



2011

Annual Report

Bob Mobile AG



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TO OUR SHAREHOLDERS

Letter to our shareholders



Remco Westermann
Chairman of the
Management Board



Luc Voncken
Member of the Management
Board (since 16/02/2012)



Ben Bos
Member of the Management
Board (since 28/03/2012)

Dear shareholders, partners, colleagues and friends,

For Bob Mobile AG, the 2011 financial year elapsed was entirely characterized by important preparations to grow the company to a new dimension, and to consistently orientate the business model to the most attractive market segments. We realized the first important acquisition in the company's history with the takeover of Dutch company Cliq B.V. In this way, we are further developing Bob Mobile in our core markets of mobile and online games into one of the most significant providers.

Key figures for 2011 reflect investments, costs connected with the takeovers, and the restructuring and sale of business activities. Consolidated revenue fell by around 14 % to EUR 35.1 million. We nevertheless reported slight revenue growth of 3 % in our continuing operations when adjusting for the disposal of the Pink Adventure AG business, and our almost complete withdrawal from Greece. On the earnings side, extraordinary effects also exerted a clear impact, feeding through to a consolidated net loss of EUR 2.49 million for the year. Although we regard 2011 as a year of upheaval entailing significant preparations for the future, we are nevertheless pleased that we achieved an operating EBITDA profit of EUR 0.35 million when adjusted for takeover costs. In this context, it is particularly important to note that a marked improvement occurred at the end of the year.

The takeover of Cliq B.V. was concluded in February 2012, meaning we will not consolidate our new Dutch subsidiary until the financial statements for the current financial year are prepared. The integration of the companies Bob Mobile and Cliq with sales activities in more than 40 countries is running well on schedule, and reflects promising progress. Together we cover the most important markets in Europe, including Russia. We are also now active in Canada, Australia, the Middle East, as well as in some interesting markets in Africa, South America and Southeast Asia.

Our product markets are constantly developing further. The first mobile entertainment applications – ring tones and logo downloads – meanwhile no longer play a significant role. Smartphone applications, by contrast, which were not in the portfolio when Bob Mobile was founded in 2005, are now strategically and commercially important and forward looking. Particularly with our product offerings for Android and iOS operating systems, we are now addressing a new and extremely dynamic market. More than 50 % of our sales for mobile devices are now attributable to smartphones – with a strongly increasing trend. We aim to significantly increase and expand our games offering under our new „thumb“ umbrella brand. Along with the games which we already sell successfully such as „Ski Jump“ and „War2Glory“, we have many further games in our pipeline that are ready and soon to be launched.

The business model with Freemium games, where players can purchase cost-incurring items for otherwise free applications, has become a very lucrative market in recent years. Bob Mobile's core markets today include the Freemium segment – with mobile games, particularly for smartphones and tablets, and online games for PCs – and the Premium segment. In line with our company's growth, we have expanded our Management Board in the current financial year to include my colleagues Luc Voncken and Ben Bos. Both of these Management Board colleagues previously worked for Cliq B.V., and are consequently very familiar with the mobile content area. Mr. Voncken is heading up the operating business, while Mr. Bos is responsible for the Corporate Finance and Mergers & Acquisitions areas. Since the company will not only rely on organic growth but also acquisitions will play an important future role in our corporate strategy, we are happy that with Mr. Bos, we have gained a proven expert on this topic to join our ranks. Acquisitions can be interesting when they help us to advance on our strategy with products or markets, and if they can be realized at acceptable prices.

We have created a solid foundation for financing our company's growth with the capital increase that was successfully completed in January 2011 in combination with the unfortunately necessary waiving of the dividend for the 2010 financial year and the proposed waiver of the dividend also for 2011. I am convinced that these measures lie in our shareholders' long-term interest. The acquisition of Cliq B.V. was paid for with both cash – financed via a loan – and our own shares. Bob Mobile AG today has sufficient liquidity to finance both organic growth and smaller acquisitions. As a profitable, high-growth company, our aim is that our shareholders will participate in the company's success again in the future in the form of dividends.

Although our share lost some slight value over the course of 2011, it nevertheless outperformed comparable stocks in the TecDAX. We have also received a lot of positive feedback from the capital market about our strategic preparations – particularly the takeover of Cliq B.V. – so that we regard ourselves as being on the right track as far as our share price is concerned.

The year 2012 has started very promisingly for the „new“ Bob Mobile AG. The takeover of Cliq B.V. is already exerting a very positive impact, with revenue up by 92% to EUR 19.4 million, and adjusted EBITDA of EUR 3.3 million in the first quarter of 2012. Our plans envisage consolidated revenue of around EUR 95 million for 2012, and EBITDA of approximately EUR 18 million.

Together with our shareholders, employees and business partners, our aim is to develop Bob Mobile in the coming years into one of the globally leading providers of mobile and online games. We would like to thank all of our supporters for their confidence and trust in the past financial year. I would like to assure you that we will continue to prioritize the fulfillment of our guiding principles of growth, profitability and innovation also in the future.

Düsseldorf, June 2012

Remco Westermann
Management Board Chairman

Supervisory Board report

Dear shareholders, ladies and gentlemen,

In the 2011 reporting year, the Supervisory Board Bob Mobile AG continue to consult regularly with the Management Board concerning the company's strategic orientation and management, and to continuously supervise the company's management. In doing so, we carefully fulfilled the tasks incumbent upon us pursuant to the law, the company's articles of incorporation, and its rules of business procedure, and we were convinced that the Management Board worked in a manner that is both legal and purposeful. The Supervisory Board was included in all decisions of key significance for the company and the Group.

At a total of six ordinary and four extraordinary meetings in the 2011 financial year, the Supervisory Board was informed by the Management Board about the company's situation and development, as well as about important business transactions. The mandatory reporting requirements pursuant to Section 90 of the German Stock Corporation Act (AktG) were complied with in this context. The ordinary meetings were held on January 20, 2011, February 17, 2011, March 29, 2011, June 24, 2011, August 31, 2011 and December 12, 2011, and the extraordinary meetings occurred on July 21, 2011, July 22, 2011, November 14, 2011 and December 23, 2011.

Also outside the scope of Supervisory Board meetings, the Management and Supervisory boards engaged in regular and trusting dialogue over the entire course of the 2011 financial year, mostly by telephone conference calls. In doing so, the Management Board complied with its obligations to provide information arising from the law and the rules of business procedure, and informed us regularly, in detail and promptly in both written and verbal form about all measures and events of relevance for the company. As a consequence, the Supervisory Board was constantly informed about the company's business position and business trends, its intended business policy, short- and medium-term corporate planning, including investment, financial and personnel planning, as well as about the company's profitability, organizational measures and the Group's overall position. This included detailed reporting about important subsidiaries of Bob Mobile AG. A regular flow of information about the risk position and risk management also occurred.

All transactions and measures that require Supervisory Board assent were discussed in depth by the Supervisory and Management boards on the basis of reports. After considering all relevant information, and following detailed review, the Supervisory Board approved all of the Management Board's proposed resolutions.

FOCAL POINTS OF SUPERVISORY ACTIVITY AND CONSULTING

A total of six ordinary meetings and four extraordinary meetings were held in the 2011 financial year. No Supervisory Board member participated in fewer than half of the meetings. In this context, the members were present at all meetings in the minimum number required for passing Supervisory Board resolutions pursuant to the articles of incorporation. As a consequence, the Supervisory Board was at all times able to act and take decisions, and to comply with the duties incumbent upon it according to the articles of incorporation and the law.

At these meetings, we conducted in-depth discussions of the reports produced by the sole Management Board member, and discussed with him the company's position, revenue and earnings trends, and the financial position of both the parent company and the Group. The Management Board explained differences between plans and targets, which the Supervisory Board reviewed. The following significant items were also covered at Supervisory Board meetings during the 2011 financial year:

- Corporate planning and Group strategy
- Acquisition of Cliq B.V., acquisition of the minority interest in Guerilla Mobile Berlin GmbH, and acquisition of Capital Games GmbH, and further portfolio measures
- Sale of the assets of Pink Adventure AG

- Financing of the company, negotiation and conclusion of bank financing with ABN Amro Bank, and other financing and capital measures
- Single-entity and consolidated financial statements as of December 31, 2011
- Budgets for the 2011 and 2012 financial years
- Appointments to, and expansion of, the Management Board
- Dividend policy
- Internal organization, personnel development

The Supervisory Board issued the requisite approvals in the following instances:

- Approval and adoption of the single-entity and consolidated financial statements for the 2011 financial year
- Approval of planning for the 2011 and 2012 financial years
- Acquisition of Cliq B.V., acquisition of minority interest in Guerilla Mobile Berlin GmbH, acquisition of Capital Games GmbH, acquisition of minority interests in imobic GmbH and in Just A Game GmbH, and sale of assets of Pink Adventure AG
- Capital measure in December 2011
- Implementation of loans and credit lines, and provision of collateral from the assets of the company and its associated companies
- Rules of business procedure for the Management and Supervisory boards

PERSONNEL MATTERS

The Supervisory Board consists of six members. The composition of the Supervisory Board changed as follows in 2011:

- At the extraordinary Shareholders' General Meeting held on December 22, 2011, the number of Supervisory Board members was increased from three to six, and three new Supervisory Board members were appointed. This was subject to the condition of closing the acquisition of Cliq B.V.

Due to the structure and size of the company, the Supervisory Board formed no committees.

COMPOSITION OF THE MANAGEMENT BOARD

As part of the acquisition of Cliq B.V., the Supervisory Board also conducted discussions concerning an expansion of the Group Management Board of Bob Mobile AG. A decision was taken already during the course of the year under review to expand the Management Board by a further individual due to the company's growth and the takeover of Cliq B.V. A decision was taken in 2012 to also appoint a further member to the Management Board. The new Management Board members Luc Voncken und Ben Bos joined the Management Board in 2012. Previous sole Management Board member Remco Westermann is the Chairman of the Management Board (CEO).

SINGLE-ENTITY AND CONSOLIDATED FINANCIAL STATEMENTS FOR 2011

The Management Board prepared the single-entity and consolidated financial statements as of December 31, 2011, as well as the management report and Group management report for the 2011 financial year. Both sets of financial statements do not require auditing according to the law. The auditor selected by the Shareholders' General Meeting, MAZARS GmbH Wirtschaftsprüfungsgesellschaft (Management Accounting Firm), subjected the consolidated financial statements and Group management report to a voluntary review, and issued them with unqualified audit opinions. Both the single-entity and the consolidated financial statements were explained, and queries were clarified.

The Supervisory Board examined the single-entity and consolidated financial statements as of December 31, 2011, and the management reports for Bob Mobile AG and the Group for the 2011 financial year, taking into account the audit report that the auditor prepared for the consolidated financial statements, and which was dispatched to Supervisory Board members before the meeting.

The Management Board explained the financial statements for Bob Mobile AG and the Group at the Supervisory Board meeting held on June 28, 2012. At this meeting, the auditor reported on the key results and principles of its audit, and that, following its audit, there were no significant weaknesses to the internal controlling system. The Supervisory Board has no objections to the single-entity and consolidated financial statements. The single-entity financial statements were adopted as a consequence, and approved by the Supervisory Board.

The Supervisory Board concurred with the Management Board's proposal concerning the application of non-appropriated retained earnings – to be carried forward to a new account.

THANKS AND RECOGNITION

The Supervisory Board would like to thank the Management Board for the open and constructive cooperation during the financial year elapsed. Thanks and recognition are also due to all Bob Mobile Group staff members for their decisive contribution to the company's positive development in 2011. The Supervisory Board would like to wish much success to the new, expanded Group Management Board, and to all staff members, in the continued expansion of the company in the new financial year.

Düsseldorf, June 2012

Dr. Andreas Hoynigg

The Shares

SHARE PRICE PERFORMANCE, JANUARY 3, 2011 UNTIL JUNE 26, 2012



KEY BOB MOBILE SHARE DATA (AS OF JUNE 1, 2012)

WKN	A0HHJR
ISIN	DE000A0HHJR3
Bloomberg ticker	B4B
Number and class of shares	3,950,699 no-par bearer shares
Amount of share capital	EUR 3,950,699.00
Market segment	Regulated unofficial market
Transparency level	Entry Standard
Designated Sponsor	LANG & SCHWARZ Aktiengesellschaft Close Brothers Seydler Bank AG
End of the financial year	December 31
Shareholder structure	45 % in direct and indirect ownership of the members of the Management or Supervisory boards, 33 % free float

Bob Mobile AG floated on the Open Market Frankfurt in November 2005, the year in which the company was founded. The listing switched to the Entry Standard segment in 2008, a segment that requires a higher level of transparency. In particular, this is aimed at boosting institutional investors' interest in the company.

After the share had appreciated from almost EUR 6 to around EUR 17 in the previous year, it reported a stable trend over the course of the whole of 2011. In Xetra trading, the share fell slightly by 0.5% to EUR 16.93 between December 30, 2010 and December 30, 2011. It proved highly volatile over the course of 2011: the high for the year was registered on April 27, 2011 at EUR 24.10, and the low for the year was reported on November 18, 2011 at EUR 12.04. The Bob Mobile share significantly outperformed the TecDAX technology index, which relinquished around 20% over the course of the year.

Average daily turnover in Bob Mobile shares in Xetra computer trading amounted to 9,566 shares last year. Notable trading in the Bob Mobile AG share also occurred primarily on the Frankfurt Stock Exchange, where a daily average of 1,378 shares changed owners.

Analysts at Warburg Research and Close Brothers Seydler Research covered the Bob Mobile AG share in 2011. Various roadshows and corporate presentations were held, both in Germany and in Switzerland, Luxembourg, the Netherlands, the United Kingdom and France.

The share price relinquished almost 15% after the end of the reporting period, and stood at EUR 14.43 on June 26, 2012.

CAPITAL MEASURES

The 6:1 capital increase, which was approved in December 2010, was successfully concluded at the start of January 2011. All 241,171 new shares were strongly demanded and placed at the EUR 16.75 subscription price: among existing shareholders through their subscription rights, as well as among institutional investors. The capital increase was significantly oversubscribed.

The total number of shares increased further to 3,950,699 in February 2012, as part of the acquisition of Cliq B.V., as well as the acquisition of a minority interest in Guerilla Mobile Berlin GmbH, which was partly paid for with the company's own shares.

GROUP MANAGEMENT REPORT

A. Overview

The Bob Mobile Group is a leading provider in the games and mobile entertainment area with a focus on mobile and online games, as well as mobile value-added services for smartphones, conventional mobile phones, PCs and tablets. The Group was founded in 2005 and has its headquarters at Straelen, North Rhine-Westphalia, Germany. The shares of Bob Mobile AG are traded in the Entry Standard of the Frankfurt Stock Exchange.

The 2011 financial year was a significant one for Bob Mobile. The takeover of Dutch mobile specialist Cliq B.V. counts as one of the strategically most important changes that were initiated and continued during the year. In the initial years following the founding of Bob Mobile AG, its' growth was almost exclusively organic. In 2011, for the first time, a larger acquisition has been realized. Consequently, in the elapsed financial year, negotiations with the owners of Cliq B.V. (Amsterdam) concerning the purchase of 100 % of its shares by Bob Mobile were initiated. The Shareholders' General Meeting of Bob Mobile AG approved this acquisition on December 22, 2011, and the transaction was closed in mid-February 2012.

The acquisition of Cliq tied up significant management resources, particularly in the second half of 2011, and also gave rise to considerable extraordinary costs. This transaction nevertheless represents a decisive growth step, since it is expected to generate growing revenue and earnings for the Bob Mobile Group in the future. Bob Mobile and Cliq together now operate subsidiaries in Amsterdam, Berlin, Düsseldorf, Athens, Toronto and Singapore.

The long-term expansion of the Online & Freemium Games Division, which was founded in July 2010, represented a further groundbreaking and strategic development in 2011. The „War2Glory“ online game, which was launched on the market in the fourth quarter of 2010, reported a particularly promising trend over the course of 2011. The games that have been launched to date in this division reported more than 2.8 million registered users overall by the end of 2011. Although a learning curve was required to be accomplished, and delays occurred to the internationalization and roll-out of additional successful games, this newly created division is important for the Group's future development. Although earnings growth from the Online & Freemium Games Division lagged our original expectations, a 300 % year-on-year increase was nevertheless considerable. At the end of 2011, an additional focus was placed on mobile freemium games, including the market launch of „Ski-Jump“ for iPhones, and later also for Android smartphones. Also the organizational and technical basis to generate additional revenue from the advertising area in the future has been created.

In addition, important changes in the mobile premium area have been initiated in 2011. Agreement was reached with the management of the subsidiary Guerilla Mobile Berlin GmbH in the fourth quarter of 2011 to acquire their minority share in this limited company. This transaction was closed in mid-February 2012. Having increased our stake to 100 % of the shares in Guerilla Mobile Berlin GmbH, in combination with the acquisition of Cliq B.V., the mobile area within the Bob Mobile Group can be optimized in terms of costs, and be better oriented to future business requirements. Merging the Bob Mobile companies with the Cliq companies in this business area enables sales activities to be conducted in more than 40 countries, reaching more than 2 billion potential customers. The companies jointly boast a large portfolio of digital entertainment products with a focus on the areas of games and mobile entertainment apps. The Bob Mobile Group is a specialist in the direct marketing to end-customers of its products via Internet, mobile Internet and TV.

Due to the country risk entailed, the decision was taken to significantly reduce the commitment to Greece. Bob Mobile AG also separated itself from its adult business area in 2011.

While expansion into new foreign markets has already made a contribution to the company's growth, Germany remained Bob Mobile AG's most important sales market in 2011.

The Bob Mobile Group generated EUR 35.1 million of revenue in the 2011 financial year (2010: EUR 40.7 million). The fall in revenue is primarily due to the restructuring measures in the mobile area. The discontinuation of activities in the adult area fed through to an approximately EUR 1.0 million revenue decline in 2011. The withdrawal from Greece resulted in a negative revenue effect of around EUR 5.7 million. Tapping new sales markets abroad, and 300 % growth in the Online & Freemium Games Division from EUR 1.0 million (2010) to EUR 4.0 million (2011), was unable to fully compensate for these extraordinary effects. When adjusting for revenue-relevant extraordinary effects arising from the disposal of Pink Adventure, and the withdrawal from Greece, the Bob Mobile Group generated slight year-on-year revenue growth of 3 %.

Despite the numerous changes and extraordinary effects, the Bob Mobile Group achieved a positive operating result before interest, tax, depreciation and amortization (EBITDA, excluding acquisition costs) of EUR 0.35 million in the 2011 financial year. Operating EBITDA (excluding acquisition costs) registered a continuous improvement over the course of 2011, and was positive at EUR 0.60 million in the fourth quarter. After taking into account EUR 0.65 million of acquisition costs, EBITDA in the full 2011 financial year was slightly negative at EUR -0.30 million (2010: EUR +3.1 million). The main reasons for the fall in EBITDA included the continued high level of investments in the establishment of the Online & Freemium Games Division, changes to license trading, and the withdrawal from Greece. Costs incurred as part of the full takeover of Cliq B.V., and the increase in the interest in Guerilla Mobile Berlin GmbH to 100 %, also burdened EBITDA. The consolidated loss for 2011 amounted to EUR 2.49 million before minority interests (2010: net profit for the year of EUR 1.81 million). Along with scheduled depreciation and amortization of EUR 0.8 million (2010: EUR 0.4 million), this result particularly reflects EUR 1.4 million of impairment losses. These impairment losses arise from extraordinary charges connected with the sale of the adult activities and media (EUR 1.0 million), and impairment charges applied to licenses, especially in the games license trading area (EUR 0.4 million). The net loss for the year after deducting minority interests amounted to EUR 3.82 million, compared with a EUR 1.27 million net profit for the year in 2010. Earnings attributable to minority interests (particularly Guerilla Mobile Berlin GmbH) will discontinue in 2012 due to the takeover of the respective minority interests.

In order to fulfill greater transparency requirements on the capital market, our financial accounting was transferred to International Financial Reporting Standards („IFRS“), as applicable in the European Union, which we adopted for the first time. The minority interests in Guerilla Mobile Berlin GmbH were shown separately for 2011. In addition, Cliq B.V. was not yet consolidated in the 2011 financial year, since the transactions were not closed until mid-February 2012 (the purchase agreements were signed on November 14, 2011, and the Shareholders' General Meeting of Bob Mobile AG issued its approval on December 22, 2011).

The Bob Mobile Group anticipates significant revenue and earnings growth for the 2012 financial year due to the improving performance in the Online & Freemium Games Division, the complete takeover of Cliq B.V., and the increase in the interest in Guerilla Mobile Berlin GmbH to 100 %. The first quarter of 2012 has already witnessed good progress. The integration of the companies has proceeded in line with our roadmap following the closing of the transactions. As a consequence, the transformed Bob Mobile Group is well on its way to achieving its forecasts for the 2012 financial year of around EUR 95.0 million of revenue and approximately EUR 18.0 million of EBITDA. Through its merger with Cliq B.V., particularly in the European region, the Bob Mobile Group has established a strong market position, and, from today's perspective, is also well positioned for further profitable growth in the 2013 financial year.

B. Highlights of 2011

- **Takeover of Cliq B.V.**

In November 2011, Bob Mobile AG entered into an agreement with the shareholders of Cliq B.V. to acquire 100 % of the shares in Cliq B.V. in return for 1.9 million new shares and cash of EUR 20 million. Bob Mobile AG paid the cash component through a new banking facility with ABN Amro Bank totaling up to EUR 35 million, which allowed all of the new Bob Mobile Group's existing credit lines to be refinanced. Both the product portfolio and the country portfolio were significantly expanded as a result of the takeover. The Group's revenue, and consequently economies of scale and profitability, were also greatly enhanced. The takeover was concluded in February 2012. Since not all of the contractual terms relating to the transfer of control had been satisfied as of December 31, 2011, Cliq B.V. can only be consolidated from 2012 onwards.

- **Topping up the interest in Guerilla Mobile Berlin GmbH to 100%**

In December 2011, Bob Mobile AG reached agreement with the management of Guerilla Mobile Berlin GmbH to acquire the 49.8 % of the company that was still held by its managing directors. The increase of this interest to 100 % by way of a combination of cash and non-cash capital contributions makes it easier to rapidly and optimally integrate the mobile activities of the Bob Mobile Group. The takeover was concluded in February 2012.

- **Sale of the assets of Pink Adventure AG**

In the 2011 financial year, the Bob Mobile Group reached agreement to sell the assets of Pink Adventure AG. The sale of the adult area was a provision included in the bank financing provided by ABN Amro. A further factor that played a role in the decision to sell this area was that the soft erotic business has registered only low growth in the past years, with returns also not reporting an satisfactory trend. The disposal of this area resulted in a loss of revenue. The sales proceeds were correspondingly offset by costs and impairment losses.

