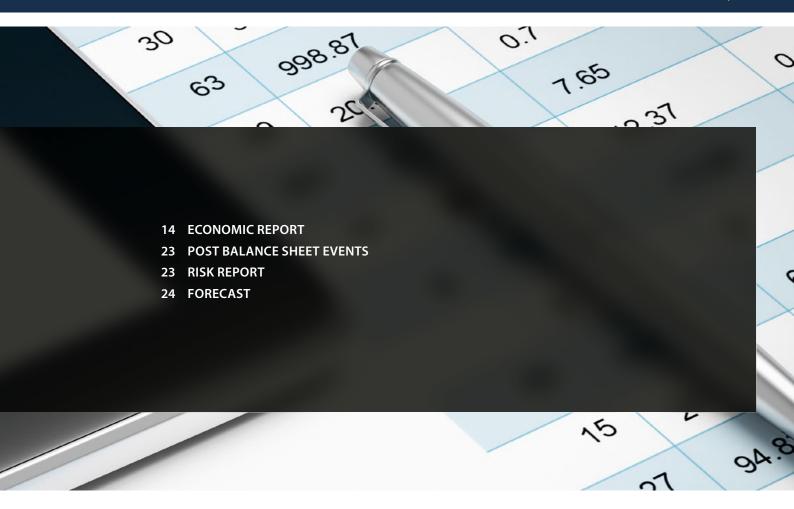
MACROECONOMIC AND INDUSTRY ENVIRONMENT

In its latest forecast (July) for the full year 2016, the International Monetary Fund (IMF) projects the world economy to grow by 3.1 percent. A growth rate of 6.4 percent is anticipated for the Asian emerging and developing countries, including the large growth markets of China and India, for 2016. The US economy is expected to grow by 2.2 percent. In spite of the uncertainties arising from the UK's potential exit from the European Union, the IMF forecasts stable growth of 1.6 percent both for the Eurozone as a whole and for the German economy.

The industries that are relevant for asknet Group include the international eCommerce markets and the global IT markets (software and IT services). As growing use is made of asknet Verify, asknet's verification solution, the company is increasingly placing a focus also on new markets such as cyber security. The business activities of asknet's Academics Business Unit focus on the university sector in Germany, Austria and Switzerland (German-speaking region).

The trend towards digitization continues to support strong growth of the eCommerce market. US market research firm eMarketer expects B2C online commerce to grow by roughly 23 percent to close to 2.1 trillion US dollars in 2016. Between them, the top five European markets – UK, Germany, France, Spain and Italy – are expected to expand by about 11 percent to 258 billion US dollars.

IDC market research projects a growth rate of only about 2 percent for the global IT markets in 2016, while global software spending is expected to increase by an above-average 7 percent. Germany's industry association BITKOM estimates that the German IT market will grow by 3.0 percent this year, with extraordinary growth of 6.2 percent projected for the software segment. The market for information security continues to gain importance globally. Researchers at Visiongain expect revenues in this segment to rise by 8 percent to about 81.4 billion US dollars in 2016.



According to the German Federal Statistical Office, enrolment at German universities remains on the increase. At close to 2.8 million, the number of students in the 2015/2016 winter term was about 10 percent higher than in the 2012/2013 winter term. At the same time, public spending on universities advanced by 16 percent from 24.7 billion euros to 28.7 billion euros (plan estimate) during the period from 2012 to 2015. Student numbers in Austria and Switzerland are also rising continuously.

Impact of the general market conditions on asknet Group

As a global supplier of software solutions and IT services for the online distribution of physical and digital goods, asknet continues to benefit from the shift in retail sales to the Internet also in 2016, as this trend offers the company the opportunity to win additional manufacturers operating in the fast-growing eCommerce markets as new customers. New opportunities for growth arise from the ongoing internationalization, the launch and expansion of international partnerships, the entry into new business segments and the development of innovative products.

asknet's Digital Goods Business Unit generally has a good position based on long-standing customer relationships with large software manufacturers. However, this market segment is at an advanced stage of development and is caught in fierce competition for market share resulting in predatory and price competitions with other eCommerce suppliers. Opportunities

in the still growing software market will result, however, from an expanded range of products and services, which would allow the company to leverage potential within the existing business relationships and access new digital customer groups. Promising opportunities have also been identified in Asia and India, the drivers of future growth.

