NET MOBILE AG

2015
ANNUAL REPORT

net-mobile.com

CONTENTS

DEAR SHAREHOLDERS OF NET MOBILE AG, BUSINESS PARTNERS AND CUSTOMERS

In January this year, our majority shareholder DOCOMO Digital GmbH increased its stake in net mobile AG from 87.36 % to over 95 %. My fellow Board members and I welcome this development. We have already enjoyed an excellent working relationship over the past six years with the NTT DOCOMO Group, and NTT DOCOMO, INC. is now by far our most important customer. We are convinced that the acquisition of all outstanding shares and the subsequent full integration into the DOCOMO Group will open the way to the successful future of our company. It will enable even closer cooperation with NTT DOCOMO as well as our sister companies and thereby create additional synergies.

Our restructuring over the past two years has shown its effect in the past twelve months. We have been able to achieve a significant improvement in net profit compared to last year. Although Group sales declined compared to the previous year by 7.7 % to EUR 117.5 million, operating profit was improved. net mobile AG was able to book an EBIT of EUR 3.2 million at the end of the 2015 financial year.

The area Payment Solutions showed particularly healthy results during the financial year. 2015 was the most successful year for this area in the history of the net mobile Group. We could open up new markets and complete a total of 16 new Direct Carrier Billing implementations with major mobile operators around the world.

In the segment B2O & Media, we could win customers for our product MediaHub thanks to continuous product development and improvement with mobile network operators Sunrise, A1 and Vodafone.

At this point, I would like to thank our employees for their hard work. Dear Shareholders and Business Partners, I thank you on behalf of the Board for your confidence and loyalty.

Edgar Schnorpfeil
CEO

DEAR SHAREHOLDERS,

The 2015 business year was the most successful one in the history of net mobile AG with regard to the performance indicator IAV (sales minus directly attributable cost of sales).

The Group's newly determined focus on its successful core fields of business boosted the IAV and the second contribution margin, enabling a significant improvement in the Group's consolidated result. For this reason, we shall continue to pursue our policy of concentrating our efforts on our core fields of expertise, in order to achieve an enhancement of our efficiency and profitability.

That said, the Executive Board has communicated that it expects sales to fall slightly in the 2016 business year.

Throughout the entire 2015 business year, the Supervisory Board was made up of Mr Hiroyuki Sato as Chairperson, Mr Hideki Ebisawa as Deputy Chairperson and Alexander Straub as Board Member.

Again in 2015, the Supervisory Board duly performed the tasks with which it is entrusted by statutory law and the articles of association. It monitored the course of business and the activities of the Executive Board and advised the Board in matters regarding the management of the company. The collaboration between the Executive Board and the Supervisory Board was again characterised by a vigorous and trusting exchange. The Supervisory Board was directly involved in all material decisions. The Executive Board reported regularly, immediately and extensively to the Supervisory Board, both in written form and orally, as to the forecasts for the company, the development of the daily business, the strategic situation and the current situation of the Group, and discussed the company's strategic orientation and major transactions. This led to lively discussions and deliberations in the meetings.

The Chairperson also regularly exchanged information with the Executive Board outside the Supervisory Board meetings. This ensured that the Supervisory Board always remained informed and up to date about the development of the business activities and the major business events. In separate meetings with the Executive Board, the Chairperson of the Supervisory Board discussed the corporate strategy, the prospects, and the future focus of the various divisions of the company.

As planned, the effects of the value adjustments not affecting liquidity made in the 2014 annual accounts, which in accordance with section 92 para. 1 of the German Stock Corporation Act (AktG) led to the Executive Board of net mobile AG reporting a loss on 8 May 2015, were overcome during the course of the 2015 business year. The Supervisory Board closely monitored this procedure.

Focal points of the Supervisory Board meetings

Five Supervisory Board meetings were held in the 2015 business year. The Supervisory Board also made decisions, where necessary, in a written procedure outside the meetings.

Focal points of the meeting in February 2015 were the presentation of the budget of net mobile AG, which was approved after extensive discussion, the appointment of Ms Simone Wittstruck as a member of the Executive Board and the appointment of Mr Imran Khan to the position of Chief Operation Officer. Furthermore, the Supervisory Board also consented to the sale of the shares held in the private bank net-m privatbank 1891 AG.

In the meetings in May 2015, the agenda for the Annual General Meeting and proposed resolutions were approved. Further, in the balance sheet meeting, the annual and consolidated accounts for 2014 were discussed in detail. The Supervisory Board approved the annual and consolidated accounts, the management report, the group management report and the report on the controlled companies for the 2014 business year. Due to the continuing investigations pertaining to the defaulted receivables of net-m privatbank 1891 AG from RMM Metallhandel GmbH (cf. pages 4 and 6 of the 2013 annual report), the Supervisory Board decided to postpone the discharging of the Executive Board and Supervisory Board.

The focus of the meetings in December 2015 was on explaining the business figures from October 2015, presenting the possible sale of the Voice Business, selling the shares held in net-m privatbank 1891 AG, and drafting the share purchase agreement upon which the sale was to be based.

In 2015, the Supervisory Board also occupied itself with other circular resolutions, in which it agreed to simplifications in the structure of net mobile Group and the sale of the Voice Business, among other things.

Audit of the annual and consolidated accounts for 2015

The auditor elected by the shareholders' meeting – KPMG AG Wirtschaftsprüfungsgesellschaft – audited the annual accounts for the 2015 business year, the management report of net mobile AG as at 31 December 2015, the consolidated accounts for the 2015 business year and the group management report as at 31 December 2015, and issued each of these with an unqualified auditor's opinion. The consolidated accounts and the group management report were compiled in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied within the European Union, and the German statutory requirements as provided by section 315a of the German Commercial Code (HGB). The annual accounts were compiled in accordance with the provisions of the German Commercial Code. The auditor conducted his audit pursuant to the auditing standards published by the German Institute of Public Auditors (IDW) and the auditing standards generally accepted in Germany.

The documents mentioned and the audit report by KPMG AG Wirtschaftsprüfungsgesellschaft were submitted to the Supervisory Board in good time for review.

The documents and audit reports of the auditor were discussed in detail at the Supervisory Board meeting held on 17 May 2016, which Messrs Kuntz, Nölgen and Luckhaupt from KPMG AG Wirtschaftsprüfungsgesellschaft attended. The auditors reported on the main results of the audit and the reviews of the internal control and risk management systems, and came to the conclusion that these systems have no weaknesses worthy of note. At this meeting, the Supervisory Board discussed the annual accounts of net mobile AG, the consolidated accounts, the management and group management report and the existing risk management system. The auditors also explained in detail the scope, focus and costs of the audit and responded to all of the questions posed by the Supervisory Board.

Report on relationships with affiliated companies

The Executive Board has compiled a report on the relationships with affiliated companies for the 2015 business year. KPMG AG Wirtschaftsprüfungsgesellschaft audited this report, provided a written explanation of the audit's results and issued the following unqualified auditor's opinion:

"On the basis of our careful investigation and evaluation, we herewith confirm that

1. the factual information presented in the report is accurate,

2. the remuneration paid by the company for the transactions mentioned in the report was not inappropriately high, and

3. with regard to the measures mentioned in the report, no cause has been identified that would lead to a materially different assessment than that defined by the Executive Board."

The report on the relationships with affiliated companies and the audit report were submitted to the Supervisory Board and also discussed at the Supervisory Board meeting on 17 May 2016, and independently reviewed by the Supervisory Board. The auditor was present during the discussion of the report at the Supervisory Board meeting and reported the main results of the audit.

Committees

The Supervisory Board has not formed any committees.

Changes in the Executive Board

Taking effect as from 1 April 2015, Ms Simone Wittstruck was elected as a member of the Executive Board. She took over responsibility for the company's Finance division.

Ms Wittstruck was in charge of the Accounting and Taxes unit of the Group between 2009 and 2011. Since 2011, she has been responsible for the finances of a segment of net mobile AG in her capacity as Vice President Finance.

Mr Imran Khan, who had managed the Finance division on an interim basis, took on the position of Chief Operation Officer on 1 April 2015, where he was responsible, among other things, for the Human Resources and Customer Service units.

We wish Ms Wittstruck success with her new task. We are happy that the position on the Executive Board could be filled with an experienced employee of net mobile AG who has been with the company for such a long time.

Together with the Executive Board, the Supervisory Board wishes to thank the entire staff and workers' council of net mobile AG and all the Group companies for the great personal commitment and work during the past business year.

Final statements

After careful review, the Supervisory Board approved the audit results provided by the auditor pertaining to the annual and consolidated accounts and the respective management reports for the 2015 business year in the balance sheet meeting of 17 May 2016. After completing its own review, the Supervisory Board found, within the scope of the balance sheet meeting on 17 May 2016, that no objections to the annual accounts, consolidated accounts or management reports are to be raised, and it approved the annual and consolidated accounts and management reports. The annual accounts are therewith confirmed.