- **Extraordinary costs especially due to the takeovers and strategic optimization**

The complete takeover of Cliq B.V., and the purchase of the minority interest in Guerilla Mobile Berlin GmbH, generated high one-off costs in the 2011 financial year, particularly for legal advice, commercial and financial due diligence, and contract structuring (totaling EUR 0.65 million). Additional costs and impairment losses were incurred from the strategic optimization connected with the takeovers, the sale of the adult area as of August 1, 2011, the closing of the licensed trading area, and the discontinuation of less successful online games in the fourth quarter (impairment losses totaling EUR 1.4 million).

- **Expansion of the Online & Freemium Games Division**

The Bob Mobile Group founded its Online & Freemium Games Division in mid-2010. The business model in this division is based on „free to play & item sale“; customers can register for free, and play for free. Revenue is generated particularly through the sale of virtual goods (so-called „items“). The Bob Mobile Management Board recognized at an early juncture that it is important in the digital entertainment services market to establish expertise in the freemium business model area. Based on the traditionally high priority placed on games in the Bob Mobile product portfolio, a decision was taken in mid-2010 to additionally focus on the high-growth market for multiplayer and online games. Bob Mobile concentrated initially on freemium multiplayer online PC games due to the increasing convergence between online and mobile, and smartphones' still low level of penetration at that time. The Bob Mobile Group established itself in the Online & Freemium Games area in 2011. In particular, the „War2Glory“ online game proved very successful with a total of around 2.8 million registered players by the end of 2011. Significant learning effects were nevertheless also entailed in the creation of this division, especially in terms of management and the monetization of the games (including community management), internationalization, and the selection of the right titles. Following a successful start in 2010, this division also reported strong growth and a positive earnings trend in 2011. Despite 300 % revenue growth, this division overall fell significantly behind the revenue, internationalization and revenue targets that it had set itself for 2011. However, development of the platform proved more time-consuming than originally planned, and internationalization and the launch of new games ran slower than scheduled. Average revenue per user (ARPU) is still sub-optimal based on a pure „item sale“ model in combination with greater competition.

As a response to this development, the company worked from the beginning of the fourth quarter of 2011 on implementing additional revenue generators such as CRM (Customer Relations Management and optimization of customer interaction), newsletters and advertising. The decision to invest in the Online & Freemium Games area has nevertheless proved sensible; the division plays an important role in the Bob Mobile Group's strategic focus on the online/browser games growth market, and consequently also in future revenue and earnings growth. Given greater technical expertise, including through the merger with Cliq B.V., landmark decisions were taken in the fourth quarter of 2011 relating to the future orientation of the Online & Freemium Games Division. Along with the online portfolio, mobile multiplayer games will form an additional focus as from 2012. Further investments will also be made in some technical platform components that are still missing. Given the high risks entailed in trading games licenses, the Management Board has also decided to close this area – with the exception of one small, high-quality purchasing department. This resulted in restructuring costs and impairment losses in 2011. In particular, the attractive product portfolio, and the international positioning of Cliq B.V., promise positive influences for the entire Group in the 2012 financial year.

■ **Expansion and optimization of the Mobile Entertainment Services Division:**

The Bob Mobile Group is placing a greater focus on international expansion in the Mobile Entertainment Services Division. Italy, France, Serbia and Malaysia were newly tapped as four regional markets in 2011, for example. Germany remains the most important market in the year under review, followed by Austria. The company significantly reduced its involvement in Greece due to the associated country risk, which fed through to a EUR 5.7 million reduction in revenue. Growth on new markets failed to fully compensate for this decline in Greece since the establishment of substantial market shares and revenues in new countries requires time given existing competition. The merger with Cliq supports our targeted internationalization, which also makes sense for efficiency reasons. Together with Cliq B.V., the Bob Mobile Group is now active in more than 40 countries, and ranks as one of the top three providers in more than eight markets. Dependency on the German market was reduced significantly as a consequence. Through increasing our interest in Guerilla Mobile Berlin GmbH to 100%, the integration of Cliq B.V. into Bob Mobile AG's mobile activities can proceed in 2012 without the need to minority shareholders' interests into account. The finalization of the takeover of Cliq B.V., and of the minority interests in Guerilla Mobile Berlin GmbH, completion of which lasted longer than originally planned (having extended until the start of 2012), negatively impacted Guerilla Mobile Berlin GmbH's operating performance. Overall however, the Mobile Fun Value-Added Services unit achieved a significantly positive result. In the 2012 financial year, the Group is endeavoring to optimally exploit the highly varied synergies between Cliq B.V. and Bob Mobile AG through internal restructuring of the organization. This should exert a positive effect on both revenue and costs.

C. Progress of business

1. MACROECONOMIC AND SECTOR TRENDS

1.1 Macroeconomic trends

From an economic perspective, 2011 was characterized by the Eurozone sovereign debt crisis. The high indebtedness of some Euro states, particularly Greece, represented a threat to the entire currency union in the financial year elapsed, and exerted a negative impact on the overall economy. This development clouds prospects for further economic growth in the Eurozone. The currency union remains exposed to significant risks.

The German economy proved relatively robust in 2011, despite the Euro crisis. Following the 2009 crisis year, and record 3.7% growth in 2010, significant growth continues to be reported in 2011 at 3.0%. Private consumption also registered a positive trend in 2011. The economy in both Germany and other parts of Europe nevertheless cooled significantly towards the end of 2011. Expectations for 2012 are modest due to the continuing crisis in the Eurozone.

The IT and telecoms sector reported above-average growth in the first half of 2011. This trend weakened in the second half year, however, which was largely due to the Euro crisis. Overall, it was primarily the software and IT segments which registered growth, while the hardware area failed to keep pace with them. The negative trend in consumer confidence is also depressing prospects for the European IT market in 2012. The German IT sector is comparatively well positioned within Europe.

1.2 Trends in the mobile value-added services sector

The market for mobile value-added services reports unbroken growth. In line with expectations, 2011 represented a further strong growth year for the mobile sector. Hardware is proving a strong driver of additional growth in this context. A total of 149.0 million smartphones were sold worldwide in the fourth quarter of 2011, representing 47.3% growth compared with the fourth quarter of 2010. Smartphones comprised 31% of all mobile devices sold worldwide in 2011. In particular, market growth was registered in the utilization of Android and iOS „smart“ operating systems. At a global level, smartphone penetration rose sharply in 2011, according to a survey conducted by Ipsos³. Growing mobile Internet usage is also feeding through to a change in consumer behavior surrounding mobile value-added services. Social mobile media were the driving force in this context in 2011, and are becoming increasingly important in the marketing of mobile services. It is becoming clear that, along with online marketing, the mobile sales channel is not only efficient, but has also established itself alongside online in the marketing mix. The declining classic TV advertising market for mobile products held hardly any further significance in 2011. Network operators' more stringent marketing guidelines for mobile value-added services, which were expected in 2011, were implemented, respectively prepared for 2012. The measures that have been taken have boosted users' confidence in mobile services. At the same time, the feared efficiency losses proved lower than anticipated.

1.3 Competitive trends in the mobile value-added services sector

In almost all countries, competition in 2011 focused on adjusting services to current market developments. In this context, it is becoming apparent that, in Germany too, competition is shifting away from services for classic mobile telephones towards services for smartphones (such as apps). Adjusting services to the new guidelines of the regulatory authorities, the network operators and the new distribution channels (including app stores) are playing an important role. Market changes are making it difficult for some competitors to adjust to new developments. On the other hand, new competitors are emerging on the market, for example, through newly-founded companies, as well as through overlaps with companies from other areas, which are emerging as competitors as a consequence.

1.4 Trends in the online games sector

The online games market segment is a strong growth segment, both on the Internet, and in mobile Internet and app stores. The Internet has become the world's largest „gaming arena“. Almost one in four German citizens above the age of ten utilized the Internet for gaming in 2010 (of which 11.3 million users play browser games), according to a recent survey conducted by the GfK, which was commissioned by the German Interactive Entertainment Software Trade Association (BIU). The number of German citizens gaming on the Internet was up by 17% year-on-year to 14.5 million. Revenue with Internet games in Germany totaled EUR 268.0 million, representing 28% year-on-year growth.

¹ Spiegel Online, January 11, 2012, Boom Boom Deutschland

² Gartner press release, February 2012: „Gartner Says Worldwide Smartphone Sales Soared in Fourth Quarter of 2011 With 47 Percent Growth“

³ Ipsos Mobile Consumer Evolution 2011

Social networks are proving to represent a strong driver of online games. The „free to play & item sale“ business model (playing for free, and not paying until additional „items“ are required) competes hard with the classic sales model where each game must be paid for in advance. According to a recent Jim survey, 20 % of all young people surveyed state that they game daily, or several times per week, on the Internet alone. Of these, 18 % game together with other users on the Internet.

A total of 31 billion apps were downloaded worldwide in 2011. An increase to 66 billion is expected by 2016, with 87 % of these apps comprising free apps with downstream income from subscriptions and item sales. It is expected that one quarter of all app downloads will occur via tablet PCs by 2016. Games represent the most important and largest category among apps. Sector experts assume that, along with download apps, online apps will play an important role in the future.

1.5 Competitive trends in online games

The competitive situation in the online games area differs from country to country, but is becoming increasingly global. Some important providers (such as Bigpoint and Gameforge) come from Germany, with the number of international suppliers growing constantly. This segment is expected to consolidate in the medium term. In particular, US company Zynga has established a very strong position thanks to its cooperation with the Facebook social networking site. However, new competitors are also entering the online games market, including classic console game providers such as Electronic Arts. Such companies are rapidly changing their business model towards online – partially through takeovers. Bob Mobile AG nevertheless continues to enjoy sufficient potential for expansion in this area due to market growth. Competition for customers is growing however, with costs per new registration rising. Competition for the purchasing of games is also intensifying. In addition, the number of available online games is increasing, and the battle for high-spending customers is becoming tougher.

There is significantly more scope for further development in the mobile area of the online gaming market. In this case, a large number of portals exists such as Apple, Google, network operator portals, and various independent portals. Glu and Gameloft remain important competitors in this segment. However, new competitors are also arising in this area. Finnish computer games company Rovio has created substantial revenue with its „Angry Birds“ game, for example. Market shares are very disseminated overall, however, and there are (still) no dominant players on the market. Various opportunities are also arising in the mobile online games area due to market growth combined with advancing smartphone penetration.

2. DEVELOPMENT OF THE BOB MOBILE GROUP

2.1 Mobile Fun Value-Added Services Division

The Mobile Fun Value-Added Services Division accounted for 83.7 % of total revenue in 2011, with this area also generating a substantial profit. Revenue nevertheless fell versus the previous year. The main reason for this is the scheduled and rapid reduction of revenue in Greece, which was implemented in order to reduce country risk (EUR -5.7 million; from EUR 8.9 million in 2010 to EUR 3.2 million in 2011). This reduction could not be fully offset by growth in other countries, including countries that have been newly tapped. At the end of the year, sales in Germany also came under pressure at times. The focus on the Cliq takeover, and the takeover of the minority interests in Guerilla Mobile Berlin GmbH, tied up significant management capacities with a correspondingly negative impact on operating trends, particularly in the fourth quarter. However, the successful integration, which completed in June 2012, created the basis for significant growth in the coming quarters.

⁴ German Interactive Software Trade Association (BIU), 2012, Themendossier Spielplatz Internet

⁵ JIM 2010, November 2010; Jugend, Information, (Multi-), Media Basisstudie zum Medienumgang 12- bis 19-Jähriger in Deutschland

⁶ Press release Juniper Research, April 5, 2012: Mobile App Downloads to Pass 66bn Annually by 2016, Up from 31bn Last Year

In the mobile fun value-added services area, the business model is based on a premium approach. Customers can access a large portfolio of mobile fun products and apps. These products are purchased, whereby the download products – which comprise the majority of products – can be permanently downloaded and utilized on handsets. The products are mainly sold via subscription for efficiency reasons. Around one third of customers purchase only individual products as subscriptions can be cancelled at short notice. The remaining two thirds mostly comprise long-term customers, whereby it is important to provide a large portfolio of attractive download products.

The expansion of the product portfolio, new customer acquisition through efficient marketing, and expansion into new countries represented important focal points in 2011. Services were launched in six newly added countries. France, Italy, Malaysia and Serbia reported positive trends, in particular. Services for smartphones are becoming increasingly important. The share of smartphone customers among new customers meanwhile lies well above 50% in many countries. The product portfolio was expanded with corresponding fun value-added services in 2011, particularly for iOS/Apple and Android smartphones.

2.2 Online & Freemium Games Division

The strategically very important Online & Freemium Games Division registered very strong revenue growth of 300 % in the 2011 financial year. This growth was nevertheless lower than even more positive figures that were initially expected. In particular, the production of technical components (Onlineshop, i-Frame, CRM, Customer Care), and internationalization took longer than planned. Competition also intensified over the course of the year; due to many positive reports from the browser games area, which were precipitated by the weakness of console and PC games, many new market participants emerged, which made customer acquisition, in particular, more expensive. The „War2Glory“ online freemium game, which was launched at the end of 2010, reported a very positive trend. A cumulative approximately 2.8 million players had registered for six language variants by the end of 2011 (German, English, French, Greek, Polish and Italian). Two games („Gondalworld“ and „9Empires“) have meanwhile been discontinued due to a lack of success prospects.

In the Online & Freemium Games Division, the business model is based on „free to play & item sale“. Customers can register and play for free. A small number of players (typically between 3 % and 5 %) is prepared to regularly spend money in order to acquire certain items (digital products), and to generate further advantages within the game. Proceeds from such sales are required to finance the entire game, its' marketing and overhead costs.

The Bob Mobile Group founded the Berlin-based company Just A Game GmbH in mid-2010, and the Greece based company Just A Game Hellas SA in early 2011. Capital Games GmbH was acquired in March 2011. The Online & Freemium Games Division reported a positive trend in the 2011 financial year, and proved that very good returns are achievable in this area. A substantial amount was invested in building up the customer base, with total marketing expenditure amounting to EUR 3.0 million. The number of registrations amounted to more than 2.8 million by the end of 2011. Although customer acquisition entailed learning effects, and some unattractive customer groups were acquired, a substantial portion of customers show long-term interest, and consequently future revenue potential.

Overall, this area continues to be characterized by start-up costs and learning effect costs in 2011. The further technical development of the platform was underestimated and proceeded more slowly than planned. As a consequence, internationalization and efficiency improvements fell behind schedule. Growth and returns developed less positively than originally expected, particularly in the second half of the year.

Processes for game selection and launch preparation were also optimized. The market launches of contractually secured social games were postponed until 2012. The license trading area performed significantly worse than planned in 2012. This area was founded in 2010 as part of the Online & Freemium Games Division with the aim of gaining better access to licenses for the online area through active license trading in the conventional area (consoles and PCs). The conventional market for console and PC games fell significantly in 2011 however, with all market participants coming under pressure as a consequence. Many developers and distributors reported plummeting sales, frequently also encountering payment difficulties as a result. The decision to discontinue the license trading area and to retain only a small team of specialized games buyers was taken at the end of 2011. This resulted in additional expenses and impairment losses at the end of 2011.

Overall, however, the decision to invest further in the games area, and particularly in online games and the freemium business model, was correct. This area is experiencing very high growth rates. The Bob Mobile Group has created a great deal of expertise in 2010 and 2011, and now commands a good position to grow profitably in this area. A greater focus will be placed on mobile freemium games in 2012. The first market launches and preparations occurred already in 2011. Among others, the „Ski-Jump“ iOS game developed very well, and proves that substantial revenues are also possible in the mobile games area. Additional revenue streams are anticipated from advertising in 2012. The related commercial and technical preparations are underway.

2.3 Mobile Adult Services area

The Mobile Adult Services Division was sold as of August 1, 2011, by way of disposing of all activities including its assets. The proceeds were offset by one-off expenses and impairment charges.

The Pink Adventure AG sales company focused on further growth in Germany until the end of July. The advertising of mobile value-added adult services in Greece had already been sharply reduced in 2010 due to the country risk entailed and the market situation.

2.4 Production and Technology area

The Bob Mobile Group increasingly invested in technology in 2011. In the Mobile Fun Value-Added Services Division, the technical platform was further optimized, and new countries were integrated in technical terms. Major investments were also committed to the Online & Freemium Games Division, although technical implementation was still behind schedule at the end of 2011. Investments in this area were made in shop systems, login flows & backend, web page builders, customer care tools and reporting tools. Also the online games had to be connected to the platform.

The Bob Mobile Group is developing core technology in-house to advertise, deliver and invoice the products. The company is working together with external partners on connections to mobile network operators, on various invoicing methods, as well as on server hosting. Product development (mobile services and games) occurs almost completely externally, partially commissioned by Bob Mobile. Completed and almost completed products are predominately purchased and licensed.

3. BOB MOBILE GROUP REVENUE TRENDS

The IFRS consolidated financial statements consolidate 100 % of the profits and losses of Bob Mobile AG and its subsidiaries.

In the seventh financial year since it was founded (January 1, 2011 to December 31, 2011), the Bob Mobile Group generated EUR 35.1 million of revenue (2010: EUR 40.7 million). The fall in revenue is primarily due to the restructuring in the mobile area. The discontinuation of activities in the adult area (Pink Adventure AG) resulted in an approximately EUR 1.0 million revenue decline in 2011. The withdrawal from business in Greece also resulted in an approximately EUR 5.7 million negative revenue effect. New countries and 300 % growth in the Online & Freemium Games Division failed to fully compensate for these extraordinary effects. When excluding extraordinary revenue effects relating to Pink Adventure and Greece, the Bob Mobile Group generated moderate year-on-year revenue growth of 3 %.

The Bob Mobile Group regards itself as having a solid base and very well positioned for further growth in 2012 as a consequence. The Online & Freemium Games Division was optimized over the course of 2011, and should develop positively in 2012, in terms of both the number of registered users and revenue and also taking into account the synergies generated through the merger with Cliq. In 2012 there will be further investments into the development of the platform. An additional focus is on generating additional ARPU components such as advertising, CRM and (co-)registrations. Further revenue growth is also targeted in the mobile added-value services area on the basis of additions to product portfolios, jointly improved purchasing positions for media, and greater cost-efficiency. The Bob Mobile Group is aiming for significant revenue growth to around EUR 95.0 million for 2012 including Cliq B.V. and its subsidiaries.

4. COSTS AND EARNINGS TRENDS

4.1 Investments in the future

As in previous years, Bob Mobile invested in future growth in the 2011 financial year. This related to the following points, in particular:

- Further expansion of the customer base (new customer acquisition, subscribers) for mobile fun value-added services, particularly in the core countries, but also in new countries such as France and Italy.
- Further investments in customer acquisition, and establishment and expansion of the market position in the Online & Freemium Games area.
- Investments in the license trading area: due to a lack of success and worsening market circumstances, investments in this area were discontinued from mid-2011, however, and impairment losses were applied to the respective licenses at the end of the year.
- Establishment of new countries, and expansion of sales channels, particularly on the Internet and mobile Internet. Establishment of new products and business models, both in the Mobile Fun Value-Added Services area, and also in the case of Online & Freemium Games.
- Further expansion of proprietary technology; in particular, boosting capacity, improving efficiency, and optimization of Internet and mobile Internet; creation of software modules for the Online & Freemium Games Division.

As in previous years, new customer acquisition required for further growth in the Mobile Fun Value-Added Services area was less cost-intensive than the profit margin generated by the overall customer base. As a consequence, this area generated profits in 2011, as in previous years, and despite investments in further growth. In the subscription business model that is predominantly utilized, acquisition costs (= advertising costs) are incurred before subscription revenues. Actual earnings generated through additional customers do not occur until several months later. The costs of new customer acquisition, as well as of product development and internationalization are offset by valuable subscribers.

In the Online & Freemium Games Division, the business model is based on „free to play & item sale“. Proceeds from the respective items sales are required to finance the entire game, its' marketing costs, as well as costs that cannot be allocated directly. Also in this area, investments are first made in marketing before revenues are achieved over the course of time. In the 2011 financial year, the costs of investing in growth were not yet covered by revenues. Due to an intensification of competition, and the resultant higher customer acquisition costs, it was decided that additional revenue components must be created, such as revenues from newsletters and advertising etc. Initially related steps, particularly in the newsletter and CRM area, were prepared for this purpose in 2011. These will lead to substantial revenues in the second half of 2012, thereby helping this division to achieve an attractive return in the medium term.

Section 6 contains further detailed information about investments.

4.2 Gross margin

The Group generated a positive gross margin of EUR 7.3 million in the 2011 financial year (2010: EUR 10.0 million). The main costs were attributable to the media area at EUR 13.2 million (2010: EUR 13.6 million), and direct costs for technology, invoicing, transfer and content at EUR 14.6 million (2010: EUR 17.0 million).

4.3 Earnings before interest, tax, depreciation and amortization (EBITDA)

Despite the numerous changes and extraordinary effects, the Bob Mobile Group generated a positive operating EBITDA (excluding acquisition costs) of EUR 0.35 million in the 2011 financial year. Operating EBITDA (excluding acquisition costs) registered a continuous improvement over the course of 2011, and was positive at EUR 0.60 million in the fourth quarter. After taking into account EUR 0.65 million of acquisition costs, EBITDA in the full 2011 financial year was slightly negative at EUR -0.30 million (2010: EUR +3.1 million). The decline in EBITDA was mainly due to the continued high level of investments in the establishment of the Online & Freemium Games Division, changes and restrictions to license trading, the withdrawal from Greece, and costs incurred as part of the complete takeover of Cliq B.V., as well as the increase in the interest in Guerilla Mobile Berlin GmbH to 100 %, which could not be completely compensated by the positive EBITDA in the mobile area.

Indirect costs rose to EUR 9.7 million in the 2011 financial year (2010: EUR 7.4 million). The ratio of indirect costs to revenue deteriorated from 18 % (2010) to 28 % (2011) due to the internationalization in the Mobile Fun Value-Added Services Division, and investments in the expansion of the Online & Freemium Games Division. This was primarily due to a significant increase in personnel costs (EUR 5.2 million in 2011 compared to EUR 3.4 million in 2010). New appointments were made, particularly as part of the establishment of the Online & Freemium Games Division. Jobs were cut in the second half of 2011, however, based on the experience that was gained, and in order to prepare for the Cliq acquisition. In the third and fourth quarter, earnings were burdened by EUR 0.65 million additional costs related to the takeovers. These included a.o. costs for due diligence and contracts, which were incurred in connection with the takeover of the shares in Cliq B.V. and the acquisition of the minority interests in Guerilla Mobile Berlin GmbH, in imobic GmbH and Just A Game GmbH.