By adding the distribution of physical goods to its business activity, asknet has gained access to new customer groups in the dynamic eCommerce market already in 2015 and continues to expand this target market in 2016. Significant possibilities for development will result primarily from the internationalization and digitalization of the SME sector, which currently still tends to leave the online distribution of its products to intermediaries.

asknet's Academics Business Unit has high market shares in the German-speaking region and benefits from the continued increase in student numbers in these countries. But the sale of software licenses generates only low margins. asknet therefore aims to use the good customer relationships also in this unit in order to place new products and services and to increase its vertical integration.

asknet generally benefits from very good market conditions for the use of the asknet Verify solution, as this is a fast-growing segment characterized by many potential uses. The easy-to-integrate product will open up new, attractive customer groups for asknet.

BUSINESS PERFORMANCE OF ASKNET GROUP IN H1 2016 Change initiative 2016: The change process continues asknet AG continued its change process in the first six months of 2016, building on the change initiative launched at the beginning of the year. Split up into over a dozen projects and measures, this effort was designed to push ahead asknet's transformation into an innovative growth company. The program aimed to analyze and increase the financial and strategic contribution made by internal workflows and processes. This included, for instance, the optimization of the customer service and fulfillment processes as well as the reduction of payment costs and currency exchange expenses. In addition, the company continued to examine the efficiency of the customer margins generated to date and implemented measures aimed at increasing the profit contributions.

Nearly all of the projects launched were successfully completed on schedule during the reporting period. Two programs are still at the completion and implementation stage, respectively. Most of the savings achieved as a result of the change initiative will be clearly reflected in the second half of the year. Moreover, the change initiative has made a large number of internal processes more transparent, created greater awareness of problems and placed a stronger focus on core activities. This will allow internal resources to be directed more effectively towards innovations, core customer service and distribution tasks. What is more, further possibilities for optimization have been identified and additional side projects aimed at reforming internal processes and structures have been launched.

Potential retrospective tax payment in Norway confirms that change initiative was necessary

In the context of an upcoming tax audit by the Norwegian tax authorities, asknet learnt, at the end of June, that the company might have had to charge and pay value added tax on online sales to Norwegian customers made in the past. This is due to an amendment of the Norwegian tax law dating back to 2011, which may not have been fully considered in the company's Compliance system at the time. The circumstances are still being reviewed internally and externally. In order to establish the facts, asknet cooperates fully with the Norwegian authorities and has commissioned an auditing firm to examine the matter and represent the company vis-à-vis the local tax authorities.

This case, which relates to past events, has confirmed the need for the current change process and intensified the Group-wide efforts. In the context of the change initiative, asknet had started already back in 2015 to revise the mechanisms designed to ensure that the Group complies with tax and legal requirements. Moreover, the verification and the continuous monitoring of VAT laws and regulations had been outsourced to external consultants. In view of the case described above, asknet has nevertheless decided to further revise its internal control system and to seek additional external advice from lawyers and accountants both to remedy the cause and to mitigate the damage. According to an early opinion provided by the company's legal advisors, the potential retrospective tax payments may mean that asknet is entitled to damages from third parties. The company intends to pursue these claims as soon as possible after the conclusion of the audit.