After completing its own review, the Supervisory Board also found, within the scope of the meeting on 17 May 2016, that no objections are to be raised to the Executive Board's declaration at the end of the report on the relationships with affiliated companies.

On behalf of the Supervisory Board

Hiroyuki Sato
Chairperson

Tokyo and Düsseldorf, 17 May 2016

CONSOLIDATED ANNUAL REPORT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2015

1. BACKGROUND OF THE GROUP

1.1 BUSINESS MODEL OF THE GROUP

net mobile AG is a leading international provider of payment solutions and mobile value-added services. Founded in November 2000, it was relaunched as an independent company on 10 April 2003 and is now considered one of the leading companies in the market. The product offerings in detail:

- Provision of payment methods via mobile phone bills (Direct Carrier Billing and Premium SMS)
- Provision and operation of IP-TV solutions
- Voice-telephony and interactive telecommunication services
- Products for mobile phones and other devices, such as Images, videos and games
- Payments, factoring and credit card acceptance and emission services

net mobile AG offers its clients so-called Full Managed Services: These include consulting, design, application, content, accounting (billing), data transport and technical implementation.

DOCOMO Digital GmbH, Dusseldorf (previously DOCOMO Deutschland GmbH), itself a subsidiary of the Japanese stock company NTT DOCOMO, INC, Tokyo, has been the majority shareholder of net mobile AG since 2009 with a current shareholding of 87.36 % as at 31 December 2015.

The net mobile AG Group comprised of the following companies in the past fiscal year:

- net-m privatbank 1891 AG (Dusseldorf),
- net mobile minick GmbH (Hamburg),
- SN Telecom GmbH (Frankfurt am Main),
- net mobile Schweiz AG (Glattbrugg / Switzerland),
- net mobile Minick Spain S. L. U. (Madrid / Spain),
- GOLDkiwi Media S. A. (Diegem / Belgium),
- First Telecom GmbH (Frankfurt am Main) (to 31.12.2015),
- First Communication GmbH (Frankfurt am Main) (to 31.12.2015),
- Payment United GmbH (Frankfurt am Main) (to 31.12.2015),
- net mobile UK Ltd. (London / Great Britain (to 30.09.2015),
- net mobile Verwaltungs AG (Glattbrugg / Switzerland) (to 30.06.2015).

The following changes took place within the Group in the financial year:

- net mobile Verwaltungs AG merged with net mobile AG Switzerland with a notarised contract dated 30.6.2015.
- net mobile UK Ltd. (London / Great Britain) initiated legal liquidation on 30.9.2015.
- net mobile AG acquired the shares in net mobile Minick Spain S. L. U. from net mobile AG Switzerland with a notarised contract dated 25.08.2015.
- First Telecom GmbH acquired the shares of Payment United GmbH from net mobile AG with a notarised contract dated 25.08.2015.
- Furthermore, the shares of First Telecom GmbH were sold by notarized contract dated 30.12.2015 (UR.Nr. 2114 for 2015 K) on 31.12.2015 24:00. In this way the two 100 % owned subsidiaries of First Telecom GmbH – First Communication GmbH and Payment United GmbH – also left the Group.

As a result of the sale of "First Group" (First Telecom GmbH, First Communication GmbH and Payment United GmbH) and the intention to sell net-m privatbank 1891 AG these entities will be recognised in the consolidated income statement as a discontinued operation in accordance with IFRS 5 (see detailed description in the information in the notes to the consolidated financial statements). In this context, the previous year's figures presented in this report have been adjusted accordingly.

The corporate structure of the net mobile Group

In order to focus on the core competencies of the company within the fast moving telecommunications market, the current corporate structure of net mobile AG came into force on 1 November 2014. On the one hand this new organisational structure shifted responsibility for the so-called Business Units on the Unit Leaders directly below the Board. On the other hand this structure allows a very specific alignment with interests of the respective customer groups. These changes also affected the management board of net mobile AG. The aim was a leaner and thus more efficient and more customer oriented organisational structure

The segment **"Payment Solutions"** includes the provision of payment methods via mobile phone bills, also known as **Direct Carrier Billing**. Since the start of the now successfully completed Group restructuring, net mobile AG considers **direct payment** via mobile phone bills as their core business. As a preferred partner of Google Inc. and Microsoft Corporation, net mobile AG enables worldwide more than 150 million customers to pay for digital products, such as applications and games from Google Play and Windows Phone Store platforms, quickly and easily via their mobile phone bill. Furthermore, the Segment **"Payment Solutions"** provides value-added service systems for the dispatch of paid content, information, services and text messages.

The Business Unit **"B2O & Media"** (Business to Operator and Media) covers business with mobile operators. Furthermore, net mobile AG offers worldwide exclusive mobile content and rights. Net mobile AG buys the exploitation rights in a lump sum or as part of a revenue share model and resells these to its customers.

The activity **"Voice Solutions"** covers the connection and rental of fixed-line numbers within an own network and related or closely associated services. Due to the new management focus this area of business was dropped following the sale of First Telecom GmbH at the end of the fiscal year.

The business activities in **"B2C"** (Business to Consumer) are primarily focused on offering customers – especially webmasters and marketing networks – a variety of portals covering a variety of content categories to monetize their marketing measures to the maximum.

The organisation of the Segment **"Bank / PSP"** remains unchanged. Equipped with a Europe-wide full banking license and as a "Principal Member" of the two leading credit card companies MasterCard and VISA—with licenses for card issuing and acquiring—the net mobile Group provides financial services within this area such as comprehensive national debit services, multi-domestic direct debit (national and SEPA) and secure multi-currency credit card acquiring services as well as PSP (Payment Service Provider) and mobile POS solutions (POS = Point of Sale). Strategically established as an international transaction banking division of the Group, it has the capacity to provide automatic and seamless multi-currency acquisition services for any type of card-based transactions. It also provides "Multi-Niche-Issuing", whereby the latest features and added value for cardholders are implemented to simultaneously increase customer loyalty via co-branding. The Group issues both its own card products as well as a variety of customised solutions for co-branding solutions on behalf of cooperation partners.

As part of net mobile Group's realignment, the Management Board cleared the procedure to dispose of the "Bank / PSP" segment in the 2014 financial year. As part of the decision "Bank / PSP" was designated a disposal group was declared a "discontinued operation" in accordance with IFRS 5 and is thus reported separately throughout the Annual Report. The sale is expected in the year 2016.

Net mobile AG's optimised organisational structure is thus based around the following three Business Units:

- Payment Solutions
- B2O & Media
- B2C

Following the realignment and improvement of net mobile Group's organisation into different business units the number of employees was reduced by the end of the financial year 2015 to 212 employees (2014: 233).

net mobile continues to open up new markets in 2015

The financial year 2015 marks the hitherto most successful year in terms of the IAV Performance Indicator (Revenue – directly attributable cost of sales) for the Payment Sector of net mobile AG. There were a total of 16 new Direct Carrier Billing contracts that could be successfully implemented in 2015 that contributed to this success. In addition to numerous Google and Microsoft Carrier Billing projects, the connection of two new countries for the Reselling Sector can also be added. Worldwide net mobile AG operates payment solutions in more than 18 countries in close cooperation with leading network operators, major global players in the IT industry as well as many regional service providers.

The Business Unit B2C (Business to Consumer) unit reported stable figures with various mobile entertainment services. The entertainment services are currently available in six different European countries, including Germany, Austria, Switzerland, France and Spain. In addition Belgium was connected with the two largest operators Mobistar and Belgacom in the fourth quarter. Overall new and existing generated customers remain at a stable level in all countries. In addition, the last financial year was marked by several structural and personnel changes, as well as the creation of a new software development team. At the same time it was decided to create new software for shop and customer management so as to satisfy the demands of a very performance oriented business sector.

In the discontinued "Voice Solutions" operation the Group could aggregate another Carrier. In addition, numerous brokerage services have been ported to the connected carrier networks. By implementing a cloud solution with central speech recognition customer dialog can be simplified, so that customer satisfaction could be significantly increased. The conversion of networks to VoIP is trendsetting, allowing innovative services across all customer groups in addition to significant cost savings.

net mobile AG is often represented by its own subsidiaries In its most important markets, but the group sells its products worldwide. net mobile AG, alongside NTT DOCOMO INC., also supports 21 mobile operators, with a total of 22 Google Play, 7 Microsoft and 6 other Global Payment connections. Moreover, net mobile AG offers the mobile content of a large US content provider on a worldwide exclusive basis

1.2 RESEARCH AND DEVELOPMENT

Internally produced and capitalised assets for software developments were reduced from the previous year by 1,400 TEUR to 3,688 TEUR (2014: 5,088 TEUR). The share of Internally produced and capitalised assets covering total research and development outlay in the financial year 2015 amounted to 49.3 %. During the reporting period depreciation on capitalised development totaling 4,641 TEUR (2014: 4,173 TEUR) were made. Adjustment was also made an unscheduled depreciation totaling 1,790 TEUR. This resulted from the closure of the old MaxMedia- and Minick platforms.