EBITDA fell short of the company's own targets in 2011, particularly due to the longer investment phase for the online games area. Although the company's planning envisaged that the Online & Freemium Games Division would generate a positive contribution from the beginning of the third quarter, such profitability was delayed. Despite the Online & Freemium Games Division reporting an improvement in EBITDA in the fourth quarter, it was nevertheless still negative. Following four consecutive negative quarters, the overall Group returned to generating positive operating EBITDA in the fourth quarter.

4.4 Profitability (EBIT and net income)

EBIT calculated on the basis of IFRS was negative at EUR -2.53 million in the 2011 financial year, compared with the previous year's positive EBIT of EUR 2.65 million. Along with scheduled depreciation and amortization of EUR 0.8 million (2010: EUR 0.4 million), this result particularly reflected EUR 1.4 million of impairment losses. The impairment losses arise from extraordinary charges connected with the sale of the adult activities and media (EUR 1.0 million), and impairment charges applied to licenses, especially in the games license trading area (EUR 0.4 million). The consolidated loss for 2011 amounted to EUR 2.49 million before minority interests (2010: net profit for the year of EUR 1.85 million). After deducting minority interests, a result of EUR -3.82 million was incurred, compared with a profit of EUR 1.27 million in 2010. Earnings attributable to minority interests (particularly Guerilla Mobile Berlin GmbH) of EUR 1.34 million will discontinue in the current 2012 financial year due to the complete takeover of the respective minority interests.

As already mentioned (please refer to the Overview section), the charges arising from the acquisitions of the shares in Cliq B.V. and Guerilla Mobile Berlin GmbH in the 2011 financial year were not offset by related positive revenue and earnings effects.

5. PURCHASING

5.1. Media purchasing

The efficient purchasing of media – in other words, the management of advertising expenditures – is highly important for Bob Mobile Group companies. It comprises one of the most important variables for the acquisition of new customers, and the efficiency of new customer acquisition, and consequently for future revenue growth and profitability. Media are purchased (for example, cost per seconds for advertising spots, cost per click, cost per view), but also handled through cooperation ventures (such as revenue share, cost per order). Although TV advertising also continues to be utilized, advertising has focused primarily on the Internet. The utilization of mobile Internet advertising is becoming increasingly important. Available, efficient advertising volumes are becoming larger each year, but remain until now relatively small. While media costs in the mobile area were relatively stable, media costs for new customer acquisition in the online games area incurred significant cost increases due to an intensification of competition.

5.2 Product and license purchasing

The purchasing and production of products and services for the mobile area occur almost completely externally and on a variable basis (license/revenue share), with the exception of the minimal number of products that are developed for the company (fixed fee versus minimum guarantee). Various new and successful products were added to the product portfolio in 2011. The focus in this context was on products for smartphones. In the online games area, games were licensed entirely by third parties for specific countries. In order to establish a good position when acquiring licenses, a unit for license purchasing and sales was founded within the games subsidiary, which contractually secured games licenses for all platforms, but also sold them on to third parties (B2B). This area fell significantly behind expectations in 2011. Particularly in the consoles and PC area, demand has fallen tangibly. As a response to this development, the license purchasing and sales unit was restructured at the end of 2011. This department now concentrates only on the purchasing of online and mobile games. Impairment losses were applied to the functional unit due to the restructuring.

5.3 Purchasing of services

Apart from a small number of fixed fees and minimum revenues, expenses for network operators and technical service-providers are almost completely variable. As semi-monopolists within their own networks, network operators are very well paid for their services (traffic, billing and sale of receivables); the share of end-customer revenue that goes to the network operators ranges from 25 % in Germany to more than 50 % in some other countries. Compared to 2010 no major changes have occurred in this area. A positive factor is that the Online & Freemium Games area also utilizes other payment methods when invoicing, such as credit card, PayPal or Moneybookers, where the fees are significantly lower than in the case of mobile network operators. The cost share for technical service-providers, such as for providing connections to mobile network operators, is low. Traffic and server costs increased in 2011 due to the higher number of online games in the Online & Freemium Games area.

5.4 Other operating expenses

Bob Mobile AG has additional expenses, in a.o. items the customer care and community management area. Customer satisfaction forms the focus of interest in these areas. In this context, the company generally shows a lot of flexibility and goodwill where reimbursements are concerned. It is particularly important to take customers' wishes into account and to take these into account when further developing products and licensing new products.

5.5 Other non-operating expenses: stock market and capital increases

The Group incurred additional costs as a result of its stock market listing. Along with costs arising from the listing and designated sponsoring, particularly for lawyers and investor relations incurred, amounting to costs of EUR 0.31 million in the 2011 financial year.

5.6 Other non-operating expenses: takeover costs

Earnings in the third and fourth quarter were significantly burdened by costs for the Cliq takeover (due diligence, agreements, and changes to the organizational structure), costs and impairment charges incurred as part of the restructuring, and preparations for the integration.

6. INVESTMENTS

The net financing requirement in the investment area amounted to EUR 1.40 million in 2011 (2010: EUR 0.91 million). Of this amount, EUR 1.25 million relates to intangible assets (2010: EUR 0.82 million). These consist of expenses for the creation and purchasing of software for the Online & Freemium Games Division, the Mobile Fun Value-Added Services Division, for the purchasing of product licenses (particularly online games), and for miscellaneous user software. An amount of EUR 0.15 million was invested in tangible assets (2010: EUR 0.09 million).

Investments which cannot be included in the schedule of changes to non-current assets, but which are instead recognized as operating expenses, include, in particular

- Expenses for the establishment of a highly technically qualified workforce,
- Media costs relating to the creation of the subscription base,
- Expenses for internationalization and new segments,
- Start-up costs in the Online & Freemium Games Division.

7. PERSONNEL AND SOCIAL AREA

Remco Westermann was the sole member of the Management Board of Bob Mobile AG in 2011. The Group employed an average of 119 staff in the 2011 financial year (2010: 76 staff). On the December 31, 2011 reporting date, the Group employed 101 staff on a full-time basis, 6 on a part-time basis, and 12 temporary staff/trainees.

Personnel costs accounted for 13.0% of total costs in the 2011 financial year (2010: 8.9%).

The Management Board was expanded to include Luc Voncken in February 2012. Mr. Voncken was previously CEO of Cliq B.V., and will concentrate on the operating business. In March 2012, Mr. Ben Bos was appointed to be the third Management Board member, with a focus on corporate finance and M&A. As Management Board Chairman (CEO) Mr. Remco Westermann is primarily responsible for the company's external presentation, and for the finance area.

8. RESEARCH AND DEVELOPMENT

Bob Mobile AG conducts no research of its own. The company invested however EUR 1.14 million in the development and optimization of platforms, both through its own internal development work (EUR 0.19 million) and through work performed by third parties (EUR 0.95 million). A total of EUR 0.19 million was invested in the further development of technical platforms in 2011 and recognized in the accounts as capitalized services.

9. SPECIAL EVENTS IN THE FINANCIAL YEAR ELAPSED

List of special events in the financial year elapsed:

- Preparation for the purchase of 100 % of the shares in Cliq B.V. (concluded in February 2012)
- Acquisition of minority interests in subsidiaries; acquisition of 49.8 % of Guerilla Mobile Berlin GmbH (concluded in February 2012); acquisition of 16 % of Just A Game GmbH (Berlin), and acquisition of 25.1 % of imobic GmbH
- Acquisition of 100 % of the shares of Capital Games GmbH
- Sale of the assets of Pink Adventure AG and discontinuation of the adult business
- Discontinuation of the games license trading business
- Further establishment of the Online & Freemium Games Division
- New country launches, and dismantling of Greek activities in the Mobile Fun Value-Added Services Division
- Negotiation and agreement of bank financing totaling up to EUR 35 million to finance takeovers and to refinance the Bob Mobile Group
- Conclusion of the capital measure that was started in 2010

D. Report on net assets, results of operations, and financial position

1. NET ASSETS

Participations

Bob Mobile AG reported the following participations as of December 31, 2011:

Bob Mobile Deutschland GmbH	100.00 %
Bob Mobile Hellas S.A.	99.99 %*
Bob Mobile Nederland B.V.	100.00 %
Pink Adventure AG	100.00 %
Venga Mobile GmbH	100.00 %
Rheinkraft Production GmbH	100.00 %
imobic GmbH	100.00 %
Just A Game GmbH	100.00 %
Just A Game Hellas S.A.	75.00 %
Capital Games GmbH	100.00 %

Bob Mobile Deutschland GmbH reported the following participations as of December 31, 2011:

Bob Mobile Hellas S.A.	0.01 %*
Guerilla Mobile Berlin GmbH	50.20 %**
Torna Media GmbH	20.00 %***

* As part of the takeover of Bob Mobile Hellas S.A., Greek law required that two corporations hold the shares in Bob Mobile Hellas S.A.

** Agreement concerning the acquisition of the minority interest by Bob Mobile AG was reached in 2011. This transaction was not concluded until February 2012, however.

*** Non-strategic minority interest

Apart from Torna Media GmbH (non-strategic minority interest), all participations are fully consolidated.

A control and profit-and-loss-transfer agreement between Bob Mobile AG and Bob Mobile Deutschland GmbH is in place since January 4, 2005.

The minority interests in Guerilla Mobile Berlin GmbH and Just A Game Hellas S.A. both comprise participations held by the companies' managements.

The aforementioned measures in 2011 created the basis for a major restructuring. The objective is to increase all participations to 100 % in order to exploit synergies through centralization of the organization, and to thereby structure the integration of Cliq B.V. more simply and effectively.

Intangible assets

The Bob Mobile Group reported EUR 1.13 million of intangible assets as of December 31, 2011. These intangible assets were reported at EUR 1.38 million as of the December 31, 2010 reporting date. The most important components of intangible assets included games licenses for the Online & Freemium Games Division (EUR 0.43 million), software/platforms for the provision and invoicing of services (EUR 0.57 million), and goodwill (EUR 0.11 million). A total of EUR 1.25 million was invested in this area in 2011. Scheduled amortization of intangible assets amounted to EUR 0.65 million. At the end of the year an additional one-off impairment of EUR 0.86 million was applied. This one-off impairment is based on impairments in the games area (especially relating to games licenses and platforms in an amount of EUR 0.36 million), and the discontinuation of the adult activities (EUR 0.50 million).

Tangible Assets

The Bob Mobile Group reported EUR 0.18 million of tangible fixed assets as of December 31, 2011. These particularly comprise office furniture and PCs. An amount of EUR 0.15 million was invested in the financial year elapsed, and EUR 0.11 million was depreciated.

Financial assets

The Bob Mobile Group reported EUR 0.16 million of financial assets as of December 31, 2011. This relates to the interest in Torna Media GmbH. No new investments were made in this area in the 2011 financial year, and no amortization/impairment charges were applied.

Deferred tax assets

Deferred tax at the Bob Mobile Group amounted to EUR 2.55 million as of December 31, 2011, compared with EUR 0.96 million as of December 31, 2010. The reason for the sharp increase are losses incurred on establishing the online freemium games activities. The valuation of deferred tax was subjected to detailed analysis. The analysis clarified the fact that the deferred tax can be utilized in the future. No deferred tax assets were formed for some of the tax loss carried forward due to related fundamental uncertainty, since the loss carried forwards were not determined until the 2009 assessment period.

Trade receivables

Trade receivables amounted to EUR 4.09 million as of December 31, 2011, compared with EUR 6.74 million in the previous year. This reduction in receivables is attributable to both a lower level of revenue and improved receivables management. Other receivables amounted to EUR 2.55 million as of December 31, 2011 (December 31, 2010: EUR 2.24 million). In this context, the most important components remain EUR 1.34 million of taxes, and EUR 0.47 million of advance payments.

Cash in hand and at banks

Cash in hand and at banks stood at EUR 2.15 million as of December 31, 2011 (December 31, 2010: EUR 1.63 million).

2. FINANCIAL POSITION

Activities at Bob Mobile AG currently focus on investments in growth and core competencies. Since it's founding, the Group has always financed its growth primarily with equity. Additional – and mostly short-term – financing requirements have been covered with short-term credit lines procured from various banks. Financing requirements are calculated using budgets and cash flow plans, and are constantly updated in line with current figures.

Current assets fell from EUR 10.6 million in 2010 to EUR 8.8 million in 2011. Current liabilities reduced from EUR 8.7 million in 2010 to EUR 6.5 million in 2011.

Equity

The Bob Mobile Group reported EUR 6.19 million of equity as of December 31, 2011 (previous year: EUR 4.50 million). The company has EUR 1.69 million of share capital, which is split into 1,680,199 shares. The number of shares increased by 241,171 versus the previous year due to the capital increase in December 2010, which was entered in the commercial register in January 2011. The company held 4,000 treasury shares as of December 31, 2011 (compared with 20,000 in the previous year). The capital reserves have increased from EUR 2.09 million as of December 31, 2010, to currently EUR 6.03 million. The profit carried forward of EUR 0.48 million as of December 31, 2010, became a loss carried forward of EUR 3.64 million due to the loss incurred in 2011. Assets attributable to minority shareholders amounted to EUR 2.11 million as of December 31, 2011 (December 31, 2010: EUR 0.51 million). No dividends were distributed to minority shareholders. Since Bob Mobile AG has meanwhile acquired the minority interests (most recently Guerilla Mobile Berlin GmbH in mid-February 2012), these minority interests will be included in the balance sheet in the 2012 financial year. Only Just A Game Hellas S.A. currently continues to be reported as a minority interest, at 25%.

In 2011, Bob Mobile AG continued to be almost completely financed with equity. The EUR 4,039,614 capital increase that was placed at a share price of EUR 16.75 at the end of 2010 was entered in the commercial register on January 27, 2011. This capital measure was aimed at financing start-up losses in the Online & Freemium Games Division. The capital reserves amounted to EUR 6.03 million (2010: EUR 2.09 million).

Approval was granted at the Extraordinary Shareholders' General Meeting on December 22, 2011 to issue 1.9 million new shares to acquire 100% of the shares of Cliq B.V. by way of a combination of cash and non-cash capital contributions. The new shares for the purchase of the Cliq shares, and the 362,500 shares that were issued against cash and non-cash capital contributions for the purchase of the remaining shares in Guerilla Mobile Berlin GmbH, were entered in the commercial register in February 2012. In addition, EUR 20.0 million of cash was deployed for the purchase of Cliq B.V. (EUR 18.0 million directly, and EUR 2.0 million in the form of shareholder loans), and EUR 4.0 million of cash was utilized for the Guerilla Mobile Berlin GmbH transaction. When Cliq B.V. was purchased, the company had EUR 5.0 million of bank financing, which was redeemed by way of the new loan. Cliq B.V. also held EUR 1.8 million of shareholder loans, which continue to exist. Bob Mobile AG reports a share capital consisting of 3,950,699 shares following these transactions.

No dividend was paid for the 2010 financial year. The dividend was waived due to the important strategic investments in the Online & Freemium Games Division.

Debt financing

The company utilized short-term credit lines in the 2011 financial year elapsed, and spent a total of EUR 0.02 million on interest payments. As of December 31, 2011, the company had access, until further notice, to a EUR 0.2 million current credit line provided by the Stadtsparkasse Düsseldorf. Of this credit line, an amount of EUR 0.1 million was utilized. This amount was offset by a EUR 2.15 million credit amount, so that the net cash position amounted to EUR 2.05 million as of December 31, 2011. Intercompany loans have been agreed between the parent company and the subsidiaries, as well as between the subsidiaries. While mobile activities generated positive cash flows, overall cash flow was negative in the 2011 financial year due to the high level of investments in the online games segment, as well as costs for the takeover process.

A credit facility was agreed with ABN Amro Bank to finance the takeover of 100% of the shares in Cliq B.V., the minority interests in Guerilla Mobile Berlin GmbH, as well as to refinance Cliq B.V.'s existing loan; almost all of the assets of the Bob Mobile Group were assigned as collateral. A loan of up to EUR 35.0 million was agreed subject to the closing of the takeovers. An amount of EUR 1.0 million is repaid per month on a partial amount of EUR 25.0 million. The remaining amount of up to EUR 10.0 million is available until further notice as a current line (of which EUR 5.60 million had been drawn as of the closing date). The interest rate amounts to Euribor +300 basis points. The company also has access to EUR 4.7 million of shareholder loans following the closing. These are subordinated to the ABN Amro loan. The interest rate amounts to Euribor +350 basis points.

Following the entry in the commercial register of the capital increase connected with the takeover of Cliq B.V., and the acquisition of 100% of the shares in Guerilla Mobile Berlin GmbH, the company as of May 1, 2012 has EUR 8.60 million of liquid resources, and additional bank financing resources (of up to around EUR 4.40 million), which can be utilized if required.

On the basis of the profitability achieved since 2007, and despite the loss incurred in 2011, the Group's financial foundation (equity and debt) is sufficient to finance further growth.

3. RESULTS OF OPERATIONS

The Bob Mobile Group generated a loss in the 2011 financial year due to the high level of investments in the Online & Freemium Games Division, restructuring in the licensed trading area, the withdrawal from the Greek business, as well as costs related to the takeover, and the restructuring of the Group as a preparation for integration in 2012.

Most of the revenue (83.7 %) in the mobile area continued to be generated by way of premium subscriptions in 2011. In this context, the company sold an extensive portfolio of mobile products by way of subscription, the advertising of which occurred primarily online. The company cut back sharply on its involvement in Greece over the course of 2011 due to the country risk entailed. The Online & Freemium Games Division (11.5 % of revenue) failed to fulfill its high growth expectations: while this area delivered impressive growth in the first half of 2011, delays in technical implementation and in the case of game launches, as well as changes to market conditions (in both the online games and licensed trading areas), fed through to a significantly slower growth rate in the second half of the year. The German market remained the most important source of sales in 2011.

Revenue is split among the companies and divisions* as follows

Bob Mobile AG in EUR millions	2010	2011
Guerilla Mobile Berlin GmbH	23,222	20,634
Bob Mobile Deutschland GmbH	3,542	5,412
Bob Mobile Hellas S.A.	8,853	3,214
Bob Mobile Nederland BV	159	111
imobic GmbH	73	–
Mobile Fun Value-Added Services	35,850	29,371
Just A Game GmbH	1,000	3,226
Capital Games GmbH	–	97
Just A Game Hellas S.A.	1	722
Online & Freemium Games	1,001	4,044
Pink Adventure AG*	2,653	1,662
Mobile Adult Services	2,653	1,662
Rheinkraft Productions GmbH (Inkl. GIM GmbH)	231	–
Venga Mobile GmbH	928	3
Production and Technology	1,159	3
Total	40,663	35,080

* The activities of Pink Adventure AG were discontinued as of August 1, 2011. Its assets were sold accordingly.

Within the Mobile Fun Value-Added Services Division, only the subsidiary Guerilla Mobile Berlin GmbH conducted active marketing and new customer acquisition in 2011. The remaining companies primarily managed their existing customer bases, but will again be actively involved in marketing in 2012 following the integration of Cliq B.V. Three marketing units operated in the Online & Freemium Games Division in 2011. In preparation for the takeovers, a decision was taken at the end of 2011 to optimize the activities, as well as to boost efficiency, and to concentrate all related activities in the future.

The assets of Pink Adventure AG in the mobile adult services area were sold as of August 1, 2011. The support companies continued to support the remaining companies in 2011. As the Group's technical service-provider, Venga Mobile GmbH was concerned with internationalization in the mobile fun value-added services area, as well as with the establishment of technology in the Online & Freemium Games Division.

Bob Mobile AG's revenue and earnings were impacted by various extraordinary events in the 2011 financial year, especially the following:

- Establishment of the Online & Freemium Games Division
- Discontinuation of license trading activities and impairment charges applied to various games titles,
- Sale of the assets of Pink Adventure AG, and discontinuation of the adult activities,
- Acquisition of 100 % of the shares of Capital Games GmbH
- Negotiation with Cliq B.V., as well as due diligence and preparation for integration,
- Acquisition of all minority interests in the following Group companies: imobic GmbH, Just A Game GmbH (Berlin), Guerilla Mobile Berlin GmbH (closing in 2012), and related management transfers and organizational adjustments.

Market trends are generally positive in both the mobile value-added services and freemium & online games areas. Mobile phone users are making increasing recourse to mobile services. Smartphones' growing market share is contributing significantly to growth, in particular. User behavior, and consequently distribution channels, are changing due to the growing significance of smartphones. It is now important to not only be represented in the „free mobile Internet“, but also in various app stores (including Google and Apple). Although the number of conventional mobile phones is decreasing, they still represent a relevant market share. For this reason, it is important to continue to offer products for such phones.

Strong market growth is also evident in the freemium games area. Purchased games continue to be substituted by freemium games. Positive market reports have nevertheless also increased the number of competitors, which is feeding through to rising customer acquisition costs. In turn, this is reducing the efficiency of the „item sale“ business model. This trend emerged already in 2011. As a response to this margin pressure, Bob Mobile AG has made greater investments in technology in order to tap new, additional revenue sources. In particular, the management believes that advertising revenue will play an important role in this market in the future.

Continued uncertainty on global financial markets also carries risks for the future, on both the financing and sales sides. The problem in this context lies primarily not on the customer side, since there is sufficient money, time and interest in entertainment services also during recessionary phases, although consumer spending also might become jeopardized in the case of a longer-lasting recession. The greater risk consists in a country leaving the Euro currency union (especially Greece), whereby currency devaluations would negatively impact returns. Sales in Greece were reduced sharply in 2011 due to the high country risk.

Most of the expenses and investments made in previous years have proved worthwhile, and were reflected at the end of 2011 by activities which are profitable, or which will soon become profitable, and which have also contributed to the further expansion of the customer base. The same applies for investments made in the 2011 financial year, although the breakeven planned for the games area was not achieved due to the various aforementioned factors affecting 2011. On the basis of current planning, however, this area should deliver a positive contribution to Group earnings in the 2012 financial year – despite further investments in costs for expansion, particularly for mobile games.

The capital increase in 2010, which was entered in the commercial register in January 2011, strengthened the net assets and financial positions at the start of the year. The net assets, financial position and results of operations nevertheless worsened overall at the end of 2011 due to the loss incurred in 2011, which was caused particularly by costs for the establishment of the Online & Freemium Games Division, as well as takeover costs and impairment losses. The outlook for 2012 is positive however, due to promising developments in the Online & Freemium Games Division, the merger with Cliq B.V., and the acquisition of the minority interest in Guerilla Mobile Berlin GmbH.

E. Remarks on significant risks relating to future development

More intense competitive environment: It cannot be excluded that competition for mobile and interactive value-added services, online and mobile games, and for premium services intensifies. The number of (international) competitors could also increase considerably. In addition, it is possible that competitors develop and offer products or services that are superior to the Bob Mobile subsidiaries' products and services, or which achieve greater market acceptance. Also conceivable are a higher level of competition due to less expensive offerings from competitors, cooperation ventures and alliances among several competitors, and joint accrual of market shares, for instance through mergers with third parties.