In compliance with its duty under German law to exercise commercial prudence, the Executive Board of asknet AG has set aside a provision amounting to 1.61 million euros as at June 30, 2016 in respect of this issue. The setting aside of this amount has resulted in a loss amounting to half the company's share capital effective June 30, 2016. While this situation does not represent a going concern or liquidity risk, the company is complying with its pertinent legal obligations in calling an extraordinary general meeting of shareholders on August 23, 2016. The agenda for this general meeting comprises the announcement of a loss in accordance with section 92 paragraph 1 of the German Stock Corporation Act (AktG – Aktiengesetz) as well as the authorization to issue convertible or warrant-linked bonds, profit participation rights or income bonds within a period of five years. Moreover, the company plans to create contingent capital of up to 1.5 million euros which is envisaged to fund potential growth scenarios for the company going forward. This will give the company the possibility to seize growth opportunities that may arise from the change initiative and/or to make promising investments at short notice. At this stage, however, there are no plans to actually take advantage of this possibility.

Change process: New accounts signed up, focus on customer sales

asknet recorded much higher demand for its products and services in the first six months of 2016.

Thanks to the new distribution focus, combined with increased sales resources, the Digital Goods Business Unit was able to sign up a number of new accounts. Several customer agreements were signed in the APAC region both in the first quarter (see Corporate News dated March 29) and in the second quarter. Apart from winning new customers for the asknet eCommerce Suite, the Business Unit was also able to increase sales to its top customers.

The Digital Goods Business Unit also clearly intensified the marketing efforts for its "asknet Verify" stand-alone solution, for which several new customers were won in the reporting period. Among these new accounts are both large manufacturers of digital and physical goods and established online dealers, who use the verification solution to open their offerings to new consumer groups and sales avenues. While the active marketing efforts primarily led to new customers in Germany in the first six months of the year, the focus will be placed on marketing the product internationally in the second half of the year.

The Academics Business Unit continues to expand its range of services and to accelerate its internationalization. Since May 2016, asknet has offered its academic customers a fully integrated Infrastructure-as-a-Service (laaS) solution. In addition, the company won a consulting mandate from a large Austrian university in the reporting period. The Academics Business Unit also continued to expand its existing partnerships in the first half of the year. In June, for instance, asknet launched proprietary analytical statistics and survey solutions based on SPSS technology and tailored to the needs and requirements of German research institutions in cooperation with IBM.

The Physical Goods Business Unit sharpened its sales focus and intensified the communication with manufacturers also in Asia in the first half of 2016.

In July, asknet announced a cooperation agreement with Concardis GmbH. As a leading payment service provider, Concardis adds a high-quality option for the implementation of high-performance payment systems to the asknet eCommerce Suite.

SALES REVENUES AND EARNINGS

The first half of 2016 saw asknet Group handle transactions in the amount of 37.86 million euros, which represents a decline by 10.2 percent. Sales revenues, being a more meaningful indicator of the actual performance as they form the basis for the Group's gross profits used to cover its costs, declined by 4.9 percent from 36.98 million euros in the previous year to 35.16 million euros in the first six months of 2016. The decline in sales revenues is a direct consequence of the stronger focus on profitable growth in the Digital Goods Business Unit. Moreover, the figures for the first quarter of the previous year included certain non-recurrent effects from transactions in the Academics Business Unit. The cost of purchased merchandise moved in sync with sales revenues and dropped by 4.8 percent from 32.22 million euros to 30.66 million euros.

At 41.6 percent (previous year: 43.0 percent), Germany accounted for the biggest portion of asknet Group's sales revenues, followed by the rest of Europe, with 20.5 percent (previous year: 22.7 percent). The USA and Asia accounted for 20.3 percent (previous year: 18.9 percent) and 10.8 percent (previous year: 8.7 percent), respectively. The Group generated 58.4 percent of its sales revenues outside Germany (previous year: 57.0 percent).

Gross profits, the key indicator of asknet Group's performance, declined by 5.5 percent to 4.50 million euros in the first half of 2016 (previous year: 4.76 million euros) as a result of the drop in sales revenues. At 12.8 percent, the gross profit margin (gross profits as a percentage of sales revenues) was more or less on a par with the previous year's 12.9 percent. The Academics Business Unit's gross profit margin for the first half of 2016 was up on the prior year period thanks to high-margin individual transactions in the first guarter which were based on Germanywide framework agreements at fixed terms. By contrast, the gross profit margin of the Digital Goods Business Unit declined due to a larger number of low-margin transactions and a slower development of high-margin business. As the customer relationships are always subject to individual agreements and requirements, such fluctuations in the gross profit margin may arise at any time.