Due to this special business model, the net mobile Group achieves the highest added value for the company and its shareholders through in-house software development (in contrast to buying in external software). Besides in-house developed software, the acquisition of customer rights as well as third-party billing functionalities are crucial for the commercial success of net mobile Group.

As at December 31 2015, the net mobile Group employed 79 (2014: 83) staff in research and development.

In the past financial year, the following R&D group-wide projects took place:

Net mobile AG continued to further develop its Direct Carrier Billing solution in 2015 and was able to connect five additional mobile operators to the Google Play platform as well as five additional links to the Windows Phone Store. In particular, to pick an example, for mobile operators of Telefonica O2 Group, of StarHub Group, the Three Group as well as Turk Telekom (formerly Avea). Furthermore six connections could also be implemented with mobile operators within the sector Trusted GP.

The R&D area of the "B2O&Media" segment can look back on a good year in 2015. From a purely technical point of view the migration of our portals in the new media segment of the data centre in Frankfurt could be completed in the first quarter. By clearing the old data centre in Hamburg the costs of production have been significantly reduced and will increase quality significantly. Production was also further optimised within the data centre in Frankfurt by also transferring Sky Channel (Vodafone MobileTV) from an intermediate solution in the new media segment. This simplified the management of our production and increase the quality of our products. Another point of improvement was the introduction of EasyDep, a tool with which deployments can be carried out fully automatically and above all faster. Furthermore, during the third quarter we started to move our media segment in the Cloud. Depending on the load or other requirements (e. g. latency to customers' systems) this be moved immediately to the Cloud. This already happens in Mobile TV, where the streams are distributed via a Cloud solution, which was necessary among other reasons, because the number of mobile TV users more than doubled from approximately 30,000 at the end of 2014 to approximately 70,000 in 2015. A project to optimise our storage costs was finally conducted in 2015. Due to the high amount of media data (c.60 TB) the dependence of storage costs in "B2O&Media" is particularly high. However at the same time the security requirements for the storage of these media files are very low, because we can retrieve them at any time from our partners.

In addition to optimising our production, the development of our products lay to the fore in 2015. With the Media Hub a new class of portals was introduced which allows the integration of several partners' products and services in a single portal. This solution of connecting with a fresh, new and especially interactive user interface has proved extremely popular. The Hub has already been sold to Sunrise, A1 and Vodafone among others. At Vodafone even in the form of three themed portals based around entertainment, health and mobility. The same technology is also used in the field of adult entertainment, mainly to increase the reaction rate and interactivity, which has a significant impact on subscriptions take-up figures. In Apps the year 2015 saw, in addition to an optimisation of mobile TV in particular, the establishment of a mobile TV app for Windows 10.

Within research and development there was a focus on 2 priorities in particular in 2015. Firstly in the sector Anyscreen, there was a focus was on expanding our features for stationary set-top boxes. Through cooperation with Dolby we are now able to stream Dolby Digital + and even Dolby Atmos signals alongside Ultra HD and HD streams. With Dolby Atmos we are one of the first in the German market. The second focus was the development of a virtual TV studio as an app for iOS. This idea was developed at a Hackathon in ARD & ZDF in Hanover in June and was presented for the first time at the Swiss Broadcasting SRF and the ARD in February and March 2016.

2. ECONOMIC REPORT

2.1 MACRO-ECONOMIC AND SECTOR-RELATED FRAMEWORK

Economic growth in the EU supports global growth

In 2015, the economic situation in Germany was marked by solid and steady economic growth. According to initial calculations of the Federal Statistical Office the gross domestic product (GDP) in 2015 was on average higher by 1.7 % than the previous year. In the previous year GDP grew at a similar rate with an increase of 1.6 %. In comparison GDP growth was only 0.3 % in 2013. A longer term view holds that economic growth in 2015 lay higher than the average of the last ten years of +1.3 % again.(1) In 2015 consumption was also the most important engine of the German economy: Private consumption expenditure grew by 1.9 % (2014: 1.1 %), public expenditure lay as much as 2.8 % (2014: 1.0 %) higher. Investment also rose: together business and government invested 3.6 % more. German foreign trade gained further momentum in 2015 and exported 5.4 % more goods and services (price-adjusted) than last year.

The sharp drop in oil prices caused significant economic growth in the EU and supported global growth. However, low interest rates and low inflation muted this positive effect. In 2015, the real gross domestic product in the EU increased by 1.9 % and in the Euro area by 1.6 %.(2) According to forecasts by the European Commission, the EU will face growth of 2.1 % and 1.9 % in the Euro area in 2016.(3) Also Spain, one of net mobile Group's most important European market recorded an increase in 2015 as per the previous year. According to the National Statistics Institute INE the gross domestic product grew in the first quarter by 0.9 %, in the second even by 1.0 %, but declined slightly by 0.8 % in the third and fourth quarter respectively.(4)

According to the Chinese Bureau of Statistics the world's second largest economy also increased gross domestic product by 6.9 %, but is slightly lower compared to last year at 7.4 %.(5)

This development is of great importance for companies that are active internationally, as well as the net mobile Group. As both the US and China are the growth engines of the world economy they affect economic expansion in many other economies – and thus also the markets where the net mobile Group operates as an international company.

Overall, the worldwide gross domestic product increased in 2015 by 3.1 % and was thus 0.3 percentage points lower than the previous year.(6)

Growth forecasts raised: for the first time there are more than one million employees in the ICT industry

At the end of 2015 companies in information technology employed more than one million people. Also, record turnover within the information technology (IT) sector in 2015 grew by another 1.9 % to 156 billion EUR over the previous year.(7) This was announced by the Federal Association for Information Technology, Telecommunications and New Media (BITKOM). This assessment was based on forecasts by the European Information Technology Observatory (EITO).

According to BITKOM, information technology remains the most important driver of growth. According to forecasts turnover rose in 2015 by another 3.5 % to EUR 80.4 billion.(8)

The slight increase of 0.9 % in the telecommunications market was mostly attributable to increasing demand for equipment and infrastructure systems. A total volume for the telecommunications market of EUR 65.8 billion was predicted. In particular smartphones and other devices increased by 5.5 % to EUR 9.8 billion. The business with infrastructure systems also increased by 3.6 % to EUR 6.5 billion.

More and more smartphones and tablet computing devices are replacing traditional entertainment electronics and digital consumer electronics such as MP3 players or simple digital cameras. According to Bitkom sales of consumer electronics are forecast to decline by –3.8 % to EUR 9.8 billion.

This is a development from which the net mobile Group benefits enormously, because the Group's solutions and products, which cover mobile payment methods to entertainment content, are primarily used on smartphones and tablet computers.(9)

The international smartphone market continues to grow

After a world record number of 1.3 billion smartphones sold in 2014, this figure increased to over 1.4 billion in 2015.(10) For net mobile AG this development can only be regarded as extremely positive as the company operates internationally and can thus benefit from high global smartphone density. In Germany in 2015, the Google Android operating system retains a market share (in terms of sales) of about 70 %, far ahead of Apple's iOS with a share of approximately 20 %.(11) Google Apps, with around 1.5m offers, also tops Apple with its 1.4 million.(12)

The telecommunications industry is one of the fastest moving and most vibrant technology industries of our time. In the past fiscal year, despite the extremely active competitive environment, net mobile Group was able to maintain its global market leadership in the core segment Payment Solutions (payments via mobile phone bills) and, thanks to its connection of 22 wireless service providers with 35 services in Google Carrier Billing, continues to be global market leader.

2.2 BUSINESS DEVELOPMENT

Group turnover for the financial year 2015 amounted to 117,500 TEUR (2014: 127,355 TEUR) and is a fall of 9,855 TEUR, an equivalent of about 7.7 %. This decline in sales matches the previous year's forecast. In the previous year's prognosis the Board predicted a slight increase in IAV and a significant increase in 2nd Contribution Margin. The IAV developed in 2015 with 29,645 TEUR (2014: 29,517 TEUR) as expected. This positive development is mainly attributable to the acquisition of new customers in the area of Mobile Payments and new carriers for the product Direct Carrier Billing. The 2nd Contribution Margin rose by over 58 % to 14,276 TEUR (2014: 9,026 TEUR).