Young markets: Figures relating to market shares, growth rates and sales in the market for mobile and interactive value-added services, as well as for the market for online and mobile games and freemium services, are mainly based on estimates produced by market research institutions and some providers' own research. Precise evaluation proves difficult however, due to the fact that these young markets have existed for only a short time. In addition, overlaps are in flux, making it difficult to demarcate individual market areas. For this reason, it is impossible to produce reliable information and estimates of market size and growth, actual and potential competitors, and market trends, and they can only be estimated on the basis of the best available knowledge, which is based on own empirical data and information.

Dependency on technical developments: The mobile phone market, and the market for online and mobile games and freemium services, are characterized by rapid growth, quick market changes, and fast technical development. The market is very dynamic due to constant movements, which are driven by new products, new and optimized handsets/devices, faster networks, and new compression and storage technologies etc. As a consequence, providers are always exposed to the risk that they fail to identify a trend, or fall behind competitors who are also rapidly developing in technical terms.

Dependency on end-consumers and trends: End-consumers, particularly young people, like to follow new trends. In other words, products that are popular today may frequently no longer be accepted by customers tomorrow. This can have a negative effect, including on media efficiencies (e.g. costs per new customer), price sensitivity, cancellation rates, prepaid credits, sales per customer, and products' market acceptance. The general economic situation can also strongly impact seasonality, price sensitivity, and target groups' purchasing power. Deterioration of the economic situation, for example through a widening of the financial crisis, or a collapse in consumer confidence, can have a negative effect on the company's revenue and profitability. The company can come under pressure due to a decline in customers' (potential) purchasing power. Consumers can also switch to other products or offerings due to technology convergence. In particular, the illegal copying of digital products is regarded as a substantial risk in this regard.

Tighter legal requirements and regulation: A further risk lies in a tightening of telecommunications legal regulations and acts, particularly the statutory regulation of customer protection. The markets for mobile and interactive value-added services, as well as for online and mobile games, are young, characterized by constant technical and commercial innovations, and are growing rapidly. A trend towards tighter regulation is noticeable among governments, regulatory authorities, the European Council and the European Commission, consumer protection organizations, mobile network operators, youth protection bodies, data protection authorities, and media institutions. Here, the risk always exists of overregulation, or even the discontinuation or banning of certain services or business models. Due to the advancing tightening of regulation, the Bob Mobile Group must respond to these changes, and partially adjust its own business model accordingly. Shutdowns, fines or bans comprise particular risks arising in this connection. It is also important to respond quickly and adequately to such rapidly changing regulations.

Dependency on content-providers: Content-providers enjoy strong positions of power in certain areas, and can influence the business and its profitability. Particularly in the music area, differences of opinion prevail concerning the ownership in some countries of rights to the marketing of ring tones, and of music clips and music videos, and concerning different market participants (music publishers, the GEMA, recording industry companies, and aggregators). Mergers and international concentration are also occurring among content-

providers. Some individual market participants own important and successful rights (e.g. games licenses, name rights, technical patents). Depending on the provider, price increases, minimum fees, or even restrictions or exclusions of particular providers can always occur. In the online and mobile games area, games are utilized which are licensed by third parties. License terms, cooperation, and, in particular, technical further development represent important elements in this context, all of which can lead to complications.

Dependency on the availability of marketing media: Media purchasing and media cooperations are very important for Bob Mobile's business. Changes to the expenditures of classic advertisers, as well as of competitors of Bob Mobile, and changes in availability (including through programming, broadcasters' orientation, regulation), can negatively affect the business. Regulatory measures or network operator guidelines, which result in a deterioration of marketing efficiency, can have negative consequences for competitiveness in terms of media purchasing.

Dependency on network operators, technical service-providers and invoicing partners: As network suppliers, mobile network operators play an important role in the provision and delivery of mobile and interactive services. When invoicing services through telephone invoices and prepaid accounts, as well as when acting as a „gateway“ to the customers of the respective network operator, costs are high overall compared with other payment options. Network operators can also exploit their power to exercise influence on business models, regulation of services, start-up times, and fines, among other factors. Contractual penalties, the temporary or structural shutdown of technical platforms, systems, databases and invoicing systems comprise further risks.

The utilization of technical service-providers always carries the risk that temporary or structural shutdowns of technical platforms, systems, databases and invoicing systems can occur. In addition, the solvency of the service-providers themselves represents a separate risk that should be taken into account. As a consequence, and particularly in the case of online services, payment partners other than mobile network operators, such as PayPal, are utilized. Here, risks exist in connection with revenue shortfalls or liability risks due to, for example, system shutdowns or hacker attacks, as well as due to any insolvency on the part of the service-provider.

Young company: Bob Mobile AG is a relatively young company, and is active on young and dynamic markets. There is no guarantee that Bob Mobile AG can continue to maintain its position on these markets, can continue its revenue growth in the future, and that these markets will continue to grow in the future. In particular, the term „young company“ reflects a strong dependency on growth, on the success of investments, and a relatively high share of fixed costs compared to sales.

Dependency on important partners: Bob Mobile AG depends on its cooperation with some important suppliers and partners in order to render its services. Network operators, service-providers, invoicing partners and technical service-providers, the music industry, games license providers, and other content-providers in the areas of games, graphics and videos, and a few important media partners are critical to Bob Mobile's success.

Technical performance and IT system shutdown: Business operations, particularly the management of the range of services, essentially rest on stable data availability, server stability, and rapid data transfer. Important for service quality is also the technically stable functionality of the connection to the short message service centre (SMSC) and the multimedia message service centre (MMSC), as well as to the network operators' invoicing platforms. There are also various important software components such as landing pages, shop systems, customer care systems, reporting and invoicing modules, and outsourced games software, some of which are outsourced to license providers. Problems with the own platform, or with those of partners, can result in shutdowns and other complications.

Dependency on managers and staff: The successful implementation of the company's objectives, and consequently the company's general success, depends on a limited number of staff and managers. For example, the company's business success to date has rested significantly on the work and performance, contacts and strategic management provided by the Management Board and the subsidiaries' managing directors. Bob Mobile AG's success also depends on qualified staff below the Management Board/managing director level, however. A relatively small team always entails a strong dependency on individuals. Vacations, illness and staff departures can result in bottleneck.

Interlinkages and potential conflicts of interest: Since it is partially the case that some of the company's heads of functions comprise identical individuals, the company includes several interlinkages of a legal, business and/or personnel nature which require publication. Such interlinkages include the following: sole Management Board member Remco Westermann is at the same time the Managing Director of Westerventures B.V. (The Hague), which currently conducts no business activities. The Management Board member also holds an indirect stake in the company through Jarimovas GmbH. Supervisory Board member Dr. Andreas Hoynigg holds 2,500 shares in the company.

Risks connected with acquisitions: Bob Mobile AG's planned growth is also set to occur through acquisitions if appropriate opportunities arise. Despite the care taken when making purchases (due diligence, valuation, etc), corporate acquisitions are connected with considerable costs, investments and risks.

Risks connected with the Cliq acquisition: The acquisition of 100 % of the shares of Cliq B.V., a transaction of immense size for Bob Mobile AG, is connected with significant risks. Despite having applied extreme care as part of the acquisition (due diligence, valuation etc), potential liability risks cannot be excluded, whether based on an erroneous estimation of future growth, and the value of the acquired company, or the extent to which Cliq B.V. can be integrated into the Bob Mobile Group, or whether they relate to contractual guarantees that Bob Mobile AG has issued, such as an accounting-related guarantee that might trigger Bob Mobile AG's liability, or even jeopardizes its financing. Bob Mobile AG's management has no previous experience with a cross-border acquisition of this size, and has consequently called on extensive support from professional advisers. The international aspect of this transaction also results in risks. In addition, the takeover was financed with a large-volume loan, and the overall Group was refinanced. This loan was collateralized through the assignment of almost all of the assets of the Bob Mobile Group. As a consequence, the risk exists that the profitability of the acquired company proves insufficient to meet the company's own financial liabilities.

Financing working capital through prepayments: Bob Mobile AG is generally required to pay media companies in advance. However, Network operators, payment providers and technical service providers generally pay very late. A part of this financing gap is financed through prepayments from partners, and potentially also through factoring in the future. The discontinuation of these prepayments without replacement funding, or the discontinuation of factoring financing, would make it more difficult to implement Bob Mobile AG's growth strategy, and could have significantly negative effects on the company's financial position and results of operations.

Receivables defaults: Most of Bob Mobile AG's receivables are due from some technical service-providers and network operators. The company could encounter financial shortfalls or problems if one of these partners were to encounter payment difficulties, or were to fail to pay for other reasons. Payment defaults by other customers (both in Germany and abroad), as well as a refusal to pay on the part of end-customers, represent a receivables default risk.

Risks relating to VAT, trade tax and corporation tax loss carried forwards: The tax utilization of existing loss carried forwards arising from trade tax and corporation tax, and the offsetting and responsibility for VAT, depends on the respective valid legal environment, and interpretation by the bodies responsible, and can change at any time. Particularly where VAT is concerned, international application is not always clear. It cannot be excluded that loss carried forwards will be lost, or that tax arrears will be incurred, due to these uncertainties. Tax audits conducted by tax authorities can also result in tax arrears.

Financing risk: Bob Mobile AG remains a relatively small company in a capital-intensive end-customer market where media budgets are important. Its financial resources are somewhat small compared with important competitors and potential new competitors. As far as its financing is concerned, the company depends on the profitability of its own and acquired activities. To acquire Cliq B.V., as well as to purchase the minority interest in Guerilla Mobile Berlin GmbH, a considerable loan needed to be taken out, which must be repaid. Although Bob Mobile AG is listed in the Entry Standard of the Frankfurt Stock Exchange, and thereby enjoys access to the capital market, the risk always exists that the company fails to obtain further financing through the capital market, or gets financing only on unfavorable terms.

Bank financing: Bob Mobile AG has taken out a considerable loan in order to finance the takeover of the shares in Cliq B.V., as well as for the purchase of the minority interest in Guerilla Mobile Berlin GmbH. Almost all of the company's assets were assigned as collateral for the loan. A bank loan also entails far-reaching obligations relating to reporting and regulatory guidelines. In addition, repayment depends on the profitability of the group acquired, Cliq B.V. Financial problems with covenants, as well as in repaying the bank financing, could have a significant negative effect on the company's financial position and results of operations.

Holding company and liability risk: Bob Mobile AG is liable for Bob Mobile Deutschland GmbH on the basis of a profit-and-loss-transfer agreement. Bob Mobile Nederland BV, Venga Mobile GmbH, Rheinkraft Production GmbH, Just A Game GmbH, imobic GmbH, Capital Games GmbH, GIM GmbH, Pink Adventure AG, Bob Hellas S.A., comprise wholly-owned subsidiaries. Bob Mobile AG owns 50.2% of its subsidiary Guerilla Mobile Berlin GmbH (meanwhile 100%), and 75% of its subsidiary Just A Game Hellas. Bob Mobile AG acts as a supplier to these companies, and, in some cases – such as in the case of international master agreements with service-providers – as the main contractual partner. As the parent company, Bob Mobile AG partially assumes liability and guarantees, as well as the adoption of losses. Bob Mobile AG's business also entails various liability risks. Liability risks can arise, for example, through customers and partners as the result of products which are not received, which are defective, as well as through viruses. License providers, rights administrators, content sellers, content producers and brand owners can also give rise to risks as the result of licenses and rights that have not been acquired legally, or which have not been clarified. Media companies, network operators and other partners can give rise to risks as the result of erroneous invoices, system breakdown, non-compliance with media or other regulations, and/or agreements. Liability situations can also arise from regulators and consumer associations.

Explanation of risk management objectives and methods etc (Section 315 (2) Number 2 of the German Commercial Code (HGB))

The daily measurement of efficiencies (media, products and technical efficiency) is very important for Bob Mobile AG, since this serves as the basis for optimization, thereby allowing advertising measures and profitability to be managed. Pursuant to Section 91 of the German Stock Corporation Act (AktG), the Management Board is obligated to implement appropriate organizational measures, and, in particular, to establish a monitoring system to identify at an early juncture developments that jeopardize the company as a going concern. The Bob Mobile Group prepares monthly budgets and annual budgets based on the experiences and forecasts of the managers responsible. Regular monthly comparisons of actual and target outcomes allows divergences to be calculated, and countermeasures to be taken where required. A similar approach is applied to liquidity planning. The Business Intelligence System (BIS) is being further improved on the basis of the merger with Cliq in 2012. Almost all important variables can be monitored in real time as a consequence. Risk management is based partly on internal financial accounting figures and the BIS. Risk management is also conducted on the basis of regular meetings and management reporting. The aim of risk management is to generate an extensive overview of risks, as well as to identify them and correctly evaluate them at an early juncture, in order to rapidly respond to them with appropriate measures.

F. Forecast

In 2012 and 2013, the Bob Mobile Group aims to concentrate on growth in its two divisions Online & Freemium Games (Freemium area) and Mobile Fun Value-Added Services (Premium area), and to thereby grow profitably. The company is well positioned to realize organic growth. External growth is also to be generated through acquisitions.

The takeover of Cliq B.V. will exert a strong impact on performance in 2012. The following reasons that played a decisive role in the takeover of Cliq B.V. should have an impact: internationalization, particularly in the games sector; expansion of the product portfolio; strengthening of management; higher efficiency through synergies and economies of scale, including cost reduction; better risk distribution, and expansion and strengthening

of both the premium and freemium areas. Along with the many positive elements that should have an impact following the integration in the first half of the year, obligations and risks also arise due to the takeovers that have been realized. Deserving particular note in this context are the financial obligations due to the repayment of the bank loan, and the related reporting duties and other related obligations.

The freemium area, which is still in its start-up phase, is to be further expanded to become an important driver of sales and earnings growth in this context. It plays an important role in Bob Mobile AG's future strategy as a consequence. While item sales and upgrades are already reporting good results (such as in the case of „War2Glory“ and „Ski-Jump“), the advertising part, consisting of lead generation, banner and video advertising, is currently being implemented and tested (here, for example, Apple recently approved a new and optimized registration process). In addition, the portfolio in the mobile and online freemium games area is being continuously expanded. The company is also driving ahead with internationalization due to the expansion of the country portfolio following the merger with Cliq B.V. This area will focus on technical optimization and boosting revenue per user (ARPU) in the first half of the 2012. The company is also creating the foundation for a strong mobile freemium area as an addition to the online freemium area, which will continue to burden EBITDA in the first half of 2012. The company is planning that the freemium area will report strong growth in the second half of 2012, and particularly from 2013. This includes a greater level of marketing measures, and investments in a significant expansion of the customer base.

The focus in the premium area includes the further expansion of the premium product portfolio, with a focus on games for the smartphone segment, as well as further internationalization. The company continues to push further ahead with internationalization, and the market launch of new and improved fulfillment platforms. A strong focus in this area is also on efficiency improvements through the optimization of the cost structure, and an improved purchasing position based on higher volumes.

While sales in the premium area are under pressure due to increasing regulation, as well as substitution by freemium products, growth opportunities arise from the expansion of the product portfolio, advancing internationalization, and the expected market consolidation. Although it will prove impossible to realize growth in every market over the coming years, this growth should continue to contribute to the Group's profitable growth in 2012 and 2013.

An important focus in the first half of 2012 is on integrating and optimizing the participating interests. At present, there is nothing that stands in the way of integration after the conclusion of the takeovers of Cliq B.V. and of the minority interest in Guerilla Mobile Berlin GmbH in February 2012. Most of the steps have meanwhile been successfully initiated. It is expected that the company will be able to conclude the integration by the end of the first half of 2012.

It is anticipated that the Bob Mobile Group can continue on its profitable growth path in 2012 in 2013 due to its good positioning in the high-growth mobile & online entertainment segment, with a focus on (mobile) games, the critical mass achieved as a result of the merger, improved structuring and efficiency improvement within the organization following the integration, the concentration on profitable and high-return business areas, internationalization, and product development. The company is very well positioned for organic growth, and it has realized important investments in the freemium area, as well as proof-of-concept. The premium area also continues to exhibit attractive growth potentials. The share price is of great significance for external growth, although acquisitions can also be realized using cash and loans. Upsets on financial markets, and investors' increasing unwillingness to engage in risk, could exert a negative impact on external growth.

While the Bob Mobile Group is well positioned, and the market for mobile services, particularly mobile games, continues to report strong growth, thereby also creating the foundation for the Group's further growth, the assessment of external market factors is currently characterized by major uncertainties. Financial markets remain very volatile, and the deterioration of the Euro crisis could negatively impact the financing of growth and takeovers, and the share price performance. Economic trends also carry risks. Although money continues to be spent on entertainment in a somewhat worse economic environment, the market that is important for Bob Mobile could nevertheless come under pressure (for example, through falling sales figures for new smartphones), if the economy were to report a negative trend for an extended period. Additional market opportunities and risks arise through potential changes of government, whereby, in particular, a trend towards regulation could have a negative impact on business. Consolidation within the sector, a trend which is currently clearly evident, offers

both risks and opportunities for Bob Mobile AG.

It is currently difficult to provide a reliable forecast of revenue and earnings due to continued major uncertainties on financial markets, and some experts' negative expectations about future economic trends. Significant revenue growth and an earnings improvement are nevertheless possible based on the merger with Cliq B.V., and the Group's greater integration. The restructuring will continue to feed through to extraordinary costs in the first half of 2012. The company also continues to invest in its expansion, particularly in the freemium area.

The Bob Mobile Group anticipates revenue and earnings growth for the 2012 financial year due to the improving performance in the Online & Freemium Games Division, and in combination with the complete takeover of Cliq B.V., and the increase in the interest in Guerilla Mobile Berlin GmbH to 100%. The first quarter of 2012 has registered good progress. The integration of the acquired companies has proceeded to schedule following the closing of the transactions. As a consequence, the reformed Bob Mobile Group is well on its way to achieving its communicated targets for the 2012 financial year of around EUR 95.0 million of revenue and approximately EUR 18.0 million of EBITDA. Through its merger with Cliq B.V., particularly in the European region, the Bob Mobile Group has established a strong market position, and, from today's perspective, is also well positioned for further profitable growth in 2013.

G. Reporting pursuant to Section 315 (2) of the German Commercial Code (HGB)

Events of particular significance following the conclusion of the financial year

The following important events in the initial months of the 2012 financial year require notification:

1. Conclusion of the takeover of 100 % of the shares in Cliq B.V., and takeover of 49.8 % of the shares in Guerilla Mobile Berlin GmbH

The takeovers of 100 % of the shares in Cliq B.V., and 49.8 % of the shares in Guerilla Mobile Berlin GmbH, which were prepared and contractually fixed in 2011, were concluded in mid-February 2012. The capital increase for both transactions was entered in the commercial register on February 16, 2012, with the new shares being dividend-entitled from January 1, 2012. The number of shares increased from 1,688,199 to a total of 3,950,699. The closing of both transactions, including the payment of the cash components, and the repayment of the existing loan of Cliq B.V., occurred shortly afterwards. The takeover of Cliq B.V. has a strongly positive effect on the Group's revenue and earnings positions. The topping up of the interest in Guerilla Mobile Berlin GmbH allows the company to be optimally integrated, and cost synergies to be consistently exploited. The attribution of earnings to minority interest also discontinues. Cliq B.V. will be consolidated from 2012.

2. Conclusion of loans to finance the transactions

A EUR 35.0 million loan was concluded with ABN Amro Bank to finance the transactions, which was split into EUR 25.0 million with a EUR 1.00 million monthly repayment, and an additional credit facility of up to EUR 10.0 million. Both of the loans carry a maximum interest rate of Euribor +300 basis points. Almost all of the company's assets were assigned as collateral for the loans. Shareholder loans were also entered into with the selling shareholders of Cliq B.V. (according to the proportion of their interests), as a consequence of which the company has access to shareholder loans totaling EUR 4.70 million (interest rate: Euribor +350 basis points).

These shareholder loans are subordinated to the ABN Amro Bank loan.

3. Integration of Cliq B.V. into Bob Mobile AG

The structure of the Bob Mobile Group was optimized in connection with the Cliq takeover. The technical and organizational restructuring is far advanced, and should be concluded by the end of June 2012. The Group's operating business is now split into its two business units of Freemium and Premium. The number of staff was reduced from approximately 165 full-time employees (including Cliq B.V.) by the time of the closing to 135 full-time employees in June 2012.

As part of the optimization measures, the assets of Venga Mobile, including the transfer of personnel, were sold as of April 1, 2012. Amsterdam and Berlin are the main locations for the operating business.

Business trends are running positively overall, revenue is growing, and customer acquisition is proceeding well. The integration and cost optimization are proceeding to schedule.