Gross profits, semi-annual in € million



As a result of the expansion of the sales resources, personnel expenses increased by 7.9 percent from 2.52 million euros in the prior year period to 2.72 million euros in the first half of 2016. Other operating expenses accelerated by 9.1 percent from 2.56 million euros to 2.79 million euros. They include external consulting expenses in conjunction with the change initiative as well as a provision for penalties that may be imposed by the Norwegian tax authorities. A provision for an interest payment on the value added tax the company may have failed to pay in the past was recognized under interest and similar expenses. As a result, asknet Group generated earnings before taxes (EBT) of -1.18 million euros in the first six months of 2016. Adjusted for the provisions for interest and penalty payments associated with a potential retrospective tax payment in Norway and making allowance for the extraordinary costs for the respective tax and legal advice as well as for expenses incurred in conjunction with the change initiative, EBT amounted to -0.46 million euros in the reporting period.

Given that a provision for a potential retrospective VAT payment of approx. 1.09 million euros was recognized under other taxes in the reporting period, earnings after taxes (EAT) amounted to –2.26 million euros at the six-month stage. As outlined above, the loss is essentially attributable to extraordinary provisions. Adjusted EAT for the reporting period amounted to –0.46 million euros.

PERFORMANCE OF THE BUSINESS UNITS

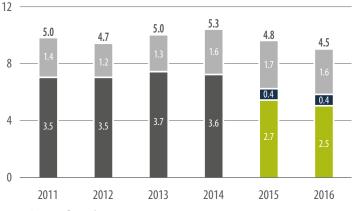
On balance, asknet's business units performed as expected in the reporting period.

Sales revenues of the Group's Academics Business Unit declined by 10.1 percent from 14.11 million euros to 12.68 million euros in the first half of the year. Gross profits totaled 1.62 million euros, down 5.4 percent. The decline in gross profits is primarily attributable to large individual transactions completed in the prior year period and not recurring in the reporting period. Other factors included the delayed implementation of several new customer portals as well as the longer lead time for new products and innovations such as the new laaS offering.

As in the previous quarters, the Digital Goods Business Unit's concentration on high-margin business led to a drop in sales revenues and gross profits. New customer agreements and growing sales to existing customers partly offset this decline in the first six months of 2016, however. The Digital Goods Business Unit's total sales revenues declined only by a moderate 1.7 percent to 20.71 million euros. The respective gross profits dropped by 5.4 percent from 2.64 million euros to 2.51 million euros due to shifts in revenues between customer agreements of different degrees of profitability.

The decline in gross profits in the year to date is the necessary consequence of the stronger focus on profitable growth driven by the insight that low-margin orders prevent the strategic realignment and resources need to be freed up for new business. New accounts as well as higher volumes and margins with regular customers should gradually lead to notable gross profit growth.

Gross profits by business units in € million



- Gross profit Academics
- Gross profit Physical
- Gross profit Digital
- Gross profit eDistribution (since 2015 Digital & Physical)

NET WORTH POSITION AND RESULTS OF OPERATION

asknet Group's total assets climbed by 3.7 percent from 12.16 million euros at the end of 2015 to 12.61 million euros on June 30, 2016. While fixed assets declined by 4.0 percent to 1.34 million euros, current assets rose by 5.1 percent to 10.88 million euros. The rise in current assets was primarily due to a reporting date-related increase in cash and cash equivalents by 16.7 percent from 5.33 million euros to 6.23 million euros.

On the liabilities side, trade payables also picked up sharply by 33.2 percent from 3.57 million euros to 4.75 million euros. Other provisions rose by 30.1 percent from 2.83 million euros to 3.69 million euros. The increase is essentially attributable to the precautionary provision set aside in conjunction with the potential retrospective tax payment in the amount of 1.61 million euros. The lower amount of outstanding invoices of 0.59 million euros as well as other factors had a reducing effect on other provisions.