The reason for this are the three core elements established by the Board for controlling the Business Units:

- Clear priorities and investing in the capabilities of the company and its employees
- Reorganisation to enable growth, the creation of an agile, well-aligned organisation
- Optimisation of costs as a continuous process to improve the efficiency and effectiveness of the business sectors

2.3 CURRENT SITUATION

2.3.1 Earnings performance

Since the beginning of the financial year 2014 the Board has placed great weight on the internal management of the Group and in particular the following three performance indicators: turnover, Industrial Added Value (IAV = revenue - directly attributable cost of sales) and 2nd Contribution Margin (2nd CM = IAV - personnel expenses and bonus expenses - other operating expenses + management fees + restructuring costs + value adjustments + other operating income - other taxes).

Group turnover of the last financial year amounted to 117,500 TEUR (2014: 127,355 TEUR) and has therefore decreased by 9,855 TEUR. The IAV rose as expected from 29,517 TEUR to 29,645 TEUR (+128 TEUR). Thus, the relationship between IAV and sales increased from 23.2 % to 25.2 %. The 2nd Contribution Margin totaled 14,276 TEUR (2014: 9,026 TEUR). Consequently, a significant increase was achieved. This was due to the three aforementioned core elements for controlling the Business Units.

The development at segment level is as follows:

The segment **"Payment Solutions"** recorded a drop in sales of 5,483 TEUR to 101,558 TEUR (2014: 107,041 TEUR) in the financial year 2015. The IAV lay at 22,420 TEUR (2014: 19,393 TEUR). The reduction in turnover was primarily due to new regulations in the market for mobile payment business and the loss of a major client. Nevertheless IAV saw an increase of about 15.6 %. This positive development was due to the product Direct Carrier Billing and in particular the acquisition of new large clients and the expansion of business activities with existing clients. The 2nd CM was 19,078 TEUR, i. e. around 18 % on the previous year (2014: 16,161 TEUR).

The segment **"B2O & Media"** posted turnover of 7,235 TEUR, down 1,596 TEUR, or down around 18.1 % from the previous year (2014: 8,831 TEUR). The sales decline resulted primarily from the discontinuation of operations in lower-margin product lines and the downturn in the area of content with one of our exclusive partners in this segment. The IAV decreased by 35.9 % to 4,295 TEUR (2014: 6,697 TEUR). A 2nd CM amounting to 1,098 TEUR was achieved (2014: 3,006 TEUR).

The segment **"B2C"** generated turnover amounting to 8,707 TEUR and was thus around 2,776 TEUR below the previous year's turnover (2014: 11,483 TEUR). The IAV lay at TEUR 2,930 and was approximately 14.5 % down on the previous year (2014: 3,428 TEUR). There was a 2nd CM amounting to 1,904 TEUR (2014: 2,147 TEUR). The main reason for the decline in turnover was the loss of a major client in the Spanish market. This fact is also reflected in the IAV and in the 2nd CM. We can positively report that the segment "B2C" succeeded in establishing itself in the French market. The plan forsees that in the 2016 financial year more countries will be signed up.

Overall, this resulted, as mentioned above, a 2nd Margin Contribution of 14,276 TEUR. This is broken down as follows:

TEUR	2015
Payment Solutions	19,078
B20 & Media	1,098
B2C	1,904
General Business Areas	-7,804
	14,276

Personnel expenses dropped to 11,290 TEUR (2014: 13,030 TEUR). In parallel, the in-house software development outlay of 5,088 TEUR of the previous year dropped to 3,688 TEUR.

Allowances for accounts receivables decreased compared to the previous year by 1,297 TEUR. The penalty of a Spanish mobile operator for a former key account in the previous year played a significant factor here. net mobile AG ended the business relationship with the client in this area.

The depreciable amount of the previous fiscal year totaled 13,129 TEUR (2014: 14,211 TEUR), resulting in a reduction of 1,082 TEUR. The lower write-offs compared to the previous year are primarily caused by the reduction in the amortisation of goodwill of TEUR 4,580 in the previous year to TEUR 1,000 in the financial year 2015. In turn, exceptional depreciation amounting to TEUR 2,902 was made. This took place this year mainly due to the closure of the old MaxMedia- and Minick platforms.

The results of the financial year improved compared to the previous year (2014: TEUR -2,607) to 2,589 TEUR to EUR -18 TEUR. In the previous year, the financial result contained in particular amortisation of financial assets amounting to 1,676 TEUR, which resulted primarily from the sale of the non-consolidated investment portfolio. In the financial year 2015, such expenses were not incurred. Interest expenses in the previous year (2014: -649 TEUR) reduced by 272 TEUR to -377 TEUR. The change is mainly due to reduction in the use of capital as part of the net mobile Group.

The result of the discontinued operations in the financial year amounted to TEUR -3,146 (2014: -20,741 thousand). The sector "Bank / PSP" are allotted -1702 TEUR and -1444 TEUR are allotted to the sector "Voice Solutions".

The consolidated net loss improved due to the factors described on the previous year to -947 TEUR (2014: -27,146 TEUR).

2.3.2 Financial Situation

The net mobile Group – without the designated to be sold division "Bank / PSP" – ended the financial year 2015 with cash and cash equivalents amounting to 1,572 TEUR (2014: 401 TEUR). The Group's equity increased by 11,677 TEUR compared to last year and now amounts to 16,729 TEUR at balance sheet date. This was mainly caused through the value appreciation of the VISA participation of net-m privatbank AG in 1891, reflected in other operational income, amounting to 12,889 TEUR, so that the equity ratio of 2.3 % rose to 7.5 %. The Group could significantly reduce the debt to banks in the year 2015. The main reason for this was the improved cash management in the net mobile Group and the ensuing reduction in trade receivables as well as entry into the Global Cash Management System of NTT DOCOMO Group. The NTT DOCOMO Group generates cash flow from financing activities at net mobile AG. net mobile Group received funding of up to EUR 23 million from DOCOMO Digital GmbH at balance sheet date via a cash pool. Under certain conditions there is a special right of termination. DOCOMO Digital is itself provided with a special termination rights cash pool agreement financed by NTT DOCOMO INC. Lenders assume that net mobile AG Group is part of NTT DOCOMO Group when giving their approval. In addition, DOCOMO Digital GmbH granted the net mobile

Group an earmarked loan of EUR 3 million in the financial year. Furthermore net mobile Group received a long-term loan of EUR 27 million from NTT DOCOMO Group.

For the further development of the Group, net mobile Group has secured standby credits totaling EUR 21.5 million for the financial year 2016 that have been assured predominantly without obligation with a maturity of one year. The amount of promised but unused credit lines is approximately 19.5 million EUR.

Current liabilities to banks amounted to 2,000 TEUR (2014: 11,246 TEUR). The decline is – as already mentioned – due to the improved cash management in the net mobile Group and the associated reduction in trade receivables as well as joining the Global Cash Management System of NTT DOCOMO Group.

In the financial year 2015, the Group slightly increased its level of investment in tangible and intangible assets. Total investments amounted to 7,716 TEUR (2014: 7,589 TEUR) in the financial year 2015. Significant investments were made especially in the areas of intangible assets as well as technical installations. The liquidity analysis carried out was also based on the cash flow statement. Reference to the latter is hereby made. Cash flow from operating activities amounted to 20,611 TEUR (2014: –74,490 TEUR), while cash flow from investments –441 TEUR (2014: –7775 TEUR) and cash flow from financing activities lay at –9,246 TEUR (2014: 11,305 TEUR), respectively.

2.3.3 Net Asset Position

net mobile Group's balance sheet total reduced slightly compared to the previous year. This fell by –259 TEUR to a total of 218,443 TEUR (2014: 224,432 TEUR), and this was due not least to the disposal of the "Voice Solutions" and the related deconsolidation of the corresponding balance sheet items. However, due to the appreciation in value of the VISA participation of net-m privatbank AG 1891, there was an increase in the balance sheet total amounting to 12,889 TEUR

Long-term assets declined from the previous year to 11,076 TEUR to 29,142 TEUR (2014: 40,218 TEUR). The most significant change resulting from depreciation of intangible assets. Here in particular, exceptional depreciation amounting to 2,902 TEUR came to the fore, resulting predominantly from the closure of the old MaxMedia- and Minick platforms. Furthermore, there was a reduction in non-current assets over the previous year as a result of the deconsolidation of the business unit "Voice Solutions" in 2015.

Current assets (excluding assets held for sale) amounted to 28,908 TEUR (2014: 36,299 TEUR) as at December 31 2015. This decrease is mainly due to the reduction in receivables from goods and services. The main reason was the improved cash management within the net mobile Group.

Total shareholders' equity amounted to 16,729 TEUR (2014: 5,052 TEUR) at year-end 2015. This includes a consolidated net profit of EUR –947 TEUR (2014: –27,146 TEUR).