June 18, 2012

The Management Board

Remco Westermann

Luc Voncken
(since February 16, 2012)

Ben Bos
(since March 28, 2012)

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

according to IFRS as of December 31, 2011

ASSETS in EUR thousand	Note	31/12/2010	31/12/2011
Non-current assets			
Intangible assets		1,377.2	1,131.0
Internally generated intangible assets	10	604.2	569.6
Other intangible assets	10	238.0	107.5
Prepayments rendered and on other intangible assets	10	535.0	348.3
Goodwill	10	–	105.6
Tangible assets		138.9	181.5
Plant, operating and office equipment	11	138.9	181.5
Financial assets		162.5	162.5
Shares in associated companies	12	162.5	162.5
Other assets (if residual term > 1 year)		–	3.8
Deferred tax assets	16	957.7	2,551.7
Total non-current assets		2,636.3	4,030.6
Current assets			
Receivables		6,816.5	4,168.3
Trade receivables	13	6,741.5	4,093.3
Receivables from companies in which the company has a participating interest	14	75.0	75.0
Miscellaneous receivables and other assets	15	2,163.2	2,476.5
Other assets (if residual term < 1 year)		2,163.2	2,476.5
Cash and cash equivalents	17	1,632.1	2,145.7
Total current assets		10,611.8	8,790.5
Total assets		13,248.1	12,821.1

EQUITY AND LIABILITIES in EUR THOUSAND	Note	31/12/2010	31/12/2011
Equity			
Subscribed capital	18	1,447.0	1,688.2
Less: treasury shares	18	-20.0	-4.0
Total subscribed capital	18	1,427.0	1,684.2
Capital reserve	18	2,088.8	6,030.2
Consolidated equity generated by the parent company	18	479.0	-3,636.9
		3,994.8	4,077.5
Minority interests	19	504.9	2,112.9
Total equity		4,499.7	6,190.4
Liabilities			
Non-current liabilities			
Deferred tax liabilities	16	–	95.1
Total non-current liabilities		–	95.1
Current liabilities			
Other provisions	21	1,398.8	1,518.5
Bank borrowings	22	1,401.3	101.4
Trade payables	22	2,656.6	2,163.5
Other liabilities	22	3,291.6	2,752.2
Total current liabilities		8,748.3	6,535.6
Total liabilities		8,748.3	6,630.7
Total equity and liabilities		13,248.1	12,821.1

Consolidated statement of comprehensive income

according to IFRS for the financial year from January 1 to December 31, 2011

in EUR thousand	Note	2010	2011
Revenue	1	40,662.8	35,079.8
Other work performed by the enterprise and capitalized	2	211.3	187.6
Other operating income	3	284.2	1,897.8
Personnel expenses	4	-3,424.7	-5,160.9
Wages and salaries		-2,964.9	-4,687.5
Social contributions		-459.8	-473.4
Depreciation, amortization and impairment charges	5	-378.3	-2,222.8
Amortization and impairment charges applied to intangible assets		-318.0	-1,499.2
Depreciation and impairment charges applied to tangible assets		-60.2	-107.3
Depreciation, amortization and impairment charges applied to current assets		–	-616.2
Other operating expenses	6	-34,660.8	-32,308.7
Operating profit/loss		2,694.5	-2,527.2
Other interest and similar income	7	3.6	120.4
Interest payments and similar expenses	7	-81.7	-168.7
Net financial result		-78.1	-48.3
Profit/loss on ordinary business activities		2,616.4	-2,575.5
Taxes on income	8	-1,152.3	-1,373.1
Deferred taxes	8	344.0	1,498.9
Other taxes	8	-0.6	-35.9
Net profit/loss for the period		1,807.5	-2,485.5
Consolidated comprehensive income		1,807.5	-2,485.5
Profit/loss attributable to minority interests		540.9	1,339.4
Profit/loss attributable to Bob Mobile AG shareholders		1,266.5	-3,824.9
Number of shares for calculation of basic earnings per share (in thousands)		1,372.1	1,657.4
Number of shares for calculation of diluted earnings per share (in thousands)		71.40	71.40
Basic earnings per share (in EUR)		0.92	-2.31
Diluted earnings per share (in EUR)		0.88	-2.21

Cash flow statement

according to IFRS for the financial year from January 1 to December 31, 2011

in EUR thousand		2010	2011
1.	Net profit/loss for the period (including earnings attributable to non-controlling shareholders)	1,807.5	-2,485.5
2.	+ Depreciation and amortization	378.3	1,606.6
3.	+ Increase in provisions	1,196.9	119.7
4.	- Other non-cash income	-303.4	-841.5
5.	+/- Decrease/increase in trade receivables and other assets not attributable to investment or financing activities	-2,884.4	1,715.0
6.	-/+ Decrease/increase in trade payables and other liabilities not attributable to investing or financing activities	63.3	-1,837.3
7.	= Cash flow from operating activities	258.1	-1,723.1
8.	+ Payments received from sale of tangible assets	4.9	13.6
9.	- Payments for investments tangible assets	-94.2	-168.2
10.	- Payments received from disposals of intangible assets	–	32.6
11.	- Payments for investments in intangible assets	-819.4	-1,281.0
12.	= Cash flow from investing activities	-908.7	-1,403.0
13.	+ Proceeds from additions to equity	1,473.8	4,039.6
14.	- Payments to shareholders and non-controlling shareholders	-2,574.1	–
15.	+ Proceeds from drawing down on financial loans	1,354.0	900.0
16.	- Payments for the repayment of financial loans	–	-1,299.9
17.	= Cash flow from financing activities	253.6	3,639.7
18.	Net change in cash and cash equivalents	-397.0	513.6
19.	+ Cash and cash equivalents at the start of the period	2,029.1	1,632.2
20.	= Cash and cash equivalents at the end of the period	1,632.2	2,145.7

Statement of changes in equity

according to IFRS as of December 31, 2011

in EUR thousand	Parent company			
	Subscribed capital ordinary shares	Capital reserve	Consolidated retained earnings	Equity as per consolidated balance sheet
Balance as of January 1, 2010	1,333.7	519.8	807.5	2,661.0
Issue of shares	113.4	1,360.4	–	1,473.8
Dividends paid	–	–	-1,427.0	-1,427.0
Personnel expenses due to stock options	–	40.5	–	40.5
Miscellaneous changes	–	168.0	-168.0	–
Net profit/loss for the period	–	–	1,266.5	1,266.5
Balance as of December 31, 2010	1,447.0	2,088.8	479.0	4,014.8
Issue of shares	241.2	3,798.4	–	4,039.6
Personnel expenses due to stock options	–	41.3	–	41.3
Miscellaneous changes	–	101.8	-291.0	-189.2
Net profit/loss for the period	–	–	-3,824.9	-3,824.9
Balance as of December 31, 2011	1,688.2	6,030.2	-3,636.9	4,081.5

Parent company		Non-controlling shareholders			Consolidated equity
Treasury shares not designated for withdrawal	Equity	Minority interests	Other neutral transactions	Equity	
-40.0	2,621.0	1,092.1	19.0	1,111.1	3,732.1
–	1,473.8	–	–	–	1,473.8
–	-1,427.0	-1,147.1	–	-1,147.1	-2,574.1
–	40.5	–	–	–	40.5
20.0	20.0	–	–	–	20.0
–	1,266.5	540.9	–	540.9	1,807.5
-20.0	3,994.8	485.9	19.0	504.9	4,499.7
–	4,039.6	–	–	–	4,039.6
–	41.3	–	–	–	41.3
16.0	-173.2	268.5	–	268.5	95.3
–	-3,824.9	1,339.4	–	1,339.4	-2,485.5
-4.0	4,077.5	2,093.9	19.0	2,112.9	6,190.4

General information

The Bob Mobile Group is a leading provider in the games and mobile entertainment area with a focus on the areas of mobile and online games, as well as mobile value-added services for smartphones, conventional mobile phones, PCs and tablets.

The Group conducts its development activities primarily in Germany.

The Group parent company is Bob Mobile Aktiengesellschaft (hereinafter referred to as „Bob Mobile“), which is headquartered at Paesmühlenweg 8, 47638 Straelen, Germany. The company is entered in the commercial register of the District Court of Kleve (Commercial Register Sheet 9886). The shares of Bob Mobile AG are listed on the Frankfurt Stock Exchange in the Open Market segment, forming part of the Entry Standard. Pursuant to Section 2 (5) of the German Securities Trading Act (WpHG), the Open Market does not comprise an organized or regulated market. The guidelines for Deutsche Börse AG's regulated unofficial market form the basis for including securities in the Open Market (Entry Standard). As a consequence, Bob Mobile AG is not a capital market-oriented company pursuant to Section 264d of the German Commercial Code (HGB), and is also not obligated pursuant to Section 315a of the German Commercial Code (HGB) to prepare consolidated financial statements on the basis of International Financial Accounting Standards (IFRS). Due to characteristics relating to size, Bob Mobile AG overall is not statutorily obligated to prepare consolidated financial statements, whether it be on the basis of German accounting standards, or IFRS. These IFRS consolidated financial statements are prepared voluntarily, including to satisfy disclosure obligations to Deutsche Börse AG pursuant to Section 17 (2) subsection b) of the General Terms and Conditions of Business of Deutsche Börse AG for regulated unofficial trading on the Frankfurt Stock Exchange in the version of May 23, 2011.

The Group's financial year starts on January 1 and ends on December 31 of each calendar year.

Bob Mobile AG's functional currency and reporting currency is the euro. These consolidated financial statements are prepared in euros since this is the currency in which most of the Group's transactions are realized. Reporting is in thousands of euros (EUR thousand), unless otherwise stated.

In order to improve the clarity of presentation, various items in the consolidated balance sheet and consolidated statement of comprehensive income are reported on a summarized basis. These items are presented and explained separately in the notes to the consolidated financial statements. The statement of comprehensive income is presented according to the nature of expense method..

APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS).

In this version, these consolidated financial statements correspond with the regulations of Section 315a of the German Commercial Code (HGB). This forms the legal basis for Group financial accounting according to international standards in Germany together with EC Directive No. 1606/2002 of the European Parliament and Council of July 19, 2002, concerning the application of international accounting standards, and is applicable for financial years commencing on or after January 1, 2005.

Bob Mobile prepared its consolidated financial statements as of December 31, 2011 according to full IFRS. The special regulations contained in IFRS 1 *First-Time Adoption of International Financial Reporting Standards* were taken into consideration. These regulations mainly comprise rules relating to the transition of the consolidated financial statements from the previously applied national accounting standards, which corresponded to German accounting standards in Bob Mobile's case, to IFRS, rules relating to the requirement to present comparable information, exemptions relating to the obligation to (retrospectively) apply IFRS recognition, measurement and reporting rules, and regulations concerning the explanation of the measures performed in the aforementioned connection concerning the transition to IFRS in the notes to the consolidated financial statements.

According to the regulations of IFRS 1 *First-Time Adoption of International Financial Reporting Standards*, a company that adopts IFRS for the first time must apply uniform accounting methods for the opening balance sheet, and for all periods presented within the first set of IFRS consolidated financial statements, which also correspond to the IFRS that were applicable at the end of the first IFRS reporting period. As a consequence, all IFRSs were applied in these consolidated financial statements which were relevant, and which were approved by the European Commission as of December 31, 2011 as part of the „endorsement“ process relating to mandatory application that was envisaged for this purpose.

The following standards and revisions of standards by the IASB, which were approved by the IASB in past reporting periods, did not yet require mandatory application for the current reporting period, and were also not take into consideration in the 2011 financial year:

Standard / interpretation	Content of the amendment	Publication by the IASB	Mandatory application	Adoption by the EU	Prospective effects on Bob Mobile
IFRS 1	Amendments relating to fixed dates for first-time adopters and severe hyperinflation	20/12/2010	1/1/2012	No	None
IFRS 7	Mandatory disclosures for transfers of fixed assets	7/10/2010	1/1/2012	Yes	Immaterial
IFRS 7	Disclosures in the notes to the financial statements: netting of financial assets and liabilities	16/12/2011	1/1/2013	No	Immaterial
IFRS 9	Financial Instruments	12/11/2009 / 28/10/2010	1/1/2015	No	Generally important: The classification and measurement of financial assets could change. Immaterial: Recognition of financial liabilities
IFRS 10	Consolidated Financial Statements	12/5/2011	1/1/2013	No	No
IFRS 11	Joint arrangements	12/5/2011	1/1/2013	No	No
IFRS 12	Disclosure of Interests in Other Entities	12/5/2011	1/1/2013	No	No
IFRS 13	Fair Value Measurement	12/5/2011	1/1/2013	No	No
IAS 1	Amendments to presentation of items in Other Comprehensive Income (OCI)	16/6/2011	1/1/2013	No	No
IAS 12	Recovery of Underlying Assets	20/12/2010	1/1/2012	No	No

Fortsetzung auf nächster Seite

IAS 19	Amendments to the accounting treatment of payments to employees, especially payments following the end of employment contracts, and pensions.	16/6/2011	1/1/2013	No	No
IAS 27	Financial Statements	12/5/2011	1/1/2013	No	None
IAS 28	Investments in Associates and Joint Ventures	12/5/2011	1/1/2013	No	None
IAS 32	Netting of financial assets and liabilities	16/12/2011	1/1/2014	No	Immaterial
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	19/10/2011	1/1/2013	No	None

We intend to take into account in our annual consolidated financial statements the standards, interpretations and amendments presented in the table above if they require mandatory obligation pursuant to European Union regulations. At the time when the notes to these consolidated financial statements were prepared, we anticipate no effects on the consolidated financial statements of Bob Mobile AG from the regulations that have not yet been applied early, and from their presentation on the date of first-time application.

CONSOLIDATION METHODS

Consolidation scope

The consolidated financial statements as of December 31, 2011 include all those companies which were included in the last set of consolidated financial statements, which were prepared according to the previously applied German accounting standards. In this context, the option was utilized not to make retrospective application of the regulations for corporate mergers according to IFRS 1.C1. The subsidiaries that are included in the consolidated financial statements generally comprise subsidiaries where Bob Mobile AG directly or indirectly controls the majority of voting rights. In this instance, the company controls such subsidiaries, pursuant to IAS 27.13.

No changes occurred to the consolidation scope in the period from January 1, 2010 (date of transition to IFRS) and December 31, 2011 (end of the first reporting period).

Please refer to Note 28 in these notes to the consolidated financial statements for the listing of the Group's shareholdings pursuant to Section 313 (2) of the German Commercial Code (HGB).

Consolidation principles

These consolidated financial statements are based on uniform Group regulations as of December 31, 2011, and the annual financial statements of the companies included in the Group for the comparable period as of December 31, 2010.

Because of the optional exemption to retrospectively apply IFRS 3 as part of the first-time adoption of IFRS, capital consolidation was performed according to the capital consolidation methods applied in the last set of consolidated financial statements compiled according to German accounting principles. Accordingly, the assets, liabilities and other accounting-relevant transactions were recognized at their carrying amounts

determined on the acquisition date in the case of a corporate merger, although frequently as of the Group balance sheet date on the date of first-time inclusion in the consolidated financial statements. Any surplus amounts arising from the difference between the costs of purchasing the interest and the carrying amount of the corresponding acquired net assets were offset with Group equity, and negative differences were carried through profit and loss. Most of the subsidiaries included in the consolidated financial statements were nevertheless founded by, or with the collaboration of, Bob Mobile. For this reason, no significant differential amounts arose when they were first included in the consolidated financial statements.

IFRS 3 Business Combinations is to be applied for corporate mergers arising from January 1, 2010 (transition date to IFRS). According to IFRS 3, such corporate mergers are to be accounted for using the purchase method, whereby the acquired assets, liabilities and contingent liabilities are recognized at fair value. The positive difference between the purchase costs of the corporate merger and the interest in the fair value of the recognized assets, liabilities and contingent liabilities is reported as goodwill. In the period from January 1, 2010 (transition date to IFRS) and December 31, 2011 (end of the reporting date), one corporate merger occurred, with Capital Games GmbH, Berlin. In addition, negotiations concerning the purchase of all shares in Cliq B.V., and the purchase of the remaining shares in Guerilla Mobile Berlin GmbH, were successfully concluded. The legal and financial transfer of the shares in these companies did not occur until the 2012 financial year, however. Please refer to our remarks contained in Note 30 „Events after the balance sheet date“.

The interests in the subsidiaries' equity which are not attributable to the parent company are reported as „minority interests“ within Group equity. Because of the option to refrain from making retrospective application of IFRS 3 when first adopting IFRS, these other shareholders' interests were also calculated as the carrying amount of the acquired net assets attributable to them and to be recognized when first included in the consolidated financial statements, plus their shares of the respective consolidated net profits and losses arising in subsequent periods. Changes to equity, which arose due to the recognition required by first-time adoption of IFRS of assets and liabilities, which, although they were acquired in past corporate mergers, were not recognized according to the previously applied accounting standards, but which require recognition pursuant to IFRS, were recorded among minority interests in the proportion due to them.

In the case of mergers arising from January 1, 2010 (transition date IFRS), minority interests are also calculated as the fair values of the assets, liabilities and contingent liabilities (full goodwill method), or measured with their corresponding interest in the identifiable net assets of the acquired company.

Mutual receivables and liabilities between the companies included in the financial statements, intragroup income and expenses, and intragroup profits and losses arising from intragroup deliveries, are eliminated. Deferred taxes were recognized for earnings-effective consolidation transactions where required.

Currency translation

In the separate financial statements prepared in local currency, foreign-currency transactions are reported with the cash rates prevailing on the transaction date. Monetary items denominated in foreign currencies (cash and cash equivalents, receivables and liabilities) are measured at the cash mid-rate prevailing on the balance sheet date. Exchange-rate gains and losses arising from the measurement or unwinding of the monetary items are reported in the statement of comprehensive income. Non-monetary items are recognized at historic rates.

Pursuant to IAS 21, annual financial statements prepared in foreign currencies are translated into euros according to the functional currency concept. The functional currency is the currency in which a foreign company predominantly generates its cash inflows, and makes payments. Since the Group companies operate their businesses independently from a financial, economic and organizational perspective, the functional currencies are generally identical with the respective national currencies. The respective national currency of the subsidiaries included in the consolidated financial statements of Bob Mobile AG is the euro. As a consequence, the euro is utilized as the functional currency for Bob Mobile AG and the subsidiaries included in the consolidated financial statements.

GENERAL ACCOUNTING AND MEASUREMENT PRINCIPLES

The consolidated financial statements are prepared on the basis of standard Group accounting and measurement methods. International Financial Reporting Standards were adopted for the first time in these consolidated financial statements. January 1, 2010 was selected as the transfer date to IFRS. An opening IFRS balance sheet was prepared for this date as a consequence. In order to present comparable information, the relevant data from the balance sheet as of December 31, 2011, the statement of comprehensive income, the cash flow statement, and the statement of changes in equity for the 2010 financial year were also prepared according to IFRS.

Assets and liabilities are measured on the basis of amortized cost, and are also recognized at fair value.

Assumptions and estimates

When preparing the consolidated financial statements, assumptions and estimates are made that affect the level and recognition of the recognized assets and liabilities, income and expenses, and contingent liabilities.

These assumptions mainly relate to the standard Group determination of the economic useful lives of intangible assets, and of property, plant and equipment.

The estimates which are applied significantly affect the calculation of discounted cash flows as part of impairment tests, other provisions, and the extent to which future tax reliefs can be realized.

Estimates are based on empirical values and assumptions which are valid as of the balance sheet date, and which are regarded as appropriate under the given circumstances. They are based on the future business trend that is deemed to be the most likely. Developments among banks and providers of similar services, as well as the corporate environment, are also taken into account. The estimates and the underlying assumptions are reviewed continuously. Nevertheless, the actual values can diverge from the assumptions and estimates in individual cases if the aforementioned general circumstances differ on the balance sheet date compared to how they were expected to develop. Changes are carried through profit and loss on the date when better information is gained, and the assumptions are adjusted accordingly.

Concerning the assumptions that are made, and the estimates that are applied, please refer to further remarks in this section, as well as to the further-reaching comments relating to the **statement of comprehensive income** and the **balance sheet**, as well as those relating to **other information**.

■ Revenue

- Revenue from the transfer of utilization rights for mobile handset applications and games is reported as soon as the inflow of an economic benefit arising from the sale is sufficiently likely, and the level of revenue can be determined reliably. No revenue is reported if significant risks exist relating to the receipt of the consideration, or if the customer is unable to realize the utilization right for reasons for which the customer does not bear responsibility.
- If the transfer of utilization rights comprises a determinable partial amount for several or consecutive payments (multi-component agreements), the attributable revenue is deferred, and released through profit and loss over the duration of the utilization right. Such releases are generally performed in line with the rendering of services.
- Revenues are generally reported at the fair value of the consideration received, or to be received, after deducting VAT and other taxes, as well as after deducting sales reductions such as bonuses or rebates.

▪ **Research and development costs**

Pursuant to IAS 38, research costs cannot be capitalized. Development costs must be capitalized if certain and precisely designated preconditions exist. Accordingly, capitalization is always required if the development work is sufficiently likely to result in a future inflow of financial resources which also cover the corresponding development costs above and beyond normal costs. Various criteria set out in IAS 38.57 must be cumulatively satisfied with regard to the development project, the application to be developed, and platform components be developed.

Development costs for applications or platform components are recognized at cost if the attributable expenditures can be measured reliably, and both technical feasibility and successful marketing are ensured. It must also be sufficiently likely that the development work will generate future economic benefit. Capitalized development costs include all costs directly attributable to the development process including development-related overhead costs. Capitalized development costs are generally amortized from the production start across the expected product life-cycle, generally comprising 3 to 5 years.

A significant portion of development costs within the Group comprise further developments and improvements of already existing applications and platform components, which fail to satisfy the criteria for separate capitalization as development costs pursuant IAS 38. In addition, individual development projects are frequently subject to approval and certification procedures so that the conditions for capitalization of costs arising before approval are frequently not satisfied.

▪ **Borrowing costs**

Borrowing costs are expensed on the date when they are incurred. The direct allocation of borrowing costs to the purchase or manufacturing of a qualified intangible asset, which could accordingly generate purchase or manufacturing costs, is not performed.

▪ **Taxes**

Taxes on income comprise both current and deferred taxes. Such taxes are reported in the statement of comprehensive income, unless they relate to items that are reported directly in equity. In such instances, the corresponding taxes are carried directly to equity.

Current taxes on income comprise the taxes expected to be paid for the year based on the tax rates prevailing in the respective year, as well as any corrections to prior years' taxes.

Deferred tax is recognized for temporary differences between the tax values of assets and liabilities, and their amounts as recognized in the consolidated financial statements. Deferred tax assets are also recognized for the future utilization of tax loss carryforwards. Deferred tax assets on temporary differences and loss carryforwards are recognized at the level at which it is likely that sufficient taxable income will be available in future in order to utilize them. Deferred taxes are recognized at the tax rates which are currently valid for the period or applicable in the future in the individual countries as of the balance sheet date, and on which the temporary differences will prospectively be reversed, or on which the loss carryforwards will prospectively be utilized.

Deferred tax assets are netted with deferred tax liabilities if entitlement to the offsetting of actual taxes exists, and the items relate to taxes on income which are levied by the same tax authorities, and which arise at the same company, or within the same tax entity.

■ Intangible assets

Intangible assets are recognized at cost and, since the useful lives can be categorized as limited (except goodwill), they are amortized straight-line over their respective useful lives. Where indications exist that intangible assets are impaired, and an impairment test is subsequently performed, an impairment loss is reported if required. If the reasons for the impairments no longer apply, corresponding reversals of impairment losses are carried through profit and loss up to a maximum of the amortized cost.

As part of the first-time adoption of IFRS, intangible assets were carried forward as of the January 1, 2010 transition date to IFRS according to their values calculated pursuant to German accounting principles as of December 31, 2009, since there were no significant deviations to the valuations calculated according to IFRS. If such intangible assets, such as internally generated intangible assets, were not recognized in the last set of consolidated financial statements prepared according to German accounting principles, and preceding the transition to IFRS on January 1, 2010, but such internally generated intangible assets require recognition pursuant to IFRS, the intangible assets were recognized at either amortized cost or fair value.

The maximum duration of amortization for industrial property rights and licenses is five years.

Amortization and impairment losses applied to intangible assets are reported in the consolidated statement of comprehensive income under the „Amortization and impairment charges applied to intangible assets“ item.

As in the previous year, no reversals were made to impairment losses applied to intangible assets. No borrowing costs were capitalized for intangible assets in the financial year elapsed.

Because of the option to refrain from retrospectively applying IFRS 3 for corporate mergers occurring until the date of transition to IFRS, goodwill arising from corporate mergers was either not recognized, or did not arise. In the period between the date of transition to IFRS and December 31, 2011, one corporate merger occurred, with Capital Games GmbH, Berlin, which resulted in goodwill recognition. In accordance with IFRS 3, amortization is not applied to goodwill to be recognized in the case of this and future corporate mergers. Instead, only impairment losses are applied if determined. It should be noted already that any impairment losses incurred on goodwill cannot be reversed in subsequent reporting periods.