As a consequence of the negative result for the period of -2.26 million euros and a loss carried forward in the amount of 1.10 million euros, asknet Group posted a consolidated net loss of 3.36 million euros in the reporting period. This led to a sharp drop in the Group's equity capital from 4.13 million euros as of December 31, 2015 to 1.88 million euros on June 30, 2016. The Group's equity ratio amounted to 14.9 percent on the reporting date, compared to 37.0 percent at the end of last year.

The net loss and the reduced equity capital are primarily attributable to the extraordinary provision of 1.61 million euros described above and the related consulting expenses as well as restructuring expenses. Given that the provision led to a loss of more than half of asknet AG's share capital, the company, on July 15, 2016, called an extraordinary general meeting of shareholders for August 23, 2016 in accordance with legal requirements. Even though there was at no time a going concern or liquidity risk, the Executive Board and the Supervisory Board proposed to the extraordinary general meeting of shareholders to grant the company an authorization to issue convertible or warrant-linked bonds, profit participation rights or income bonds in a maximum amount of 3.0 million euros within a period of five years. The company also intends to create contingent capital of up to 1.5 million euros. The new authorizations are designed to enable the company to raise capital at short notice should promising investment or acquisition targets arise so as to exploit growth potential in the dynamic eCommerce market at any time.

In spite of the net loss for the period, the Group's operating cash flow in the first six months of 2016 was positive and amounted to approx. 0.84 million euros. The increase in liabilities, primarily trade payables, and in provisions had a positive impact on operating cash flow.

Sufficient credit lines are available to the Group, of which only very little use was made in the reporting period.

CORPORATE BODIES

As announced in the Corporate News dated May 31, 2016, Michael Neises was appointed to the Supervisory Board of asknet AG with effect from the end of this year's ordinary annual general meeting on July 1, 2016. A lawyer and partner with Heuking Kühn Lüer Wojtek in Frankfurt, Michael Neises specializes in capital market transactions. He succeeds Marc Wurster, who had served on the Supervisory Board of asknet AG since 2004. The three-strong Supervisory Board continues to be chaired by Dr. Joachim Bernecker, with Thomas Krüger continuing to serve as Deputy Chairman.

On July 18, 2016, the Supervisory Board of asknet AG also extended the appointment of Tobias Kaulfuss as sole Executive Board member until December 31, 2018 in order to ensure continuity in the implementation of the ongoing growth process.

EMPLOYEES

As of June 30, 2016, asknet Group employed 96 people including the Executive Board; 88 of them worked for asknet AG, while 8 worked for the subsidiaries, asknet Switzerland GmbH, asknet Inc., USA, and asknet K.K., Japan. Including all trainees/apprentices and temporary workers, asknet Group employed a total of 104 people as of June 30, 2016.

On July 15, 2016, an extraordinary general meeting of share-holders was called for August 23, 2016. This is due to a loss of more than half of the share capital of asknet AG, which results from the provision of 1.61 million euros established as of June 30, 2016. Apart from this incident, no other events of special importance that had a material influence on the results of operation, financial and net worth position occurred after the interim reporting date.

RISK REPORT

In view of the events of the first half-year, the company decided to further revise the Group's internal control and compliance management systems and to integrate them more closely. While the provision of 1.61 million euros established as of June 30, 2016 led to a sharp decline in the equity capital of the Group and of asknet AG, asknet Group's risk position has not changed compared to the situation outlined in the 2015 financial statements as no going concern or liquidity risk exists. With regard to the risks, therefore please refer to the detailed presentation in the 2015 Annual Report.

FORECAST

ANTICIPATED SECTOR-RELATED DEVELOPMENTS

The dynamic growth of the global eCommerce market will continue in the coming years. eMarketer analysts expect B2C online commerce to grow by an annual average of approx. 21 percent by 2019 to a total eCommerce market volume of 3.6 trillion US dollars; this would represent approx. 12.8 percent of the global retail trade. According to the German Retail Association (HDE), the share of online commerce in total German retail trade will climb from 9 percent in 2015 to 20 percent in 2020.