The long-term borrowed capital compared to the previous year (2014: 0 TEUR) increased by 27,257 TEUR to 27,257 TEUR. The reason for this was essentially a long-term loan of EUR 27 million from NTT DOCOMO Group.

Current liabilities (excluding liabilities held for sale) amounted to 37,422 TEUR (2014: 80,332 TEUR) as at 31 December 2015. The reduction by 42,910 TEUR over the previous year is attributable to the reduction of accounts payable from supplies and services and on the other liabilities to banks, which fell by 9,246 TEUR to 2,000 TEUR. Other financial liabilities decreased by 22,121 TEUR to 16,581 TEUR. These include liabilities to DOCOMO Digital GmbH totaling 12,263 TEUR (2014: 36,608 thousand).

2.4 GENERAL STATEMENT

The new focus of the Group on its successful core areas has strengthened the IAV and the 2nd Contribution Margin as well as generated a significant improvement in net profit. The Board of net mobile AG sees this as confirmation of the chosen strategy and is confident that, together with the employees, it can promote the positive growth of the net mobile Group. The main shareholder of net mobile AG welcomes this development and encourages it with further financial support.

3. SUPPLEMENTARY REPORT

On 25 February 2016 DOCOMO Digital GmbH initiated a squeeze-out procedure at net mobile AG. It informed the Board of net mobile AG that it had now increased its shareholding to over 95 % as a result of the public tender offer of 14 January 2016 and demanded a squeeze-out. At the next AGM of net mobile AG it will therefore be agreed (according to §327a AktG) to transfer the shares of the remaining shareholders (minority shareholders) to the principal shareholder in return for an appropriate cash settlement.

Net mobile AG assumes that its subsidiary net-m privatbank 1891 AG, a member institution of Visa Europe Limited, will benefit by EUR 17 million as part of the planned acquisition of Visa Europe Limited by Visa Inc. The proposed acquisition is subject to approval by relevant regulatory authorities and is expected to be completed by the end of the second quarter 2016. After assessment of the existing information about the proposed acquisition, net mobile AG assumes that its subsidiary will receive EUR 11 million in cash and EUR 4 million in preferred shares of Visa Inc in the financial year 2016. However, these amounts may be adjusted. In addition, a further payment to net-m privatbank 1891 AG amounting to approximately EUR 1 million plus 4 % interest p. a. to be made three years after the deal is concluded, presuming net-m privatbank AG 1891 consents to this agreement and remains a member of Visa for more than three years.

4. FORECAST, OPPORTUNITIES AND RISK REPORT

4.1 FORECASTING REPORT

For the financial year 2016 the Board of net mobile AG expects a slight decline in turnover. Because of the company's focus on its core skills, the Board expects to continue developing its efficiency and profitability. For this reason, a slight increase in IAV (2015: 29,645 TEUR) is expected in 2016, while a slight decline in the 2nd Contribution Margin (2015: 14,276 TEUR) is assumed.

In the segment "Payment Solutions", revenue is expected to decline slightly, while a slight increase is expected in "B2O & Media". "B2C" is expected to decline slightly.

With respect to the IAV management expects that this will increase significantly in the segments "Payment Solutions" and "B2O & Media". In "B2C" it is expected to rise slightly.

Regarding the 2nd Contribution Margin, the Board expects a slight increase in "B2O & Media" and a slight decrease in "Payment Solutions" and "B2C" for 2016

#2016: The German ICT market expects continued growth

81 % of all IT and telecommunications companies expect increased sales in 2016. These positive expectations support net mobile AG's chances in 2016. The planned development will have a positive impact on the labour market. Six out of ten companies are planning to create additional jobs.(13)

The modest upturn in which the economy in the euro zone has found itself for some time will continue. According to predictions by the ifo-Institute for Economic Research, consumer demand is the main driver behind this development, triggered by a recent fall in oil prices and higher incomes. In addition, public expenditure is expected to increase more, especially in Germany as a result of refugee migration. Finally, companies will increase their investments due to low interest rates and rising capacity utilisation. Analysts therefore expect an increase in real GDP of 1.8 % (2015: 1.5 %).(14, 15)

4.2. RISK REPORT

4.2.1 Risk Management System

As an international group net mobile Group is subject to numerous risks. Which is why effective risk management is critical to the sustainable safeguarding of the company's future. The Board of net mobile AG monitors the development of the Group continuously using a risk-management system. At the beginning of the year, a month-by-month performance-based planning is created by the product and segment managers of net mobile AG.

A target-performance comparison is carried out on a monthly basis, the deviations are discussed and the results presented to the Board. A long-term liquidity planning associated with daily monitoring of cash flows supports the management of liquidity. An SAP system ensures the systematic controlling process: key figures are determined accurate to the day, deviations are monitored continuously.

A team of technicians and programmers controls the technical systems of net mobile AG 24 hours a day, seven days a week. Automated processes help to uncover deviations, so that they can be corrected as quickly as possible.

In order to make the economic development of the company even more transparent, net mobile has introduced an ERP (Enterprise Resource Planning) from SAP. The proprietary management information system (MIS) is continuously developed. This is based on the software solution "Business Objects" and "SAP Business Warehouse". As a so-called MIS tool, net mobile uses "Cognos Business Intelligence". The management information system provides the Board with extensive information about the company, making it easier to control: the Board can thereby recognise risks earlier, exploit opportunities forcefully.

4.2.2 Risks

The following risks are sorted, except for the general banking risks described in Section 4.2.3, according to their relative importance (determined based on the probability of occurrence and potential impact towards achieving planned objectives). The risks are presented on a gross basis, the risk mitigation measures are directly explained. The general banking risks are explained in detail in section 4.2.3 on the basis of individual risk categories.

Should these risks occur a negative deviation from projected forecasts is expected.

Major shareholder dependency

Due to its financial structure, net mobile AG depends on its major shareholder DOCOMO Digital GmbH and its integration within the NTT DOCOMO Group. The credit agreements and overdraft facilities negotiated with the banks, as well as the inclusion in the Global Cash Management of the NTT DOCOMO Group, assumes a close affiliation with the NTT DOCOMO Group itself. This risk applies to all business sectors.

Dependency on a few major shareholders

As with comparable companies, the net mobile Group – especially the segments "Payment Solutions" attains the majority of its revenues with a relatively small number of customers. These are cooperation partners who support net mobile's product marketing. Some established customers are of relatively great importance, thereby establishing a dependence. To overcome such dependence, the net mobile Group strives to increase the cooperation with further partners and to enlarge the customer base.

Regulatory risks

As with the entire mobile business sector, the net mobile Group is naturally exposed to government regulation. For instance, customer protection authorities in the USA and Indonesia have contested certain premium services and have thus prevented the settlement of such services. The Management Board of net mobile AG closely monitors all regulatory development within the market areas addressed by the net mobile Group. At present, the Management Board does not expect a complete elimination of business opportunities but nevertheless, the regulatory environment can exacerbate at any time, having an adverse affect on revenues and earnings. Basically, there may be European Union regulations which have effects on the Voice products of net mobile. The consumer protection policies of the new Federal Government may also aim to adopt more stringent measures.

net mobile Group opened up markets in Spain, Thailand and Malaysia with products from their "B2C" segment in 2013. Meanwhile this segment also started its business activities in France. Big growth opportunities, especially those in Asian countries, are however offset by the risk of possible regulation of network operators that may affect traffic and thus the volume of business.

To increase consumer trust in new telecommunication services, the mobile industry established a Code of Conduct for value-added services as early as 2006. This voluntary commitment sets industry-wide guidelines for the provision of value added services by SMS, MMS or online. They go far beyond the legally required consumer protection standards in the hope of counteracting a further tightening of the legal framework.

However, should it come to further statutory interference with an accompanying business volume reduction, it could ultimately lead to a significant decline in market volume.

Currency risks

In the past few years, the net mobile Group has become increasingly internationalised with numerous business connections abroad. This involves currency risks – albeit only in the case of receivables, liabilities and liquid funds that exist in a currency other than the company's functional currency (therefore not the euro). Larger amounts from international deliveries and services are realised in foreign currencies. In the segment "Payment Solutions" substantial income, particularly in "Global Business Solutions", is generated with a major client which is settled in Yen (JPY) and currently – like the other, lower currency risks (for example in the USD area and TRY) – is not subject to foreign currency hedging.

Risk of receivables default

The net mobile group sees mainly in the segments "Bank / PSP" and "B2C" a certain risk of receivables default. The management of this risk is reduced by a so-called blacklisting system: This continuously monitors user behaviour of end customers; based on this experience, the maximum possible use of net mobile services is limited for each end customer.