■ Tangible fixed assets

Tangible assets are recognized at cost less depreciation and impairment losses. Tangible assets was not re-measured in line with the IAS 16 option. As part of the first-time adoption of IFRS, Tangible assets was carried forward as of the January 1, 2010 transition date to IFRS according to their values calculated according to German accounting principles as of December 31, 2009, since there were no significant deviations to the valuations calculated according to IFRS.

Where indications exist that tangible assets are impaired, and an impairment test is subsequently performed, an impairment loss is reported if required. If the reasons for the impairments no longer apply, corresponding reversals of impairment losses are carried through profit and loss up to a maximum of the amortized cost.

Cost comprises the purchase price, incidental purchase costs, and subsequent purchase costs less any purchase price reductions received.

Other plant, operating and office equipment is predominantly depreciated over a period of between three and five years. Straight-line depreciation is applied to tangible assets in line with the economic useful life.

Current-year depreciation and impairment losses are reported in the „Depreciation and impairment charges applied to tangible assets“ item in the statement of comprehensive income.

Costs for repairing property, plant and equipment, such as maintenance expenses, are generally carried through profit and loss.

As in the previous year, no reversals of impairment losses applied to tangible assets were performed in the year under review. No borrowing costs were capitalized for tangible assets in the financial year elapsed.

■ **Impairment**

With the exception of deferred tax assets (see taxes), and financial assets (see financial instruments), the carrying amounts of the Group's assets are examined as of the balance sheet date as to whether indications of impairment exist as per IAS 36. If such indications exist, the recoverable amount of the asset is estimated, and impairment losses, if required, are expensed.

Goodwill arising on acquisitions exists only as a result of the merger with Capital Games GmbH, Berlin. The retention of the value of the goodwill was confirmed through an impairment test conducted on the balance sheet date.

■ **Leasing**

According to IAS 17, a lease is an agreement where the lessor transfers to the lessee the right to utilize an asset for an agreed period in return for payment, or a series of payments. A differentiation is made between finance leases and operating leases. Finance leases comprise leases where the lessee essentially bears all risks and opportunities connected with the ownership of the asset. All other leases are designated as operating leases.

In the case of an operating lease, Bob Mobile expenses the lease installment to be paid as lessee.

If Bob Mobile is a lessee in a finance lease, the lower of the fair value and the present value of the minimum lease payments at the start of the lease is capitalized on the balance sheet, and the liability is recognized under bank borrowings at the same time. The minimum lease components primarily comprise financing costs and the repayment share of the residual liability. The leased object is depreciated over the estimated useful life of the contractual duration, whichever is shorter. The lease installments repaid are split into a repayment component and interest expenses according to the effective interest method.

All leases are classified as operating leases at the time of the transition to IFRS and subsequently.

■ **Other receivables and liabilities**

Non-financial assets and liabilities, as well as deferred and accrued items, and prepayments, are recognized at amortized cost. As part of the first-time adoption of IFRS, non-financial assets were carried forward as of the January 1, 2010 transition date to IFRS according to their values calculated according to German accounting principles as of December 31, 2009, since there were no significant deviations to the valuations calculated according to IFRS.

■ Financial instruments

Basic principles

Financial assets are reported if Bob Mobile is entitled to a contractual right to receive cash, cash equivalents, or other financial assets from another party. Financial liabilities are reported as soon as Bob Mobile is obligated to transfer to a third party cash, cash equivalents, or other financial assets. Normal market purchases and sales of financial assets are generally recognized on the settlement date. By contrast, purchases and sales of securities are recognized with the bank's invoicing price on the trade date, and derivative transactions at cost on the trade date.

Financial assets and liabilities are initially measured at fair value. The carrying amount of financial instruments that are not subsequently measured at fair value through profit and loss also includes directly attributable transaction costs.

As part of the first-time adoption of IFRS, financial instruments were classified at the transition date IFRS on January 1, 2010 as available for sale, or, if the preconditions applied, as financial assets and liabilities measured at fair value through profit and loss.

Subsequent measurement of financial instruments recognized within the Group is performed using the measurement categories defined in IAS 39 Financial Instruments: Recognition and Measurement:

- Financial assets and liabilities measured at fair value through profit and loss (FVTPL) and held for trading (HfT): fair value
- Held to maturity investments (HtM)): amortized cost
- Loans and Receivables (LaR): amortized cost
- Available-for-Sale financial assets (AfS): fair value
- Financial liabilities at cost (FLAC): amortized cost

No transfers occurred between the IAS 39 measurement categories, either in the year under review, or in the first IFRS reporting period.

Financial assets and financial liabilities are not netted with each other.

Pursuant to IAS 39, in cases where substantial objective indications point to an impairment of financial assets, corresponding impairment losses are applied. This entails reviewing the carrying amounts of individual financial assets that are not measured at fair value through profit and loss with respect to the need for valuation adjustments to reflect impairment. Examples of objective indications include significant financial difficulties on the part of the debtor, the discontinuation of an active market, as well as significant changes to the technological, market-related, economic or legal environment. In the case of equity instruments, a significant or long-lasting reduction in fair value comprises an objective indication of value impairment. Impairment losses are reported in the statement of comprehensive income within the „Other operating expenses“ item. All identifiable default risks were taken into sufficient account through corresponding risk provisions. The theoretically maximum remaining default risk from financial assets corresponds to their amounts as entered in the balance sheet.

Financial assets are derecognized if the contractual rights to payments arising from the financial assets expire, or if the financial assets are transferred with all significant opportunities and risks. Financial liabilities are derecognized as soon as the contractual obligations are settled, cancelled or expire.

Information about risk management can be found both under Note 23 and also in the section of the Group management report devoted to risk reporting.

Financial assets

The regulations of IAS 39 divide financial instruments into „financial assets measured at fair value through profit and loss“, „financial investments held to maturity“, „financial assets available for sale“ or „loans and receivables“. Equity participating interests whose fair value can be reliably determined are classified as „financial assets measured at fair value through profit and loss“. If fair value cannot be determined reliably, equity participating interests are classified as „financial assets available for sale“, and are measured at cost.

Receivables and other assets

Receivables and other assets are divided into „trade receivables“, „receivables from companies in which the company has a participating interest.“ and „miscellaneous receivables and other assets“.

On initial recognition, „trade receivables“ are recognized at fair value while taking into account directly attributable transaction costs. They are measured at amortized cost in subsequent periods due to their classification as „loans and receivables“.

Both non-financial assets and financial assets are reported under the item „miscellaneous receivables and other assets“. With the exception of derivative financial instruments, financial assets are allocated to the „loans and receivables“ IAS 39 measurement category, are recognized on the first recognition date at fair value while taking into account directly attributable transaction costs, and are measured in subsequent periods at amortized cost while applying the effective interest method. Non-financial assets are measured according to the respectively applicable standards.

Cash and cash equivalents

Cash in hand and cash at banks is reported under this item. Cash in hand and cash at banks is allocated to the IAS 39 „loans and receivables“ measurement category, is recognized on the first recognition date at fair value while taking into account directly attributable transaction costs, and is measured in subsequent periods at amortized cost while applying the effective interest method. Foreign-currency positions are measured at the mid-rate prevailing on the balance sheet date. Cash at banks carries a residual term of up to three months on acquisition.

Financial liabilities

Primary financial instruments comprise bank borrowings, trade payables, and other non-derivative financial liabilities. Trade payables and other non-derivative financial liabilities include liabilities existing as of the balance sheet date for invoices that have not yet been settled, loan obligations, liabilities to employees, and related obligations. Pursuant to IAS 39, primary financial liabilities are initially recognized at fair value. Directly attributable transaction costs are taken into account in this context. They are measured at amortized cost in subsequent periods.

■ **Other provisions**

Other provisions are recognized for legal or notional obligations to third parties arising from past events, as well as for agreements containing charges if the outflow of funds to settle the obligations is likely and can be reliably estimated.

Other provisions are measured according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Provisions are measured based on best possible estimates in this context. No interest is applied due to the short-term nature of these provisions. Compensation claims against third parties are capitalized separately from provisions if their realization is almost certain.

▪ Share-based compensation transactions

Stock options, in other words, share-based compensation transactions that are settled with equity instruments, are measured at fair value on the vesting date. The fair value of the obligation is reported as personnel expenditure within equity over the entitlement period. The stock options' fair value is calculated using the internationally recognized Black-Scholes-Merton formula.

The share-based program for Management Board and employee compensation includes an option for Bob Mobile AG to satisfy the options in either cash or Bob Mobile AG ordinary shares. As of the balance sheet date, the company does not intend to satisfy share-based compensation in cash.

FIRST-TIME ADOPTION OF IFRS

Bob Mobile prepared its consolidated financial statements as of December 31, 2011 for the first time according to IFRS. For this reason, the special regulations contained in IFRS 1 First-Time Adoption of International Financial Reporting Standards were taken into consideration. According to these regulations, a company that adopts IFRS for the first time must present the effects of the transition to IFRS on its net assets, financial position and results of operations.

The following reconciliation presents the equity changes for the IFRS opening balance sheet as of January 1, 2010, and the comparable 2010 period, which are due to the first-time adoption of IFRS.

In EUR thousand	31/12/2009 / 1/1/2010			31/12/2010		
	IFRS	HGB	Equity change	IFRS	HGB	Equity change
Intangible assets	–	–	–	–	-133.0	133.0
Inventories	–	757.0	-757.0	–	–	–
Treasury shares	–	151.8	-151.8	–	-151.8	151.8
Deferred tax assets	613.7	–	613.7	344.1	–	344.1
Other current liabilities	-387.0	–	-387.0	-39.2	-387.0	347.8
Minority interests	19.0	–	19.0	–	19.0	-19.0
Miscellaneous	38.3	–	38.3	–	-0.9	0.9
Total	–	–	-624.8	–	–	958.6

The equity difference was reported directly in consolidated retained earnings as of January 1, 2010.

The figure reported for **inventories** was adjusted since the inventories reported in the last set of financial statements prepared according to German accounting standards do not fully satisfy IFRS recognition criteria for inventories.

The **treasury shares** that were recognized as assets in the last set of financial statements prepared according to German accounting standards are deducted from equity according to IFRS.

In the first set of IFRS financial statements, **deferred tax assets** on usable tax loss carryforwards were recognized.

Inventories that could not be recognized in the opening IFRS balance sheet were reclassified as **intangible assets** and written off in the last set of financial statements prepared according to German accounting standards. This write-off is corrected in the first set of IFRS financial statements as a consequence. Amortization/write-offs applied to acquired intangible assets were also adjusted.

In the first set of IFRS financial statements, a dividend payout was included **as an other current liability**, which was not to be reported as a payment obligation in the last set of financial statements prepared according to German accounting standards. The subsequent distribution of a dividend is included in the 2010 financial year in the first set of IFRS financial statements, whereas it was not included into the subsequent year in the last set of financial statements prepared according to German accounting standards. In addition, the miscellaneous liabilities (2009: EUR 38.3 thousand) are not to be recognized as other current liabilities until the 2010 financial year in the last set of financial statements prepared according to German accounting standards, and miscellaneous liabilities (EUR 39.2 thousand) are reported in the 2010 financial year, which were not to be recognized in the last set of financial statements prepared according to German accounting standards.

The following differences arise for the prior 2010 period::

In EUR thousand	2010		
	IFRS	HGB	Difference
Personnel expenses	-3,424.7	-3,384.2	-40.5
Amortization and impairment charges applied to intangible assets	-378.3	-529.3	151.0
Deferred tax expense	366.4	22.3	344.1
Total	–	–	454.6

Bob Mobile developed an employee stock option plan in the 2008 financial year, and granted stock options to a group of senior employees, and to managing directors or Management Board members of the parent company and its subsidiaries. The portion of the fair value of the vested stock options attributable to the 2010 financial year is reported among **personnel expenses** taking into account the expected utilization. In this connection, please refer to the remarks about vested stock options in Note 18.

The **depreciation/amortization/impairment charges** according to IFRS diverge from the depreciation/amortization/impairment charges included in the last set of financial statements prepared according to German accounting standards since some of the depreciation/amortization/impairment charges relate to intangible assets that could not be recognized in the first set of IFRS financial statements. Please refer to the above information about intangible assets.

Supplementary information about items in the statement of comprehensive income, the balance sheet, the cash flow statement, and the statement of changes in equity

(1) Revenue

Revenue is composed as follows:

In EUR thousand	2010	2011
Mobile Fun Value-Added Services	35,850.0	29,370.9
Online & Freemium Games	1,000.8	4,044.2
Mobile Adult Services	2,653.4	1,662.0
Miscellaneous	1,158.6	2.7
	40,662.8	35,079.8

(2) Work performed by the enterprise and capitalized

This item primarily comprises personnel expenses connected with the capitalization of development costs for TOM Software and Game Shop Software.

(3) Other operating income

Other operating income includes the following items:

In EUR thousand	2010	2011
Disposal of the assets of Pink Adventure AG, Düsseldorf	–	1,163.0
Income from invoices passed on to net mobile	–	400.6
Income from invoices passed on to Cliq	–	126.2
Income from invoices passed on to EU Goldkiwi	–	78.5
Income from the sale of treasury shares	168.0	–
Other	116.2	129.5
Total	284.2	1,897.5

(4) Personnel expenses

Personnel expenses include obligations to salaried and freelance employees arising from service, collective-bargaining agreement and similar regulations. The personnel expenses are composed as follows:

In EUR thousand	2010	2011
Wages and salaries	2,964.9	4,687.5
Social contributions	459.8	473.4
Total	3,424.7	5,160.9

(5) Depreciation, amortization and impairment losses

For more information about depreciation, amortization and impairment charges applied to intangible assets and tangible assets, please refer to our remarks on intangible assets (10) and tangible assets (11).

Write-downs applied to current assets primarily comprise write-downs applied to prepayments rendered for services arising from agreements with two media partners in an amount of EUR 594.7 thousand, which were not utilized within the agreed period.

(6) Other operating expenses

Other operating expenses include the following expenses:

In EUR thousand	2010	2011
Media costs (advertising)	13,648.0	13,168.0
Costs for technology and licenses	17,048.6	14,607.4
Premises costs	249.6	243.4
Advertising costs	33.2	193.7
Insurance and contributions	112.9	140.4
Travel costs	94.6	120.9
Vehicle costs	71.1	80.7
Supervisory Board compensation	34.4	46.5
Other	3,368.4	3,707.7
Total	34,660.8	32,308.7

(7) Financial income and financial expenses

Financial income and financial expenses are composed as follows:

In EUR thousand	2010	2011
Financial income		
Interest income	3.6	120.4
	3.6	120.4
Financial expenses		
Interest expenses	81.7	168.7
	81.7	168.7

(8) Taxes on income

In EUR thousand	2010	2011
Current taxes on income – Germany		
Corporation taxes	–	674.3
Trade taxes	–	594.5
	1,152.3	1,268.8
Current taxes on income – abroad	–	104.3
Deferred taxes on income		
Deferred tax income	-344.0	-1,498.9
	-344.0	-1,498.9
	808.3	-125.8

The reported current taxes on income in Germany comprises taxes on income for the 2011 financial year, and income from the partial release of tax provisions formed in the previous year. This also applies for current taxes on income for subsidiaries based abroad, which are calculated according to the national tax regulations relevant for the individual companies.

The deferred taxes arise from the different timing of the valuations between the individual companies' tax accounts and the valuations in the consolidated balance sheet in line with the liability method, as well as from tax loss carryforwards. Decisive for the assessment of the value-retention of deferred tax assets is the assessment of the likelihood of the reversal of the valuation differences, and the extent to which loss carryforwards that have resulted in the deferred tax assets can be utilized. This depends on the generation of future taxable earnings during the period in which the tax valuation differences reverse, and in which tax loss carryforwards can be asserted. Due to past experience, and the expected tax income situation, Bob Mobile assumes that the corresponding benefits can be realized from the deferred tax assets. As a consequence, deferred tax items are recognized to the extent to which the application of the tax losses is likely over the next years. Tax loss carryforwards of EUR 10,985.0 thousand were recognized as of December 31, 2011 (2010: EUR 3,239.0 thousand), and temporary differences of EUR 317 thousand (2010: EUR 0 thousand). No deferred tax assets were formed for some of the tax loss carryforwards due to related fundamental uncertainty, since the loss carryforwards were not determined until the 2009 assessment period. The tax loss carryforwards that were not taken into account for this reason amount to EUR 1,765 thousand.

Dividends to be paid by Bob Mobile AG in the future in Germany have no impact on the Group's tax burden.

Tax income results overall, which arises primarily from deferred tax assets income on tax losses, and which in total exceed the actual income taxes on the subsidiaries' earnings which cannot be offset with the subsidiaries' losses.

As of December 31, 2011, all German deferred taxes on temporary differences were calculated, as in the previous year, on the basis of a combined rounded 30% tax rate, and of between 20 and 25% for foreign deferred taxes. As in the previous year, the recognition of deferred taxes on German loss carryforwards were based throughout on tax rates of 14% for trade tax, and 16% for corporation tax and the Solidarity Surcharge.

The following table shows the reconciliation between the expected tax expense and the actual tax expense:

In EUR thousand	2010	2011
Profit/loss before taxes on income	2,571.5	-2,575.5
Expected tax expense given a 30% tax rate	–	–
<u>Deviations from the expected tax expense</u> Difference by which the deferred tax income exceeds the income taxes on subsidiaries' earnings, which cannot be offset the tax purposes with the subsidiaries' losses	–	-149.3
Other	–	23.5
Total adjustments	808.9	-125.8
Actual tax expense	808.9	-125.8

The effective tax rate amounts to 4.9% (2010: 31.4%; in each case relating to the amounts of the loss).

The tax deferrals are allocated to the following balance sheet items:

In EUR thousand	2010		2011	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	–	–	–	95.1
Tax loss carryforwards	957.7	–	2,551.7	–
	957.7	–	2,551.7	95.1
Netting of deferred tax assets and liabilities	957.7	–	2,456.6	–
	957.7	–	2,456.6	–

(9) Earnings per share

Basic earnings per share are calculated by dividing the share of earnings attributable to Bob Mobile AG shareholders by the weighted average number of shares in issue. Diluted earnings per share also take into account all shares that can potentially be issued due to the stock option program (**Note 18**). Due to the fact that the exercise price for the 2011 stock option program options was higher than the share price on the balance sheet date, these options were not included in the calculation of undiluted earnings per share for the 2011 financial year.

in EUR thousand	2010	2011
Profit/loss attributable to Bob Mobile AG shareholders	1,266.50	-3,824.90
Number of shares in circulation as of January 1 (shares)	1,293,662	1,427,028
Number of shares in circulation as of December 31 (shares)	1,427,028	1,684,199
Weighted average number of shares in issue	1,372,073	1,657,354
Basic earnings per share (in EUR)	0.92	-2.31
Number of potentially dilutive ordinary shares (in number of shares)	71,400	71,400
Weighted average number of shares for the calculation of diluted earnings per share	1,443,473	1,728,754
Diluted earnings per share (in EUR)	0.88	-2.21

(10) Intangible assets

Intangible assets reported the following changes:

Procurement or manufacturing costs in EUR thousand	Internally generated intangible assets	Other intangible assets	Prepay- ments rendered on other intangible assets	Goodwill	Total
January 1, 2010	710.1	440.6	–	–	1,150.7
Additions	227.2	57.2	535.0	–	819.4
Disposals	–	–	–	–	–
December 31, 2010	937.3	497.8	535.0	–	1,970.1
January 1, 2011	937.3	497.8	535.0	–	1,970.1
Additions: first-time consolidation	–	36.0	–	–	36.0
Additions	238.3	395.2	506.0	105.6	1,245.1
Disposals	-42.1	-537.7	-500.0	–	-1,079.8
December 31, 2011	1,133.4	391.2	541.0	105.6	2,171.3
Amortization and impairment losses					
January 1, 2010	145.1	129.8	–	–	274.9
Amortization in the financial year	188.0	130.0	–	–	318.0
Impairment losses	–	–	–	–	–
Disposals	–	–	–	–	–
December 31, 2010	333.1	259.8	–	–	592.9
January 1, 2011	333.1	259.8	–	–	592.9
Additions: first-time consolidation	–	3.5	–	–	3.5
Amortization in the financial year	268.4	538.1	692.7	–	1,499.2
Disposals	-37.7	-517.6	-500.0	–	-1,055.3
December 31, 2011	563.8	283.8	192.7	–	1,040.3
Carrying amount December 31, 2011	569.6	107.5	348.3	105.6	1,131.0
Carrying amount December 31, 2010	604.2	238.0	535.0	–	1,377.2

Additions during the 2011 financial year primarily concerned (prepayments rendered for) licenses for EUR 804 thousand (2010: EUR 592.2 thousand), and internally generated development costs for TOM Software and Game Shop Software in an amount of EUR 187.6 thousand (2010: EUR 211.3 thousand).

The goodwill arose through the acquisition of Capital Games GmbH, Berlin.

(11) Tangible assets

Tangible assets reported the following changes:

In EUR thousand	Property, plant and equipment	Total
Cost		
January 1, 2010	214.8	214.8
Additions	94.2	94.2
Disposals	-4.9	-4.9
December 31, 2010	304.1	304.1
January 1, 2011	304.1	304.1
Additions: first-time consolidation	14.7	14.7
Additions	153.5	153.5
Disposals	-96.8	-96.8
December 31, 2011	375.4	375.4
Depreciation and impairment losses		
January 1, 2010	105.0	105.0
Depreciation in the financial year	60.2	60.2
Impairment losses	–	–
Disposals	–	–
December 31, 2010	165.2	165.2
January 1, 2011	165.2	165.2
Additions: first-time consolidation	4.6	4.6
Depreciation in the financial year	107.3	107.3
Disposals	-83.2	-83.2
December 31, 2011	193.9	193.9
Carrying amount December 31, 2011	181.5	181.5
Carrying amount December 31, 2010	138.9	138.9

Additions to property, plant and equipment amounted to EUR 153.5 thousand (2010: EUR 94.2 thousand). The largest individual items in this context comprise office equipment in an amount of EUR 122.7 thousand, and a telephone system in an amount of EUR 11.8 thousand.

(12) Financial assets

Financial assets include the following equity participating interests:

In EUR thousand	2010	2011
Torna Media GmbH	162.5	162.5

As in the previous year, the interest in this company was categorized as a „financial asset available for sale“ (AfS), since its fair value cannot be reliably determined. Measurement was at cost. This financial asset has no market price listed on an active market.

(13) Trade receivables

Trade receivables are composed as follows:

In EUR thousand	2010	2011
Trade receivables, gross	6,741.5	4,152.5
Less: valuation adjustments	–	-59.2
Trade receivables	6,741.5	4,093.3

The reported trade receivables carry a residual term of more than one year.