Moderate growth is projected for the global IT markets. Gartner expects IT spending to grow by 2 to 3 percent between 2017 and 2020. It is safe to assume that software spending will again increase at an above-average rate as in the previous years, thus clearly exceeding overall market growth.

The market research specialists from Markets and Markets expect the global IT security market to grow by roughly 10 percent p.a. to about 170 billion US dollars. MicroMarketMonitor projects annual growth of 7.2 percent to roughly 35 billion US dollars in 2019 for the European cyber security market, which is the second biggest market behind North America. The German cyber security market will grow by 7.7 percent p.a. to 3.71 billion US dollars in 2019.

The trend in the German university market remains positive. The state ministers in charge of higher education expect the number of first-time students in Germany to amount to approx. 500,000 per year until 2019. The Austrian Statistical Office anticipates continued growth in student enrolment at the country's universities through to 2018/19. The Swiss Statistical Office projects the number of students to increase by 1.5 percent p.a. until 2016/2017.

COMPANY FORECAST

asknet Group continued its fundamental change process in the first half of 2016. At the same time, the failings of the past that were revealed have underlined the absolute necessity of a fundamental repositioning of asknet. This is why the change process will be continued with even greater determination and intensity this year and next.

Following the change program of the first half-year, an innovation initiative is currently being developed, which is scheduled to be launched in Q4 2016. After the internal process optimizations, the new restructuring program will focus on opening up growth prospects – essentially through product and process innovations.

On the earnings side, the new customer agreements signed in the first six months will have a particularly positive effect in the second half of the year. Moreover, the results of the restructuring expenses of the first six months of 2016 will have a positive impact on the bottom line before the end of the current fiscal year.

On balance, the Executive Board of asknet AG continues to expect a slight increase in gross profits in view of the efficiency gains achieved and the good project and customer pipeline. Due to shifts in revenues in the Digital Goods Business Unit, however, the gross profit margin is expected to decline somewhat compared to the previous year.

In view of the potential retrospective tax payment in Norway, asknet AG's Executive Board downgraded its earnings forecast already on June 24. Because of the extraordinary effects outlined above, the Executive Board confirms the expected range of negative consolidated earnings after taxes (EAT) of between –1.7 million euros and a maximum of –2.5 million euros including all provisions. As earnings before taxes (EBT) are not indicative of the actual operational business performance as a result of the provision of 1.61 million euros as of June 30, 2016, the Group accounts show adjusted EBT*, which will currently fall slightly below the prior year level in the full year 2016.

The loss anticipated for the fiscal year 2016 does not represent a going concern risk for asknet in terms of earnings or liquidity and the company is firmly convinced that it will be able to continue its growth strategy. This purpose is also served by the proposal of the Supervisory Board and the Executive Board to seek authorization to raise new capital from the extraordinary general meeting of shareholders. The company maintains its medium-term aim of turning asknet into a global and innovative growth company in the international eCommerce sector and of generating annual earnings before taxes in the amount of 10 percent of gross profits.

Karlsruhe, August 9, 2016 asknet AG

- The Executive Board -

Tobias Kaulfuss (CEO)

^{*} Adjusted EBT excludes all extraordinary one-time expenses anticipated for the fiscal year 2016. These include the provisions for interest and penalty payments associated with a potential retrospective tax payment in Norway, the extraordinary expenses for tax and legal advice sought in this context as well as the expenses relating to the change program.