Management has commissioned professional collection agencies for the collection of outstanding debts, the work of these being continuously measured within a benchmark process.

In the other business segments of the net mobile Group, the risk of receivables default is usually lower, as the Group's business model – based on prepaid and contracts includes an overhang of liabilities vis-a-vis customers as compared to receivables. However, the loss of larger individual receivables may create a significant burden on results. In particular, the further internationalisation of the Group includes an increase of the risk of receivables default.

Settlement risks

The net mobile Group offers numerous products for download, including the processing of payments. The remuneration of copyrighted works such as songs and movies and payment transactions involve the operational risk of determining royalties either too high or too low; too low determined charges may draw additional claims of rights holders. The complexity of the activities can also lead to the misinterpretation of transactions codes – with the result that payments to marketing partners and customers might be made for which no income had been generated. This risk relates primarily to the segment "Payment Solutions".

The net mobile Group has counteracted this settlement risk through a greater process orientation, through the four-eye principle and with an SAP-based ERP system. Every rights holder can check the history of all relevant transactions, from ordering through to the invoicing of the license fee, thanks to a transparent Data Warehousing system.

Technical Risks

Technical progress and increasing transaction volume require net mobile Group to constantly increase the efficiency of its technical systems. The high complexity of the technical equipment could, in principle, lead to a partial or total failure of the system – potentially for a significant period of time.

Net mobile Group counteracts such operational risks through increasing system stability on the one hand and through close monitoring of day-to-day operations on the other. Net mobile tests new products during standard operations without degrading system performance through a separate test system. For selected customers, the company has completed a business liability insurance thereby hedging complete system failure. However, such insurance is not established for all products or customer groups.

4.2.3 General banking risks

Risk Management System

The risk management of the bank is characterised by its strategic focus on service oriented business, which is more prone to operational risks. Additionally, the counterparty credit risk is a significant risk to the bank. The commenced realignment programme has been further developed and the business areas augmented to stable pillars with acceptable levels of risk. In the reporting year, the risk management systems have been consistently enhanced and adapted to the latest developments within business operations. A comprehensive risk inventory was conducted in the 4th quarter. Special attention was paid to the mapping of the risks of new business segments. The Board has established a focused business and risk strategy. This is complemented by sub-strategies for the main business segments.

As in the past fiscal year, the bank primarily works together with cooperation partners. The Bank is responsible for complying with the legal requirements. The cooperation partners partially assume sales, technical processing and the risk monitoring and management of listed dealers. The supervision of the cooperation partners was heavily expanded last year and is the focus of further development of the risk management system.

Organisational structure

In order to assist the Management Board in the area of Risk Management, a so-called Senior Management Team has been created which, in addition to the Board members and executive personnel, includes the divisional leaders of essential business sectors.

General responsibility for operational risk management lies with the Risk Management division and In addition, the responsible departments are repectively involved in monitoring and control tasks: for the control and monitoring of counterparty credit risk within the Processing Banking division, for market and liquidity risk within the Finance and Transaction divisions. Operational risk management is within the responsibility of the Risk Management division.

According to the guidelines laid down in the audit manual, the company's internal auditing regularly checks the organisational measures taken in the monitoring and controlling of the various risk categories and is thereby a significant component of the monitoring system. Subsections of the internal auditing were outsourced to Ebner Stolz Mönning Bachem GmbH & Co. KG, Stuttgart, during the year. Overall responsibility remains with the Management Board of the bank.

The regulations on risk management, the internal monitoring system and the regulations for monitoring all significant business risks are anchored in the organisational guidelines of the bank.

The net-m bank sees risk-bearing capacity analysis as a dynamic controlling tool to regulate and strategically focus business operations. In risk-bearing capacity analysis, the counterparty risk, the market price risks and operational risks are taken into account.

An overall bank risk report, including the measurement of the utilisation of the overall banking limits and sub-limits, is prepared quarterly. In addition to these quantitative analyses, qualitative assessments of individual business units and the resulting risks are also carried out.

The Management Board and the Supervisory Board are continually informed through the various reports on the current business and risk situation. The reporting is essentially through the quarterly risk and credit risk reports. In addition, a monthly risk report was produced in 2015, which was discussed with the Risk Committee of the Supervisory Board. The risk-related information is also available to all other concerned and involved employees. At the weekly meeting of the Management Board (Board members and executive management) the main developments of the bank are also discussed and the relevant staff incorporated. Furthermore, a two weekly meeting of the Senior Management Team takes place. In a weekly full bank meeting all employees are informed about the key issues.

Counterparty credit risk

Counterparty credit risk denotes the risk that a borrower is unable to meet contractual obligations, either in part or not at all. Included are thus losses due to credit standing or inability / willingness of the business partner to pay.

The bank considers counterparty credit risk to be a major risk. To shield and contain the risks in the lending business, up to the balance sheet date and beyond, the granting of credit is based on the following principles:

- The Bank operates lending within the standard banking and factoring business areas. In accordance with this business strategy, the Bank works together in this area principally with cooperation partners who take over the handling and receivable management.

- The Bank mainly awards credits within the field of standard banking in cooperation with sales partners. The business is essentially awarding standardised overdraft or loans to the sales partners' end customers or employees, generally standardised and processed using checklists and partially with collateral. In addition, microcredits are given in cooperation with a service provider: Here there is also a guarantee to cover potential risks through outsourced processes.

- Further individual cases are possible in accordance with the business strategy, but require the vote of the full Board for exceeding the criteria for non risk-relevant lending business.

- Loans are only given on the basis of a credit rating or through sufficient collateral. The terms and conditions are governed by risk-adjusted pricing.

- Loans are only granted when the projected financial capacity to repay can be assessed through verifiable documentation or repayment is ensured by collateral.

- All transactions are immediately offset against the previously granted borrowers limits for individual borrowers and borrower units.

The early identification of counterparty credit risk is carried out primarily through the monitoring of customers' payment behaviour. In addition, the analysis of the loan portfolio is part of the quarterly credit reports and, if necessary, further measures are introduced. Conspicuous exposures are monitored separately or transferred to intensive care.

The identification of counterparty credit risk is effected by analysis of the bank's credit portfolio, quantified by means of expected and unexpected loss. The regulation of default risks at the full portfolio level is supported through a diverse range of analysis. Counterparty credit risk of receivables from instalment or account purchase, or rather the factoring / invoice & instalment business, are assessed on the basis of externally supplied probabilities of default.

The resulting regulations through the implementation of "Basel III", in particular compliance with assessing the adequacy of own funds within the valid Solvency Regulation (SolvV) and the requirements of the CRR / CRD IV, have been taken into account. The company is linked to a technical service which implements the requirements of Basel III / CRD IV in the ERP system. The portional limit for counterparty credit risk was not always adhered to in the financial year 2015. In March, the limit was exceeded in the area Invoice and Installment Business in negative cases, and in June, the limit for standard banking in both cases. Overruns prompted countermeasures. These consist primarily of collection of collateral in the Factoring / Invoice & Instalment business; further relief of the limits result from individual value adjustments in the area of standard banking. On the date of balance, the limit was not exceeded.

Liquidity risks

Liquidity risk is the risk that the bank is no longer able to meet current or future payment liabilities or payment liabilities without restriction.

The liquidity risk is due primarily from dependence on refinancing opportunities in the market and the requirements monitoring matched-maturity refinancing.

Based on the comparison of liquid assets, inflows and outflows, the sustainable solvency of the bank is depicted by the new regulatory liquidity ratio, the Liquidity Coverage Ratio. As at reporting date, this ratio was 212 percent, which is well above the required minimum of 60 percent. Liquidity was assured at all times.

To analyse and quantify liquidity risks, additional daily liquidity reports are provided in which the daily core capital quotas and total bank quotas are established. Furthermore, liquidity reporting is carried out on a monthly basis, in which the planning forecast figures for the cash inflows and outflows are anchored and which are adapted if necessary. Based on these values, eventual predictions for overnight risks can be taken.

Market risk

Market price risks of the bank are generally the interest rate variation risk, exchange rate risk or foreign currency risk. The interest rate variation risk, generally resulting from the maturity transformation at the overall bank level, is a major market price risk for the bank. Trading book positions in accordance with Art. 4 para. 1 No. 85 in conjunction with No. 86 CRR are not adopted on principle, the limits of Art. 94 CRR not exceeded.

In the management of interest rate risk, interest risks are considered which result from the different intererest rate of the client and proprietary business. The commercial status evaluation of own business occurs here. Foreign currency positions are usually closed positions. The time shift between deposit and withdrawal – and here in particular by the amounts withheld by payments from credit card invoicing – may lead to small valuation differences during acquisition that are assessed with regard to risk accordingly. Furthermore, currency risks in the area factoring / invoice & instalment business due to timing differences between payments to dealers and payments-in at retail are possible, especially in the event that payments-in at retail are not done in the settlement currency.