The reported valuation adjustments applied to trade receivables changed as follows:

In EUR thousand	Specific valuation adjustments		Portfolio valuation adjustments		Total	
	2010	2011	2010	2011	2010	2011
January 1, 2011	–	–	–	–	–	–
Changes to valuation adjustments carried through profit and loss	–	59.2	–	–	–	59.2
December 31, 2011	–	59.2	–	–	–	59.2

The following overdue, but unimpaired trade receivables were reported as of the balance sheet date:

In EUR thousand	Overdue by 1-30 days	Overdue by 30-180 days	Overdue by more than 180 days
December 31, 2011	261.6	330.4	152.7
December 31, 2010	1,879.0	998.2	852.9

As far as the receivables, which are not overdue and unimpaired, or which are overdue and unimpaired, are concerned, there are no indications that the customers are unable to fulfill their obligations based on their credit history and current credit ratings.

(14) Receivables from companies in which the company has a participating interest

Receivables due from companies where an interest is held represent trade receivables with a residual term of up to one year.

(15) Miscellaneous receivables and other assets

Miscellaneous receivables and other assets are composed as follows:

In EUR thousand	31/12/2010		31/12/2011	
	Total	Residual term > 1 year	Total	Residual term > 1 year
VAT	337.7	–	1,004.9	–
Prepayments rendered for guarantees and licenses	918.4	–	500.2	–
Overpayment of tax	211.0	–	351.2	–
Receivables arising from services that have not yet been invoiced	123.0	–	136.3	–
Deposits	18.2	–	38.1	–
Prepayments and accrued income	85.6	–	56.9	–
Tax reimbursement claims from Greek tax authorities	266.0	–	161.7	–
Miscellaneous	203.3	–	227.2	–
	2,163.2	605.6	2,476.5	294.8

(16) Deferred taxes

Taxes are deferred according to the liability method as per IAS 12 Income Taxes. Tax rates that are applicable, approved and published as of the balance sheet date are applied in this context.

The deferred tax assets of EUR 2,551.7 thousand (2010: EUR 957.2 thousand) arise from the probable future utilization of tax loss carryforwards. **Note 8** „Taxes on income“ contains further information about deferred taxes.

(17) Cash and cash equivalents

This item contains cash at banks of EUR 2,143.2 thousand, and cash in hand of EUR 2.5 thousand (2010: EUR 6.3 thousand).

(18) Consolidated equity

Consolidated equity in his individual components are reported separately in the „Statement of changes in equity“.

Distributions

Bob Mobile continues to pursue its dividend policy to date of only distributing earnings if they are not to be deployed for growth. Bob Mobile AG made major investments in its growth in 2010 and 2011, and for this reason refrained from distributing dividends.

Capital management

Bob Mobile generally pursues the objective of generating an appropriate return on its capital employed. The Group's balance sheet capital functions solely as a passive management criterion in this context. Revenue and EBITA are utilized as active management metrics. Bob Mobile AG is nevertheless a young company that is still in its growth phase. It aims to realize a high level of investments in building up the Group, which to a not inconsiderable extent places a burden on the company's short-term profitability. These growth objectives mean that a focus is not always placed on classic return criteria during this growth phase. The related investments form the basis for the company's long-term success. Bob Mobile AG's aim is to be a profitable group in both the short and long term.

Subscribed capital

The share capital consists of 1,688,199 nil-par ordinary shares. All shares issued until December 31, 2011 are fully paid in. Each share grants an equally ranking voting right as well as equally ranking dividend claims. The number of issued and dividend-entitled shares changed as follows in the year under review:

In EUR thousand

January 1, 2011	1,427,028
Sale of treasury shares	16,000
Issue of new shares	241,171
December 31, 2011	1,684,199
Weighted average number of shares in the 2010/2011 financial year	1,657,354

The company's Extraordinary Shareholders' General Meeting passed a resolution on December 22, 2011, to increase the company's share capital by EUR 1,900,000.00 through issuing 1,900,000 new ordinary bearer shares each with a notional interest in the share capital of EUR 1.00 per share. The new shares are dividend-entitled from the start of the financial year current when the capital increase was entered in the commercial register. Shareholders' statutory subscription rights are excluded. Exclusively Orinoco B.V., Amsterdam, Netherlands, EmRose B.V., Amsterdam, Netherlands, TOPSAM B.V., Laren, Netherlands, Grupa Media Holding II B.V., Amsterdam, Netherlands were permitted to subscribe for the 1,900,000 new shares. The new shares were granted in exchange for the contribution of all shares in Cliq B.V., Amsterdam, Netherlands. In addition, the parties that made a contribution received payments of EUR 20,000,000, of which EUR 2,000 thousand was granted to the company as a loan. The capital increase was registered on February 16, 2012.

Treasury shares

The company's Extraordinary Shareholders' General Meeting authorized the Management Board on December 22, 2011, to acquire the company's shares until June 1, 2016, in order to utilize the company's shares as part of a merger with companies, or as part of the acquisition of companies, interests in companies, or parts of companies, or to sell them at a price that is not significantly different to the stock market price of the company's shares on the disposal date, or to withdraw them. The currently existing authorization to acquire treasury shares, which was issued by the Shareholders' General Meeting on July 31, 2011, and which was also limited until June 1, 2016, is cancelled for the period from the coming into effect of the new authorization under the suspensive condition that the non-cash capital contribution that was authorized at the same Extraordinary Shareholders' General Meeting is entered in the commercial register.

This authorization is restricted to the purchase of shares up to 10% of the share capital. This authorization can be exercised directly by the company, or by third parties mandated by the company, and either wholly or in several partial amounts as part of the aforementioned restriction.

The company's Ordinary Shareholders' General Meeting previously authorized the Management Board on July 31, 2011, to acquire the company's shares until June 1, 2016, in order to utilize the company's shares as part of a merger with companies, or as part of the acquisition of companies, interests in companies, or parts of companies, or to sell them at a price that is not significantly different to the stock market price of the company's shares on the disposal date, or to withdraw them. The authorization existing until that date to acquire treasury shares, which was issued by the Shareholders' General Meeting on July 16, 2010, and which was limited until June 1, 2015, is cancelled for the period from the coming into effect of the new authorization.

This authorization is restricted to the purchase of shares with a proportional amount of the share capital of EUR 168,819.00 attributable to the shares, in other words, 10% of the share capital of EUR 1,688,199.00. This authorization can be exercised directly by the company, or by third parties mandated by the company, and either wholly or in several partial amounts as part of the aforementioned restriction.

The company's Ordinary Shareholders' General Meeting previously authorized the Management Board on August 14, 2008, to acquire the company's shares until January 30, 2010, in order to utilize the company's shares as part of a merger with companies, or as part of the acquisition of companies, interests in companies, or parts of companies, or to sell them at a price that is not significantly different to the stock market price of the company's shares on the disposal date, or to withdraw them. With a resolution of Ordinary Shareholders' General Meeting of July 31, 2009, this authorization was modified in such a way that the period until the purchase of the treasury shares is concluded must be extended to January 15, 2011. With a resolution of Ordinary Shareholders' General Meeting of July 16, 2010, this authorization was also modified in such a way that the period until the purchase of the treasury shares is concluded must be extended to June 1, 2015.

This authorization was restricted to the purchase of shares with a proportional amount of the share capital of EUR 133,366.00 attributable to the shares, in other words, 10% of the share capital of EUR 1,333,662.00. This authorization could be exercised directly by the company, or by third parties mandated by the company, and either wholly or in several partial amounts as part of the aforementioned restriction. Following approval by the Supervisory Board on June 8, 2009, the Management Board passed a resolution on the same date to purchase the shares in the period between June 8 and July 31, 2009. The authorization to acquire treasury shares, which was issued by the Shareholders' General Meeting on June 19, 2007, and which was limited until November 30, 2008, was cancelled for the period from the coming into effect of this new authorization.

With the consent of the Supervisory Board on March 15, 2011, the Management Board of Bob Mobile AG passed a resolution to sell 8,000 of the company's ordinary shares as part of the acquisition of Capital Games GmbH. In addition, the Supervisory Board passed a resolution on July 18, 2011, to sell 8,000 of the company's shares as part of the increase in the interest in Just A Game GmbH from 84 % to 100 %. As a consequence, it utilized the authorization of the Shareholders' General Meeting of August 14, 2008 (last modified on July 31, 2011). When the company enters into the authorized sale of treasury shares, the purchase price per share may not be significantly less than the shares' stock market price on the disposal date.

The entire treasury share position amounted to 4,000 shares as of December 31, 2011. This corresponds to 0.24 % of the share capital. The purchase costs of EUR 15.48 thousand (including incidental purchase costs of EUR 0.0 thousand) were deducted as a total from equity.

Approved capital

On December 22, 2011, the company's Extraordinary Shareholders' General Meeting passed a resolution to authorize the Management Board, with Supervisory Board assent, to increase the company's share capital until December 21, 2016 through issuing new shares against cash and/or non-cash capital contributions, once or on several occasions, by up to EUR 1,794,099.00 through issuing up to 1,794,099 new ordinary shares (Approved Capital 2011). In this context, the Management Board can determine a start to dividend-entitlement that diverges from Section 60 (2) Clause 3 of the German Stock Corporation Act (AktG). The previously authorized Approved Capital 2011 was cancelled when the Approved Capital II 2011 came into force. This approved capital was entered in the commercial register on February 16, 2012.

Previously on July 31, 2011, the company's Ordinary Shareholders' General Meeting passed a resolution to authorize the Management Board, with Supervisory Board assent, to increase the company's share capital until August 31, 2016 through issuing new shares against cash and/or non-cash capital contributions, once or on several occasions, by up to EUR 844,099.00 through issuing up to 844,099 new ordinary shares (Approved Capital 2011). In this context, the Management Board could determine a start to dividend-entitlement that diverges from Section 60 (2) Clause 3 of the German Stock Corporation Act (AktG). The previously authorized Approved Capital 2008 was cancelled when the Approved Capital 2011 came into force.

Previously on July 8, 2008, the company's Ordinary Shareholders' General Meeting passed a resolution to authorize the Management Board, with Supervisory Board assent, to increase the company's share capital until August 1, 2013 through issuing new shares against cash and/or non-cash capital contributions, once or on several occasions, by up to EUR 666,831.00 through issuing up to 666,831 new ordinary shares (Approved Capital 2008). In this context, the Management Board can determine a start to dividend-entitlement that diverges from Section 60 (2) Clause 3 of the German Stock Corporation Act (AktG). The previously authorized Approved Capital 2005 was cancelled when the Approved Capital 2008 came into force.

Conditional capital

The company's share capital can be conditionally increased by up to EUR 533,464.00 through issuing up to 533,464 ordinary bearer shares with a proportional interest in the share capital of EUR 1.00 (Conditional Capital I). This conditional capital increase serves to grant conversion and subscription rights to the bearers of convertible bonds and/or bearers and/or creditors of conversion or subscription rights respectively obligated parties arising from such bonds which were issued by the company pursuant to the aforementioned authorization until August 1, 2013. The new shares will be issued according to the conversion or subscription price to be determined in each case according to the aforementioned authorization. The conditional capital increase is to be performed only to the extent that utilization is made of the conversion or subscription rights, to the extent that cash compensation or any treasury shares are utilized, and to the extent that the related requisite stock corporation law preconditions are created or satisfied. If they arise through exercise by the start of the company's Ordinary Shareholders' General Meeting, the new shares are dividend-entitled from the start of the preceding financial year, otherwise in each case from the start of the financial year in which they arise through the exercise of subscription rights.

The company's share capital can be conditionally increased by up to EUR 133,366.00 through issuing up to 133,366 ordinary bearer shares with a proportional interest in the share capital of EUR 1.00 (Conditional

Capital I). This conditional capital increase serves exclusively to convert subscription rights arising from stock options owned by the Management Board and employees of Bob Mobile AG, as well as by members of the management, and by employees of companies associated, or in future associated, with the company in the meaning of Sections 15 et seq. of the German Commercial Code (AktG). The conditional capital increase is to be performed only to the extent that the holders of subscription rights utilize such rights, and the company does not grant treasury shares or cash settlement to satisfy the subscription rights. The new shares are dividend-entitled from the start of the financial year for which no resolution has yet been passed concerning the application of inappropriate retained earnings on the date when the subscription rights are exercised.

Authorization to issue warrant and/or conversion participation rights, warrant bonds, convertible bonds and/or profit participation bonds, and to exclude subscription rights

The company's Ordinary Shareholders' General Meeting passed a resolution on July 8, 2008 to authorize the Management Board, with Supervisory Board assent, to issue until August 1, 2013, once or on several occasions, bearer convertible bonds with a total nominal amount of up to EUR 15,000,000.00, whereby, according to the more specific respective terms of the bonds („bond terms“), the bondholders were to be granted conversion or subscription rights for a total of up to 533,464 of the company's ordinary bearer shares each with a notional interest in the share capital of EUR 1.00 per ordinary share. The convertible bonds are to carry a normal fixed market interest rate. The bond terms can also make provision whereby, if the granted conversion or subscription rights are exercised, the company can also grant any of the company's treasury shares if and to the extent that the stock corporation law preconditions have been created and satisfied for this purpose. It can also be determined that the company does not grant the company's shares to the bondholders but instead pays the consideration in cash, whereby, according to the more specific terms of the bonds, such consideration corresponds to the average price of the company's shares in the closing XETRA auction on the Frankfurt Stock Exchange or a comparable successor system during the last 10 stock market days before the declaration of the exercise of the conversion or subscription rights.

The conversion or subscription price for one ordinary share corresponds to 100 % of the average stock market price of the company's shares in the closing XETRA auction on the Frankfurt Stock Exchange or a comparable successor system during the last 10 stock market trading days before the date when the Management Board passes a resolution concerning the issuing of the convertible bonds.

Convertible bonds are generally to be offered to shareholders for subscription; the convertible bonds can also be transferred to a bank or consortium of banks to be determined by the Management Board, with the obligation that they should be offered to shareholders for subscription (indirect subscription right).

The Management Board was authorized, with Supervisory Board's assent, to determine the further specifics relating to the issuing and structure of the convertible bonds in accordance with the regulations above. This particularly relates to the interest rate, the issue price, distribution claims, maturity and denomination, transfer of the conversion and/or subscription rights, subscription and conversion ratio, conversion obligations, determination of an additional cash payment, settlement or aggregation of residual amounts, conversion and warrant price, conversion and warrant period, cash payment instead of delivery of shares, as well as delivery of existing shares instead of issuing new shares.

Consolidated retained earnings

This item contains the accumulated retained earnings of subsidiaries included in the consolidated financial statements, the profit/loss for the period, and other consolidation reserves.

Stock option program

The company's Ordinary Shareholders' General Meeting passed a resolution on July 8, 2008 to authorize the Management Board, with Supervisory Board assent, to grant within five years after the entry of Conditional Capital II in the commercial register, once or on several occasions, subscription rights to a total of up to 133,633 ordinary bearer shares each with a notional interest in the share capital of EUR 1.00 per ordinary share of the company according to the following significant terms presented below („Stock Option Plan 2008“):

The issuing of stock options to subscribe for the company shares and the issuing of the shares is performed in order to create an employee stock option model.

As part of the Stock Option Program 2008, subscription rights were issued to members of the Management Board and employees of Bob Mobile AG, as well as to members of the management and employees of companies associated, or associated in the future, with the company in the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG).

Bob Mobile AG has set up two stock option programs (2009-2015) for managers since the 2009 financial year. The following terms are valid for the 2009 and 2011 programs:

The holding period of the options amounts to three years for one third (1/3) and four years for two thirds (2/3) of the pledged options. Each stock option entitles the holder to subscribe for one of the company's shares at the exercise price. In each case, the exercise price corresponds to 100 % of the market value of the shares on the date of the resolution concerning the allocation of options on November 18, 2009 (2009 program) respectively July 21, 2011 (2011 program) (2009 program EUR 4.27, 2011 program: EUR 19.47); distributions, especially dividend payments and any subscription rights or other special rights, are to be taken into consideration during the duration of the respective stock options in this context. The precondition for the binding purchase and exercise of the stock options is that the market value of the share of Bob Mobile AG exceeds the basis price by at least 20 % on the date when the subscription rights are exercised. To date, the performance targets have not been retrospectively reduced during the duration of the programs. Stock options for which the waiting period has been fulfilled, and which have not been exercised despite the attainment of the performance targets within an exercise window, can be exercised within a later exercise window. The stock options can generally only be exercised if the individual entitled to the subscription rights is in the permanent employment of Bob Mobile AG or a company associated with it. The exercise terms also include the provision that the exercise of the stock options is permissible only in the following annual periods („exercise periods“), which last for six weeks in each case: They start in each case on the third banking day after the publication of preliminary quarterly reports. The company can only redeem the options by allocating shares or through cash settlement. The duration of the stock option program amounts to five years, commencing from the pledging date on November 18, 2009. If the individuals entitled to the subscription rights to not exercise the stock options within the duration, the stock options expire worthless.

The assumptions underlying the 2009 and 2011 programs are as follows:

	2009 program	2011 program
Number of options issued	71,400	4,000
Fair value of the option on the issue date	EUR 3.82	EUR 2.50
Exercise price of the option on the issue date	EUR 4.27	EUR 19.47
Expected volatility	100.00 %	30.00 %
Duration of the option	5 years	5 years
Expected dividends	5 %	5 %
Risk-free interest rate	1.50 %	1.50 %
Turnover rate	30.00 %	30.00 %

The stock options reported on the December 31, 2011 reporting date are composed exclusively of the 2009 and 2011 stock option programs. The 2009 program expires in November 2014, and the 2011 program expires in July 2016.

The fair value of the options were in each case calculated by an external valuation expert using the Black-Scholes-Merton formula. For the 2009 and 2011 programs, plausible estimates were made of the expected volatility, including price increases that occurred in the 2010 and 2011 financial years.

The stock options performed as follows:

	2010		2011	
	Average exercise price		Average exercise price	
	Number	EUR	Number	EUR
January 1	74,100	4.27	72,100	4.27
Pledged	–	–	4,000	19.47
Stock options exercised	–	–	–	–
Stock options expired	-2,000	4.27	-2,400	4.27
December 31	72,100	4.27	73,400	5.09
Exercisable on December 31	–	–	–	–

Personnel expenses of EUR 41.3 thousand were incurred in the year under review for the stock option programs (2010: EUR 40.5 thousand). The capital reserves were increased to reflect this amount..

(19) Minority interests

Minority interest are presented in the „Statement of changes in equity“.

(20) Benefit plans

Bob Mobile does not operate an employer's pension scheme. Employees in Germany have the opportunity to arrange pensions based on direct insurance where the contributions are paid by the employees through salary conversion.

(21) Other provisions

In EUR thousand	1/1/2011	Utilization	Release	Addition	31/12/2011
Other current provisions					
Taxes on income	838.5	-402.9	-225.6	746.4	956.4
Costs for financial statements and auditing	88.2	-37.3	-42.5	81.5	89.9
Miscellaneous provisions	472.2	-174.5	-188.0	362.5	472.2
Total other current provisions	1,398.9	-614.7	-500.2	1,190.4	1,518.5

Pursuant to IAS 37, provisions are recognized for legal or notional obligations to third parties arising from past events, if the outflow of funds to settle the obligations is likely and can be reliably estimated.

The provisions for personnel costs were formed primarily for additional employer-provided benefits, vacation arrears, flexitime arrears, overtime, and settlements.

Miscellaneous provisions include EUR 300 thousand of provisions for pending contractual penalties.

(22) Liabilities

in EUR thousand		Total	Residual term		
			Up to 1 year	1 to 5 years	> 5 years
Bank borrowings	2011	101.4	101.4	–	–
	2010	1,401.3	1,401.3	–	–
Trade payables	2011	2,163.5	2,163.5	–	–
	2010	2,656.6	2,656.6	–	–
Other liabilities	2011	2,752.2	2,752.2	–	–
	2010	3,291.6	2,466.1	825.5	–
Total	2011	5,017.1	5,017.1	–	–
	2010	7,349.5	6,524.0	825.5	–

Bank borrowings

Bank borrowings are recognized at amortized cost. They include master loan agreements and loan liabilities. The loan liabilities are composed of several loans, which were entered into with different maturities and on different financing terms.

The interest rates are based on fixed agreed interest rates over the respective maturity.

Other liabilities

Other liabilities are composed as follows:

in EUR thousand		Total	Residual term		
			Up to 1 year	1 to 5 years	> 5 years
Prepayments received	2011	814.5	814.5	–	–
	2010	1,511.5	686.0	825.5	–
Liabilities arising from other taxes	2011	531.2	531.2	0	–
	2010	797.6	797.6	–	–
Social security liabilities	2011	13.3	13.3	–	–
	2010	14.2	14.2	–	–
Liabilities related to license income	2011	169.4	169.4	–	–
	2010	200.0	200.0	–	–
Bonuses	2011	–	–	–	–
	2010	141.0	141.0	–	–
Miscellaneous	2011	323.8	323.8	–	–
	2010	427.3	427.3	–	–
Other non-financial liabilities	2011	1,852.2	1,852.2	–	–
	2010	3,091.6	2,266.1	825.5	–
Liability to Jarimovas GmbH	2011	900.0	900.0	–	–
	2010	200.0	200.0	–	–
Other financial liabilities	2011	900.0	900.0	–	–
	2010	200.0	200.0	–	–
	2011	2,752.2	2,752.2	–	–
	2010	3,291.6	2,466.1	825.5	–

Note 25 includes further information about other financial liabilities.

(23) Reporting on financial instruments

Financial instruments are contractual agreements that include claims to cash and cash equivalents. Pursuant to IAS 32 and IAS 39, these include both primary and derivative financial instruments. Primary financial instruments include, in particular, cash and cash equivalents, receivables and trade payables, and borrowings and loans.

The following tables present the carrying amounts and fair values of individual financial assets and liabilities for each individual category of financial instruments, and reconcile these with the corresponding balance sheet items. As the items of the balance sheet “Miscellaneous receivables and other assets” and “Other liabilities” include financial instruments as well as non-financial assets and liabilities, the column “Of which outside IFRS 7” provides this transition.

Carrying amounts, valuations and fair values by measurement categories as of December 31, 2011

in EUR thousand	IAS 39 measurement category	Carrying amount in balance sheet
Assets		
Cash and cash equivalents	LaR	2,145.7
Trade receivables	LaR	4,093.3
Receivables from companies in which the company has a participating interest.	LaR	75.0
Other assets	LaR	2,480.3
Financial assets	LaR	162.5
Liabilities		
Trade payables	FLAC	-2,163.5
Liabilities due to companies where an interest is held	FLAC	–
Bank borrowings	FLAC	-101.4
Other liabilities	FLAC	-2,752.2
Aggregated according to IAS 39 measurement categories:		
Loans and receivables	LaR	6,811.1
Assets and liabilities measured at fair value through profit and loss (fair value option)	FVO	–
Financial assets measured at fair value through profit and loss (held for trading)	HfT	–
Financial liabilities measured at amortized cost	FLAC	-2,853.6

LaR: Loans and Receivables.