ASKNET AG, KARLSRUHE

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

as of June 2016

in€

	2016	2015
ASSETS		
A. Fixed Assets		
I. Intangible fixed assets		
Concessions, industrial and similar rights and assets, and licenses in such rights and assets	1,055,481.51	1,057,072.51
II. Tangible fixed assets		
Other equipment, operating and office equipment	280,551.86	334,855.57
	1,336,033.37	1,391,928.08
B. Current assets		
I. Inventories		
Merchandise	797,013.18	818,630.61
II. Receivables and other assets		
1. Trade receivables	3,651,487.72	3,576,888.88
2. Other assets	204,936.97	618,989.62
	3,856,424.69	4,195,878.50
III. Cash-in-hand, bank balances, cheques	6,225,378.70	5,332,402.97
	10,878,816.57	10,346,912.08
C. Prepaid expenses	395,382.22	419,614.63
	12,610,232.16	12,158,454.79

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	2016	2015
EQUITY AND LIABILITIES		
A. Equity		
I. Subscribed capital	5,094,283.00	5,094,283.00
II. Capital reserve	50,000.00	50,000.00
III. Currency translation differences	97,741.35	77,250.13
IV. Consolidated net accumulated losses	-3,359,816.02	-1,095,132.58
	1,882,208.33	4,126,400.55
B. Provisions		
Other provisions	3,694,539.11	2,823,221.00
C. Liabilities		
1. Trade payables	4,753,081.34	3,568,436.60
 Other liabilities of which taxes € 1,738,102.11 (previous year € 887,028.29) of which relating to social security and similar obligations € 6,824.58 (previous year: € 5,841.02) 	1,831,824.18	1,013,782.84
	6,584,905.52	4,582,219.44
D. Deferred Income	448,579.20	626,613.80
	12,610,232.16	12,158,454.79

CONSOLIDATED INCOME STATEMENT

January 1 until June 30

	2016	2015
1. Sales revenues	35,162,599.65	36,983,741.13
2. Other operating income	377,847.88	310,213.19
	35,540,447.53	37,293,954.32
3. Cost of materials		
a) Cost of purchased merchandise	-30,661,460.36	-32,219,160.27
b) Cost of purchased services	-173,223.44	-217,936.46
4. Personnel expenses		
a) Wages and salaries	-2,338,990.17	-2,179,481.85
b) Social security, post-employment and other employee benefit costs of which in respect of old age pensions € 393.51 (previous year: € 1,115.98)	-376,840.38	-344,895.23
5. Amortization and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	-68,496.41	-62,853.15
6. Other operating expenses	-2,786,511.62	-2,555,024.67
	-36,405,522.38	-37,579,351.63
7. Interest and similar income	14.43	428.78
8. Interest and similar expenses	-311,144.13	-1,560.88
	-311,129.70	-1,132.10
9. Result from ordinary activities	-1,176,204.55	-286,529.41
10. Other taxes	-1,088,478.89	-1,012.59
11. Consolidated net income	-2,264,683.44	-287,542.00
12. Accumulated losses brought forward	-1,095,132.58	-1,176,430.02
13. Consolidated net accumulated losses	-3,359,816.02	-1,463,972.02

CONSOLIDATED CASH FLOW STATEMENT

January 1 until June 30 in € thousand

		2016	2015
1.	Cash flows from operating activities		
	Consolidated net profit	-2,265	-286
	Interest paid (+)/received (–)	1	-2
	Depreciation, amortization and write-downs	68	63
	Profit on the disposal of depreciation and amortization charges on noncurrent asset	0	0
	Loss on the disposal of depreciation and amortization charges on noncurrent asset	0	0
	Increase (+)/decrease (-) in provisions	871	-650
	Increase (–)/decrease (+) in receivables and other assets	392	3,110
	Increase (+)/decrease (-) in liabilities	1,770	-6,967
	Exchange-related change in inventories	0	0
	Cash flows from operating activities	837	-4,732
2.	Cash flows from investing activities		
	Purchase of intangible fixed assets	0	0
	Purchase of tangible fixed assets	-13	-42
	Proceeds from disposals of financial assets	0	0
	Interest received	0	0
	Cash flows from investing activities	-13	-42
3.	Cash flows from financing activities		
	Proceeds from capital increase	0	0
	Interest paid	-1	0
	Cash flows from financing activities	-1	0
4.	Cash funds at end of period		
	Net change in cash funds (subtotal 1–3)	824	-4,774
	Effect on cash funds of foreign exchange rate movements	69	27
	Cash funds at beginning of period	5,332	7,467
	Cash funds at end of period	6,225	2,720
5.	Components of cash funds		
	Cash	6,225	2,720
	Cash funds at end of period	6,225	2,720

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2016

GENERAL INFORMATION

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

The items on which the financial statements are based are presented separately in the notes. The additional disclosures required for individual items were also incorporated into the notes. The consolidated income statement was prepared using total cost accounting methods.