The assessment of the periodic interest rate variation risk at the overall bank level is done via a simulated calculation based on position-specific interest rate adjustment parameters. With this simulated calculation, the interest income effect of expiring and new businesses are taken into account and the impact of interest rate changes on the earnings of the bank is determined. For this purpose, all balance sheet and off-balance sheet items of the bank, subject to interest rate variation risk, are included.

Operational risk

Operational risks include the possibility of losses due to inadequate systems and controls, human and mechanical error as well as management errors and external influences, such as natural disasters.

Operational risks are measured within the RTF by damage risk and earnings risk; it is derived at by means of a continuously maintained loss database and annually conducted self assessment.

Self-assessment is carried out in parallel with the annual risk inventory and the values are updated accordingly. Here, all business and work fields of the bank are examined in terms of potential and future risks. The sum total of all possible risks in the risk-bearing ability calculation are taken into account.

The existing loss database, to control and qualitatively evaluate operational risks out of actual and potential damage scenarios, is continuously refined. The working processes, as regulated in the organisational guidelines are continuously revised. Inspection and supervision is anchored in the framework of the audit plan of the internal audit. Thus risks are identified at an early stage. Verification is done alongside the corresponding reports and is supported systemically by revisWEB software and forms the basis for the elimination of identified shortcomings.

The external data centre commissioned by the bank, realises IT back-ups constantly. The functionality of the computer systems was ensured at all times during the reporting period.

To avoid legal risks, all laws and regulations and the legal capacity and contractual ability of counterparties are closely examined. If possible, standardised customary industry contracts are used. When required in individual cases, additional legal advice is sought from recognised law firms with relevant professional qualifications.

The sub-limit for operational risk was not met in March and June of the financial year 2015. On both balance dates, the negative-case limit was exceeded.

The structure of the bank's risk management system and their associated processes take the planned business strategy fully into account and allow given and potential risks to be monitored.

Sales risks arise primarily from the dependence on current sales partners and sales channels, inasmuch that set targets are not met.

Risks which can occur within the area of payments are potential chargebacks. However, open receivables from customers are generally covered by security deposits that are regularly checked and adjusted.

Stress testing

Jeopardising risks from the illustrated relevant risk types are only currently recognised within stress situations.

The operational implementation of credit management, particularly in the business area Factoring, remains regularly within the cooperation partners' domain and mainly includes the activities of customer service, claims management, risk management, reporting, creating payment files, reminders and handing over defaulted receivables to debt collection agencies. The Bank is contractually assured regular inspection rights and the bank is entitled to check the cooperation partner's risk management, working processes as well as organization thereof by an auditor, accountant or internal audit, an MLA Officer or the bank's data protection officer. In summary, it must be noted that the dependency on cooperation partners, with the resulting outsourcing of receivables management, involve risks in which, in this context, the cooperation with several partners has a positive and counter-concentrational effect.

Risks from the economic environment may result from the continuation of current uncertainties in the financial markets with the result that the number of corporate bankruptcies and unemployment rates rise and thus the propensity to consume is reduced.

This business environment could burden the perspective of the bank's business areas. The aforementioned general risks, particularly the absence of refinancing opportunities, higher refinancing costs and lower profit margins, can have negative effects on the bank. In order to secure long term refinancing, the bank has primarily concentrated on creating instant access savings accounts and term deposit accounts. The call money rate can be controlled via interest rates. Trends in conditions in the market as also the supply of overnight money are monitored, in-place escalation procedures ensure a timely response.

Risks in the main business areas are as follows:

Factoring / Invoice and Instalment Business

The risks in this business area result mainly from counterparty credit default risk and operational risk. The bank works together with arvato infoscore within the area of ratings in order to identify risks at an early stage. Furthermore, surveillance of the activities of partners has been extended and on-site inspections carried out.

Regulation is mainly based on the drawn and paid volumes. With increasing volumes counterparty risk and operational risk increases. Payment development, the composition of the receivables portfolios, the credit rating of the claim debtor, the dealer and cooperation partners are increasingly monitored to identify risks at an early stage. In order to limit dilution, risks documents are regularly requested for individual demands on a random sampling basis and evaluated by the partners. If abnormalities occur, this indicates possible risks that are reviewed and escalated as necessary.

Direct Debit & Direct Credit

Risks arise mainly because income is not generated to the expected extent and because of the risk of return debit notes. The control quantity variable here is the volume of business development. Operational risks increase with increasing volumes. Furthermore, regular monitoring of the return debit notes quota allow for an early detection of aberrations, thereby guarding against potential risks.

Card Acquiring / Card Issuing

Risks arise in particular by the non-achievement of sales objectives by cooperation partners, falling margins and operational risks. The failure of individual partners, their own sales risks and the postponement of planned new partnerships and projects can significantly strain the development and profitability of the Bank. During collaborations there are risks associated with the failure to meet sales targets and thus a lack of revenue streams and changing conditions, which could also lead to declining margins. As card issuing volumes are low the risks are low and mainly consist of negative contribution margins.

The Important indicators in terms of risk monitoring is the number and frequency of chargebacks and fraud rates among individually processed traders. High chargebacks can result in higher security requirements for card companies. High fraud rates may cause penalties to be imposed on the bank under the AMP (Acquirer Monitoring Programme) at VISA.

In the worst case scenario, the bank would lose its licenses with the credit card organisations. This would also cause serious reputation damage. Because of fraud rates in the overall portfolio at the beginning of the year, the bank was in the AMP (Acquirer Monitoring Programme) with VISA. Since mid 2015, the quota has improved significantly. The bank is not in the AMP and the security requirements of the credit card companies was able to be reduced.

Dealers are constantly monitored by both the bank and the cooperation partners. Declining transaction volumes of transactions outside the planned reductions can lead to yield risks, which is counteracted by regular monitoring of the transaction volume.

Standard Banking

The risks in this business result primarily from risk of counterparty credit default and market risks. Furthermore, there are risks through partner-organised sales, as the bank cannot influence the achievement of objectives, besides the economic situation of the partners, in particular when they contribute to the collateralisation of procured end-customers.

Overnight funds are the main means of liquidity control. Risks harbour unplanned outflows and market-side increases in conditions. The outflows are monitored and controlled through daily and monthly liquidity monitoring. The key indicator for controlling is the credit balance at the Deutsche Bundesbank, the bank's internal escalation and thresholds values are defined. In the area of customer receivables, indicators are overdrafts and arrears, feedback from Schufa or Crefo, which are constantly monitored by the employees involved.

Across all units, employee fluctuation and customer relationships determine the central control variables. Employee fluctuation can be compensated short term by external consultants. As a preventive, contacts to employment agencies exist. Customer fluctuation is countered by increased acquisition or the addition of further cooperation partners.

The Implementation of operational processes due to the ongoing development of the bank as a transaction bank and expansion carried out in the past financial years through both new and the expansion of existing cooperations, has placed high demands on the bank in all aspects of management and development and the standardisation of processes and IT structures.

4.2.4 Overall Risk Overview

The net mobile Group operates in a market that is subject to constant change. Only companies that continuously develop innovative products can survive in the long run. Therefore a reliable innovation is essential for the existence of the net mobile group—this is inextricably linked with funding for the necessary investments.

Regarding the risk structure of net mobile Group, the dependence on the major shareholder DOCOMO Digital GmbH – as well as its integration into the NTT DOCOMO Group – is the central element: The financing of the Group depends heavily on the involvement of its integration which is coupled to the maintaining and further granting of loans. Since net mobile AG and its subsidiaries are closely involved in the NTT DOCOMO Group, the management does not see any acute risks that could jeopardise the continued existence of net mobile Group. However, the development of the company depends on whether it is possible to achieve long-term positive results and cash flows in the future.

Should the financial support of NTT DOCOMO Group not follow in the future and no sufficient funding by banks, or loans from related parties or similar measures be available, the survival of the company would be threatened due to illiquidity.

The NTT DOCOMO Group exerts a financing role at net mobile AG. As at balance sheet date net mobile Group received funding from DOCOMO Digital GmbH of up to EUR 23 million via a cash pool. Special termination rights exist under very specific conditions. DOCOMO Digital is in turn funded via a special termination rights cash pool agreement by NTT DOCOMO. Lenders assume that net mobile AG Group is part of NTT DOCOMO Group when giving their approval. With effect from 1 April 2015, funding within the NTT DOCOMO Group has been redesigned. Net mobile AG received a long-term loan of EUR 27 million from NTT DOCOMO INC. with a term of five years. In return, the existing line of credit in the cash pool was reduced with effect from 1 April 2015 from EUR 50 million to EUR 23 million.