FVO: Financial Assets or Financial Liabilities at Fair Value through Profit or Loss (Fair Value Option).

HfT: Financial Assets or Financial Liabilities at Fair Value through Profit or Loss (Held for Trading).

FLAC: Financial Liabilities at Amortized Costs.

FAC: Financial Assets at Costs.

Of which balance sheet valuation as per IAS 39					
Of which outside IFRS 7	Amortized cost	Fair value carried direct- ly to equity	Fair value through profit and loss	Of which the valuation as per IAS 17	Fair value of financial inst- ruments wit- hin IFRS 7
–	2,145.7	–	–	–	2,145.7
–	4,093.3	–	–	–	4,093.3
–	75.0	–	–	–	75.0
–	2,480.3	–	–	–	2,480.3
–	162.5	–	–	–	162.5
–	-2,163.5	–	–	–	-2,163.5
–	–	–	–	–	–
–	-101.4	–	–	–	-101.4
–	-2,752.2	–	–	–	-2,752.2
–	6,811.1	–	–	–	6,811.1
–	–	–	–	–	–
–	–	–	–	–	–
–	-2,853.6	–	–	–	-2,853.6

Carrying amounts, valuations and fair values by measurement categories as of December 31, 2010

in EUR thousand	IAS 39 measurement category	Carrying amount in balance sheet
Assets		
Cash and cash equivalents	LaR	1,632.20
Trade receivables	LaR	6,741.5
Receivables from companies in which the company has a participating interest.	LaR	75.0
Other assets	LaR	2,163.2
Financial assets	LaR	162.5
Liabilities		
Trade payables	FLAC	-2,656.6
Liabilities due to companies where an interest is held	FLAC	–
Bank borrowings	FLAC	-1,401.3
Other liabilities	FLAC	-3,291.6
Aggregated according to IAS 39 measurement categories:		
Loans and receivables	LaR	9,142.2
Assets and liabilities measured at fair value through profit and loss (fair value option)	FVO	–
Financial assets measured at fair value through profit and loss (held for trading)	HfT	–
Financial liabilities measured at amortized cost	FLAC	-4,692.9

LaR: Loans and Receivables.

FVO: Financial Assets or Financial Liabilities at Fair Value through Profit or Loss (Fair Value Option).

HfT: Financial Assets or Financial Liabilities at Fair Value through Profit or Loss (Held for Trading).

FLAC: Financial Liabilities at Amortized Costs.

FAC: Financial Assets at Costs.

Of which balance sheet valuation as per IAS 39					
Of which outside IFRS 7	Amortized cost	Fair value carried direct- ly to equity	Fair value through profit and loss	Of which the valuation as per IAS 17	Fair value of financial inst- ruments wit- hin IFRS 7
–	1,632.20	–	–	–	1,632.20
–	6,741.5	–	–	–	6,741.5
–	75.0	–	–	–	75.0
–	2,163.2	–	–	–	2,163.2
–	162.5	–	–	–	162.5
–	–	–	–	–	–
–	-2,656.6	–	–	–	-2,163.5
–	–	–	–	–	–
–	-1,401.3	–	–	–	-1,401.3
–	-3,291.6	–	–	–	-3,291.6
–	–	–	–	–	–
–	9,142.2	–	–	–	9,142.2
–	–	–	–	–	–
–	–	–	–	–	–
–	-4,692.9	–	–	–	-4,692.9

Due to the short maturities of cash and cash equivalents, trade receivables and payables, as well as of other current receivables and liabilities, it is assumed that the respective fair value corresponds to the carrying amount. The fair values of non-current financial assets and liabilities are calculated as the present value of the expected future cash flows. Normal market interest rates relating to the corresponding maturities are utilized for discounting. The cash and cash equivalents, receivables from companies in which the company has a participating interest., and other assets and financial assets were neither overdue nor impaired as of the balance sheet date.

The net profit/losses on the financial instruments were as follows by IAS 39 measurement categories:

In EUR thousand	2010	2011
Loans and receivables	–	–
Financial Assets at Fair Value through Profit or Loss (FVO)	–	–
Financial Assets or Financial Liabilities at Fair Value through Profit or Loss (HfT)	–	–
Financial Liabilities at Amortized Cost	-78.1	-48.3
	-78.1	-48.3

The net profit/loss in the „financial liabilities at amortized cost“ category is primarily composed of interest expenses for financial liabilities.

The total interest income and expenses for financial assets and liabilities, which are not measured at fair value through profit and loss, are as follows:

In EUR thousand	2010	2011
Total interest income	3.6	120.4
Total interest expenses	-81.7	-168.7
	-78.1	-48.3

RISKS ARISING FROM FINANCIAL INSTRUMENTS

Typical risks arising from financial instruments include credit risk, liquidity risk and individual market risks. The Group's risk management system, including its objectives, methods and processes, is presented in the risk report in the Group management report. On the basis of the information presented below, we identify no explicit concentration of risk arising from financial risks.

Credit risks

Bob Mobile endeavors to reduce default risk on primary financial instruments through trade information, credit limits and debt management, including a reminder and warning system, and aggressive collection. No risk concentration existed relating to credit risks to the extent that no individual customer accounted for more than one percent of Group revenue in the 2011 and 2010 financial years. The maximum default risk is derived from the carrying amounts of the financial assets recognized in the balance sheet.

Liquidity risks

Operational liquidity management includes a cash controlling process which aggregates liquid resources. This allows liquidity surpluses and requirements to be managed according to the needs of the Group as well as individual Group companies. Short- and medium-term liquidity management includes the maturities of financial assets and financial liabilities, as well as estimates of operating cash flows. Cash and cash equivalents totaling EUR 2,145.7 thousand (2010: EUR 1,632.2 thousand) are available to cover liquidity requirements. In addition, Bob Mobile has access to total credit lines of EUR 99 thousand (2010: EUR 299 thousand), which have not yet been utilized. Overall, liquidity risk is categorized as low as a consequence.

The following (undiscounted) payments prospectively arise from the financial liabilities over the coming years:

In EUR thousand	Gross value December 31, 2011	Payments 2012	Payments 2013 to 2016	Payments from 2017
Trade payables	2,163.5	2,163.5	–	–
Bank borrowings	101.4	101.4	–	–
Other liabilities	2,752.2	2,752.2	–	–
Total	5,017.1	5,017.1	–	–

in EUR thousand	Gross value December 31, 2010	Payments 2011	Payments 2012 to 2015	Payments from 2016
Trade payables	2,656.6	2,656.6	–	–
Bank borrowings	1,401.3	1,401.3	–	–
Other liabilities	3,291.6	2,466.1	825.5	–
Total	7,349.5	6,524.0	825.5	–

Market risks

Market risk refers to the risk that the fair values or future cash flows from the primary or derivative financial instruments fluctuate due to changes in risk factors. The risks of changes to interest rates are the main market risks to which Bob Mobile is exposed. Fluctuations in earnings, equity and cash flows can result from such risks.

The analysis presented below shows hypothetical and forward-looking information which can differ from actual events due to unforeseeable developments on financial markets. This analysis also excludes risks which are of a non-financial nature, or which cannot be quantified, such as business risks.

Currency risks

The Group has no, or no significant, revenues and expenses denominated in foreign currencies. No, or no significant, risks arise from foreign currencies as a consequence.

Interest-rate risks

The level of fixed-interest-bearing debt financing is insignificant, so that the risk arising from volatile interest rates is immaterial.

(24) Contingencies

As of the balance sheet date, the Group was not exposed to contingencies arising from warranties (2010: EUR 0 thousand).

(25) Other financial liabilities arising from pending business

			Residual term		
in EUR thousand		Total	Up to 1 year	1 to 5 years	> 5 years
Future payment obligations arising from					
Leases for buildings	2011	88.9	88.9	–	–
	2010	60.8	60.8	–	–
Other leases	2011	140.6	95.8	44.8	–
	2010	287.4	147.2	95.4	44.8
Total	2011	229.5	184.7	44.8	–
	2010	348.2	208.0	95.4	–

The leases for buildings and other leases correspond to the minimum lease payments arising from operating leases pursuant to IAS 17. These agreements relate to the leasing of buildings, and of vehicles and IT hardware. Lease expenses amounted to EUR 382.5 thousand in the year under review (2010: EUR 272.7 thousand).

Along with the aforementioned other financial obligations arising from pending long-term obligations, Bob Mobile AG purchased all shares in Cliq B.V., Amsterdam, with a share purchase agreement dated November 14, 2011. As consideration for the transfer of the shares, a payment of EUR 20 million was agreed, of which EUR 2 million was granted to the company as a loan, and the transfer of 1,900,000 ordinary shares in Bob Mobile AG. The terms agreed for the conclusion of the share purchase were not conclusively satisfied until the 2012 financial year. The conclusion of the purchase agreement, and consequently the transfer of the shares in Cliq B.V., occurred with effect as of February 16, 2012.

In addition, and with a notarized share purchase agreement dated August 30/31, 2011, Bob Mobile AG acquired two shares in an amount of EUR 12,500 in Guerilla Mobile Berlin GmbH Berlin, and consequently the remaining 49.8% of the shares that were not yet owned by Bob Mobile AG. As consideration for the transfer of the shares, a payment of EUR 4 million was agreed, and the transfer of 362,500 ordinary shares in Bob Mobile AG. The terms agreed for the conclusion of the share purchase were not conclusively satisfied until the 2012 financial year. The conclusion of the purchase agreement, and consequently the transfer of the shares in Guerilla Mobile Berlin GmbH, occurred with effect as of February 16, 2012.

(26) Related parties

The associated companies of Bob Mobile AG are presented in the consolidation scope (Note 28). Along with the Management Board, their close family members, and generally the Supervisory Board, participating interests and their owners are regarded as „related parties“ in the meaning of IAS 24 Related Party Disclosures.

Management Board compensation is composed as follows:

In EUR thousand	2010	2011
Payments due in the short term (excluding share-based compensation)	268.6	268.5
Share-based compensation	8.8	8.7
Total compensation	277.4	277.2
Payments after the discontinuation of employment contracts	–	–
Total	277.4	277.2

The share-based compensation relates to the fair value on the vesting date.

As of December 31, 2011, the Management Board held a total of 15,000 stock options from the 2009 stock option programs (2010: 15,000 stock options from the 2009 stock option programs). The Supervisory Board held no stock options as of December 31, 2011 (2010: no stock options).

The Supervisory Board members received EUR 45.7 thousand to reimburse their expenses in the 2011 financial year (2010: EUR 23.4 thousand). A long-term compensation component has not been agreed for Supervisory Board members.

(27) Notes concerning segment reporting

Pursuant to IFRS 8 Operating Segments, the Group's activities are demarcated by business segments as part of segment reporting. Internal reporting within the Group occurs on the basis of the customer profiles of Mobile and Games, as well as at regional level; the areas of Mobile and Games have been defined as operating segments in accordance with IFRS 8.10. On the basis of the reporting system, our Management Board, as the main decision-making organ as per IFRS 8, assesses the performance of these two operating segments, and makes decisions concerning the allocation of resources. In particular, the operating segments' performance is measured using the „revenue with external customers“ and „EBITA“ metrics.

The types of products and services in the Mobile and Games segments are presented in the „**General information**“ section and in the **Group management report**.

Segment information is generally based on the same reporting, accounting and measurement methods as in the consolidated financial statements. As in the previous year, there were no changes to measurement methods.

The „EBITA“ segment metric is composed of the gross profit, sales and administration costs, research and development costs, other operating income and expenses, and profits/losses from participating interests accounted for at equity.

In the 2011 and 2010 financial years, no individual customer accounted for more than one percent of Group revenue. Information about non-current assets relates to intangible assets excluding goodwill, tangible assets, and repairable replacement parts. Allocation is according to the location of the respective asset.

Reconciliation of segment earnings with Group earnings

	2010		2011	
In EUR thousand	Mobile	Games	Mobile	Games
Operating profit/loss (EBITA)	4,063.9	-991.1	3,865.1	-4,168.5
Goodwill impairment charges	-356.1	-22.2	-1,624.2	-599.6
Operating profit/loss (EBIT)	3,707.8	-1,013.3	2,240.9	-4,768.1
Financial income and financial expenses	-65.7	-12.4	41.2	-89.5
Profit/loss before taxes on income	3,642.0	-1,025.7	2,282.1	-4,857.6
Taxes on income	-1,024.2	215.3	-827.9	917.9
Net profit/loss for the period	2,617.8	-810.4	1,454.2	-3,939.7
Share of earnings attributable to other shareholders	-667.0	126.1	-1,339.4	–
Profit/loss attributable to Bob Mobile AG shareholders	1,950.8	-684.2	114.8	-3,939.7

Reconciliation of segment assets and segment liabilities

	31/12/2010		31/12/2011	
in EUR thousand	Mobile	Games	Mobile	Games
Total assets	13,220.2	2,009.6	14,754.4	3,220.8
Other participating interests	162.5	–	162.6	–
Receivables from companies in which the company has a participating interest.	1,981.7	–	5,154.0	–
Cash and cash equivalents	1,571.1	61.1	2,089.6	56.1
Deferred tax assets	761.6	218.6	1,185.4	1,366.3

Fortsetzung auf nächster Seite

	31/12/2010		31/12/2011	
In EUR thousand	Mobile	Games	Mobile	Games
Segment assets	8,743.3	1,729.9	6,162.7	1,798.4
Total equity and liabilities	13,220.2	2,009.6	14,754.4	3,220.8
Equity	5,072.4	-591.6	9,443.3	-3,252.9
Deferred tax liabilities	–	–	95.1	–
Other provisions	1,393.5	5.3	1,434.0	84.5
Financial liabilities	1,392.6	8.7	101.4	–
Current income tax liabilities	–	–	256.0	104.2
Segment liabilities	5,361.7	605.4	3,424.5	1,131.1

(28) Consolidation scope as of December 31, 2011

Equity interest in %

Bob Mobile AG, Straelen, Germany	
BOB MOBILE Deutschland GmbH, Düsseldorf, Germany	100.00
BOB MOBILE Hellas S.A., Attiki, Greece	99.99
BOB MOBILE Nederland B.V., Amsterdam, Netherlands	100.00
Pink Adventure AG, Baar, Switzerland	100.00
Venga Mobile GmbH, Düsseldorf, Germany	100.00
Rheinkraft Production GmbH, Düsseldorf, Germany	100.00
Imobic GmbH, Düsseldorf, Germany	100.00
Just A Game GmbH, Berlin, Germany	100.00
Just A Game Hellas S.A. Attiki, Greece	75.00
Guerilla Mobile Berlin GmbH, Berlin, Germany	50.20
Guerilla Mobile Greece Ltd., Athens, Greece	50.20
Guerilla Mobile LATAM GmbH, Berlin, Germany	50.20
Guerilla Mobile Asia Pacific Pte Ltd., Singapore	50.20
Capital Games GmbH, Berlin, Germany	100.00

(29) Fee for auditor's services

The following fees were expensed in the 2011 and 2010 financial years for services rendered by the Group auditor WP StB Dipl. Kfm. E. Pipke (2010) and MAZARS (2011):

In EUR thousand	2010	2011
For auditing of the financial statements	45.6	101.5
of which for the Group auditor: WP StB Dipl. Kfm. E. Pipke	45.6	24.4
MAZARS	–	77.1
For other certification and valuation services	2.0	60.2
of which for the Group auditor: WP StB Dipl. Kfm. E. Pipke	2.0	0.6
MAZARS	–	59.6
For tax advice services	5.2	–
of which for the Group auditor: WP StB Dipl. Kfm. E. Pipke	5.2	–
MAZARS	–	–
For other services rendered for Bob Mobile AG or its subsidiaries	–	5.0
of which for the Group auditor: WP StB Dipl. Kfm. E. Pipke	–	–
MAZARS	–	5.0

The expenses for the auditing of financial statements paid to Mr. E. Pipke (certified public auditor and tax consultant) all represent expenses which arose in connection with the auditing of the consolidated financial statements as of December 31, 2010, which were prepared according to German accounting standards.

(30) Events after the balance sheet date

In the 2011 financial year, Bob Mobile AG concluded an agreement concerning the contribution of capital relating to all shares in Cliq B.V., Amsterdam, Netherlands. The legal preconditions for the transfer of the shares in Cliq B.V. to Bob Mobile AG were not satisfied until the coming into effect as of February 16, 2012.

In addition, Bob Mobile AG acquired in the 2011 financial year two shares in an amount of EUR 12,500 in Guerilla Mobile Berlin GmbH Berlin, and consequently the remaining 49.8% of the shares that were not yet owned by Bob Mobile AG.

A EUR 35.0 million loan was concluded with ABN Amro Bank to finance the transactions, which was split into EUR 25.0 million with a EUR 1.0 million monthly repayment, and an additional credit facility of up to EUR 10.0 million. Both of the loans carry a maximum interest rate of Euribor +300 basis points. Almost all of the company's assets were assigned as collateral for the loans. Shareholder loans were also entered into with the selling shareholders of Cliq B.V. (according to the proportion of their interests), as a consequence of which the company has access to shareholder loans totaling EUR 4.7 million (interest rate: Euribor +350 basis points). These shareholder loans are subordinated to the ABN Amro Bank loan.

Please refer to the information concerning „Subscribed capital“ (Note 18) and „Other financial obligations arising from pending business“ (**Note 22**).

Besides this, there were no other events that require reporting.

(31) Number of employees

The average number of employees in the 2011 financial year was as follows:

	2010	2011
Full-time employees	59	101
Germany	55	100
Abroad	4	1
Part-time employees	4	6
Germany	4	6
Abroad	–	–
Staff employed on a minimal time basis/trainees	13	12
Germany	13	12
Abroad	–	–
Total	76	119
Germany	72	118
Abroad	4	1

Straelen, June 18, 2012

Bob Mobile AG, Straelen

Remco Westermann

Luc Voncken
(since February 16, 2012)

Ben Bos
(since March 28, 2012)

Auditor's Report

To Bob Mobile AG, Straelen:

We have audited the consolidated financial statements prepared by Bob Mobile AG, Straelen – comprising the consolidated statement of earnings, the consolidated balance sheet, the statement of cash flows, the statement of changes in equity and the notes to the consolidated financial statements including the segmental reporting – together with the group management report for the business year from 1 January to 31 December 2011. The preparation of the consolidated financial statements and group management report in accordance with the IFRS as adopted by the EU and the additional requirements of German commercial law are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch – German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) [Institute of Public Auditors in Germany]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the IFRS and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in the consolidation, the determination of entities to be included in the consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRS as adopted by the EU, the additional requirements of German Commercial law and give a true and fair view of the net assets, financial position and results of operations of the group.

The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, June 18, 2012

MAZARS GmbH
Wirtschaftsprüfungsgesellschaft

Kleinmann
Certified Public Auditor

Stramitzer
Certified Public Auditor

Glossary

Term	Explanation
Android	Smartphone operating system developed by Google
App	Application for smartphones / tablet PCs
App-Store	Portal for the purchase and downloading of (mobile) applications
ARPU (Average Revenue per User)	Average Revenue Per User
B2B (Business-to-Business)	(Business) relationships between companies
Browser Games	Computer games played online via web browsers, and which do not need to be installed as programs on computers as is the case with conventional games
Business Intelligence System (BIS)	An IT-based information system which provides information about key corporate figures, and which supports efficiency improvements, planning and decision-making
Community Management	Community management is a form of managing an online community; community management functions as the connection between game operators and players
Cost per Click	(Advertising) costs per click on an online advertisement
Cost per Order	(Advertising) costs per order generated by a click on an online advertisement
Cost per View	(Advertising) costs per view of an online advertisement
CRM (Customer Relations Management)	Optimization of interaction with customers
Due Diligence	Review of takeover candidates; for example, from financial, legal and technical standpoints
EBIT (Earnings Before Interest and Taxes)	Earnings before interest and tax; operating earnings
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	Earnings before interest, tax, depreciation and amortization
Entry Standard	Deutsche Börse AG's transparency standards relating to communication and publication duties
Euribor (Euro InterBank Offered Rate)	Average interest rate in the inter-banking business at which European banks lend to each other
Free to play & Item Sale	Customers can register for free for this type of application, and play such games for free; only the utilization of additional items incurs costs

Fulfillment platform	Entirety of all technical activities that serve to conclude an agreement to supply customers
GEMA (Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte)	German collecting society that represents utilization rights arising from their members' copyrights (composers, publishers etc)
Gross margin	Revenue less variable costs
i-Frame	Simple structure for websites that allows, for example, another website to be presented within a frame within a website
IFRS (International Financial Accounting standards)	International accounting standards issued by the International Accounting Standards Board with the aim of establishing internationally comparable consolidated financial statements
iOS	Operating system for smartphones provided by Apple (iPhone)
Login flows and back-end	Login flows: technical processes for registrations or orders on the Internet / Back-end: background technical platform to process orders, payments etc
Multimedia Message Service Center (MMSC)	The Multimedia Messaging Service (MMS) is regarded as a further development of SMS (Short Message Service) and EMS (enhanced message service), and offers the opportunity to use a mobile telephone to send multimedia messages to other mobile end-devices or to normal e-mail addresses (see also SMSC)
Revenue share	Proportional distribution of revenues in cooperation ventures
Short Message Service Center (SMSC)	A Short Message Service Centre (SMSC) forms part of a GSM, UMTS or LTE mobile telephone network; it is responsible for the storage, further transmission, conversion and delivery of Short Message Service messages
Traffic	Data traffic on the Internet
Web-Page-Builder	Technical tool to provide support in the creation of Internet webpages

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Bob Mobile AG
Paesmühlenweg 8
47638 Straelen

Phone: +49 (0) 28 34 - 94 29 20 9
Fax: +49 (0) 28 34 - 46 29 94 09
E-mail: investor@bobmobile.ag

www.bobmobile.ag (Investoren)
www.bobmobile.de (Kunden)

Management Board: Remco Westermann (CEO)
Luc Voncken
Ben Bos

INVESTOR RELATIONS CONTACT

Corinna Neumann

Phone: +49 (0) 28 34 - 94 29 20 9
Fax: +49 (0) 28 34 - 46 29 94 09
E-mail: investor@bobmobile.ag

SETTING AND LAYOUT

cometis AG
Unter den Eichen 7
65195 Wiesbaden

Phone: +49 (0) 611 - 20 58 55 0
Fax: +49 (0) 611 - 20 58 55 66
E-mail: info@cometis.de

www.cometis.de

Bob Mobile AG

Paesmühlenweg 8
47638 Straelen

Phone: +49 (0) 28 34 - 94 29 20 9

Fax: +49 (0) 28 34 - 46 29 94 09

E-mail: investor@bobmobile.ag
www.bobmobile.ag