COMPANIES OF ASKNET GROUP

The consolidated financial statements include the parent company asknet AG, Karlsruhe, Germany, as well as the wholly owned subsidiaries asknet Inc., San Francisco, USA, asknet KK, Tokyo, Japan, and asknet Switzerland GmbH, Uster, Switzerland, which are fully consolidated.

asknet Switzerland GmbH, Uster, Switzerland, which was established with effect from August 12, 2015, was included in the consolidated financial statements for the first time as of December 31, 2015.

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 cost and are subject to scheduled depreciation (straight-line method).

Since January 1, 2010, low value assets have again been fully written off 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 writedowns.

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.

Receivables and liabilities, sales revenues as well as income and expenses were eliminated. No eliminations of intercompany profits or losses were necessary.

No deferred taxes resulted.

TRANSLATION OF FOREIGN CURRENCIES

All foreign currency assets and liabilities were translated into euros on the financial statement date using the respective mean exchange rate prevailing. 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 exchange rate 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 exchange rate. 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.

The initial capital consolidation for initial consolidations as of 2010 was carried out using the revaluation method.

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

Equity

The subscribed capital of 5,094 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 € thousand

Dec. 31, 2015	-1,095.1
Consolidated net loss for the first six months	-2,264.7
June 30, 2016	-3,359.8

Other provisions

Other provisions in the consolidated balance sheet consist of provisions in the amount of 1.61 million euros established at asknet AG with effect from June 30, 2016 for the tax issue in Norway, provisions for outstanding vendor invoices in the amount of 1.6 million euros as well as provisions for debt collection claims, leave entitlement and special bonuses as well as consulting expenses.

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 451 thousand euros.

Total financial obligations of the Group

in €

	Rent	Leasing	Total
due within one year	272,344.21	49,226.44	321,570.65
due in one to five years	78,187.80	51,157.02	129,344.82
due after five years	_		_
	350,532.01	100,383.46	450,915.47

The rental agreements and leases have maximum terms until 2018 and 2020, respectively.

EXPLANATORY NOTES TO THE INCOME STATEMENT

Sales revenues

in € thousand

	H1 2016	H1 2015
SALES REVENUES BY BUSINESS UNIT		
Digital Goods	20,706	21,070
Physical Goods	1,779	1,801
Academics	12,677	14,113
	35,162	36,984
SALES REVENUES BY REGION		
Germany	14,615	15,903
USA	7,144	6,990
Other countries	13,403	14,091
	35,162	36,984

EXPLANATORY NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

As in the previous year, cash funds comprised cash and bank balances. 150 thousand euros of these cash funds are subject to drawing restrictions.

OTHER DISCLOSURES

DIRECTORS OF THE CORPORATION The Executive Board

> Mr Tobias Kaulfuss, Dipl. Kaufmann, MBA, Essen

was appointed as sole Executive Board member in the fiscal year.

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

Supervisory Board

The members of the Supervisory Board in the first half of the year 2016 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 reporting period, the company employed an average of 88 employees in Germany and 8 abroad (not including Executive Board, trainees, and temporary employees).

Karlsruhe, August 9, 2016 asknet AG

- The Executive Board -

Tobias Kaulfuss

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Photos

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FINANCIAL CALENDAR 2016

April 29, 2016

Publication Financial Report 2015

May 25, 2016

Publication Q1/2016 Interim Report (German version)

July 1, 2016

Annual General Meeting

August 22, 2016

Publication Half Year Report 2016

August 23, 2016

Extraordinary General Meeting

November 25, 2016

Publication Q3/2016 Interim Report (German version)