4.3 OPPORTUNITY REPORT

4.3.1 Opportunities

Opportunities are ranked according to their relative importance (determined by the probability of occurrence and potential impact on the achievement of the objectives): When opportunities are realised a positive deviation from those projected forecasts is expected.

Opportunities through the majority shareholding of DOCOMO Digital GmbH

From the perspective of the Management Board of net mobile AG, the majority shareholding of DOCOMO Digital GmbH in net mobile AG offers the following specific advantages and opportunities:

1. Stability: The excellent reputation and financial strength of NTT DOCOMO INC. radiates a positive light on net mobile AG. We are now more than ever regarded as a stable and reliable business partner.

2. Innovation: The NTT DOCOMO Group is one of the most innovative mobile operators worldwide. This means that net mobile has the potential to adapt successful Japanese value-added services to the European market and then subsequently to provide these services to the European network operators.

3. Important business relationship and client reference: NTT DOCOMO INC. has developed to become the largest client (measured at IAV or the 2nd Contribution Margin). net mobile AG provides the technical interface between Microsoft and Google Play marketplace also Trusted GP and the billing system for NTT DOCOMO INC. With this reference, net mobile AG managed to convince another 21 network operators to commission a similar service with itself. This service has become the most important product of net mobile AG.

4. Business agent: The NTT DOCOMO Group maintains excellent relationships with potential clients for the net mobile Group such as the Telefonica Group, Vodafone or the Asian operators of Connexus Alliance. DOCOMO executives invite us over and over again to participate in discussions with these companies and offer our services.

Internationalisation
A great opportunity for net mobile Group arises from its internationalisation strategy, successfully implemented for years. In the future, the Group plans to open up foreign markets further, especially in Asia and Africa. net mobile AG's affiliation to DOCOMO Digital GmbH and the DOCOMO NTT Group facilitates and promotes this internationalisation.

Cooperation
Collaborations with multinational media companies, brand owners and entertainment companies offer the net mobile Group the opportunity to grow internationally. Consequently net mobile AG can market their services, proven in the German market, to foreign markets. This opportunity has been opened up by the association with DOCOMO Digital GmbH. net mobile Group's entertainment platforms continue to hold strong potential for an international roll-out through partners and affiliates.

Developed platforms
The in-house developed platforms have given the Group a clear competitive advantage. They allow the net mobile Group a rapid entry into new markets with attractive growth prospects.

Paid use of billing systems by third parties
The net mobile Group's proprietary and highly complex intellectual property right billing system also offers a business opportunity. The company has invested continuously in transparent accounting systems and has established a special position in the market. Since competitors can manage their content accounts via the net mobile Group, opening these systems for use by third parties creates additional revenue streams. This opportunity can be provided primarily by the segment "Payment Solutions".

Positive economies of scale
Gross profit growth and profitability are closely linked with the business model of the net mobile Group. An expansion of the business volume causes, for technicalreasons, economies of scale. These so-called economies of scale are reflected in increasing margin contributions. If the fixed costs remain constant – because no further system development is needed – the percentage proportion of sales and administrative expenses to gross profit decreases. The margins increase.

Variations in exchange rates
Since the net mobile Group does not currently hedge exchange rate risks, there is a chance of a positive deviation from the planned exchange rate development, especially for the Yen (JPY), the US Dollar (USD) and the Turkish Lira (TRY).

4.3.2 Overall view of the opportunities

The greatest opportunity for net mobile Group is in opening up new international markets. Thanks to the NTT DOCOMO Group member and major shareholder DOCOMO Digital GmbH, net mobile AG's available financial framework – credit agreements and overdraft facilities – is suitably aligned. This secured financing allows the company to expand and facilitates new product development. The expansion of business volume is in turn connected to positive economies of scale.

5. CONCLUDING STATEMENT BY THE BOARD PURSUANT TO § 312 PARA. 3 AKTG

We hereby declare as the Management Board of net mobile AG that under the circumstances known to us at the time of the act or omission of reportable transactions, no legal transactions or activities impairing the Company's interests have been engaged in.

Dusseldorf, 13 May 2016

net mobile AG

Edgar Schnorpfeil   Simone Wittstruck   Imran Khan

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM JANUARY 1 UNTIL DECEMBER 31, 2015

in EUR	Note *	2015	2014 adjusted **
Revenues	(19)	**117,499,589.25**	**127,355,033.19**
Cost of sales		**- 91,054,316.27**	**- 104,591,997.78**
Gross margin		**26,445,272.98**	**22,763,035.40**
Selling Costs	(20)	- 2,967,741.24	- 3,495,405.51
Research And Development Costs	(21)	- 3,792,689.98	- 3,287,419.02
General Administration Costs	(22)	- 2,272,763.92	- 2,933,033.71
Restructuring Costs	(23)	- 51,000.00	- 196,042.87
EBITDA Before Valuation Adjustments		**17,361,077.83**	**12,851,134.29**
Valuation Adjustments	(24)	- 495,494.66	- 1,792,104.54
EBITDA After Valuation Adjustments		**16,865,583.17**	**11,059,029.75**
Amortization and Depreciation	(25)	- 13,129,259.25	- 14,210,540.64
Other Expenses	(26)	- 496,144.51	- 545,723.10
EBIT		**3,240,179.41**	**- 3,697,233.99**
Interest Income	(27)	9,984.57	36,780.20
Interest Expenses	(27)	- 377,050.22	- 648,819.04
Financial Expenses	(28)	- 788,054.55	- 2,411,701.49
Financial Income	(28)	1,137,228.33	376,905.08
Results From Associated Companies	(29)	0.00	39,742.07
Financial Result		**- 17,891.87**	**- 2,607,093.18**
Consolidated Net loss before Income Taxes		**3,222,287.54**	**- 6,304,327.17**
Income Taxes	(30)	- 1,023,283.16	- 100,978.66
Consolidated Net loss from continued operations		**2,199,004.38**	**- 6,405,305.83**
Consolidates Net Loss after tax from discontinued operations	(31)	- 8,876,457.41	- 20,741,118.73
Consolidated Net Loss		**- 6,677,453.03**	**- 27,146,424.56**
Other Comprehensive Income			
Items that are or may be reclassified to profit or loss			
Assets held for sale - Net changes in Fair Value		12,888,760.00	0.00
Deviations resulting from currency volatility		- 413,098.60	157,326.00
		12,475,661.40	157,326.00
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit liability		148,710.20	- 96,738.00
Other Comprehensive Income		**12,624,371.60**	**60,588.00**
Total Comprehensive Income		**5,946,918.57**	**- 27,085,836.56**

* The notes are related to the explanations in Section 4. of the Notes to the consolidated financial statements.
** See Notes (31).

in EUR	Note *	2015	2014
Earnings Per Share			
Numerator	(32)		
Consolidated net loss in EUR		**– 6,677,453.02**	**– 27,146,424.55**
Denominator			
Number of shares outstanding at the beginning of the fiscal year		12,448,207	12,448,207
Number of new shares issued in fiscal year		0	0
Number of shares outstanding at the end of the year		12,448,207	12,448,207
Average number of shares outstanding		12,448,207	12,411,836
Adjusted number of shares outstanding		**12,448,207**	**12,411,836**
Undiluted and deluted Result per Share in EUR		– 0.54	– 2.18

* The notes are relates to the explanations in Section 4. of the Notes to the consolidated financial statements.
** See Notes (33).

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2015
ASSETS

in EUR	tn*	31 Dec. 2015	31 Dec. 2014
A. Non-current Assets			
I. Property, Plant and Equipment	(1)	1,903,401.87	2,402,897.06
II. Intangible Assets	(2)	15,653,949.80	24,252,231.45
III. Goodwill	(3)	8,511,607.55	9,511,607.55
IV. Deferred Tax Assets	(5)	3,072,877.54	4,050,853.80
		29,141,836.76	**40,217,589.86**
B. Current assets			
I. Trade Receivables	(6)	19,611,559.64	32,022,438.55
II. Other Financial Assets	(7)	7,512,902.95	3,654,319.78
III. Other Non-Financial Assets	(7)	211,213.54	221,395.28
IV. Cash and Cash Equivalents	(9)	1,571,856.87	400,677.40
V. Assets held for sale	(10)	160,393,499.18	147,915,266.73
		189,301,032.18	**184,214,097.74**
		218,442,868.94	**224,431,687.60**

* The notes are related to the explanations in Section 4. of the Notes to the concolidates financial statements.

LIABILITIES

in EUR	tn*	31 Dec. 2015	31 Dec. 2014
A. Equity	(11)		
I. Share Capital		12,448,207.00	12,448,207.00
II. Capital Reserves		5,228,499.69	19,750,552.65
III. Consolidated Year Results		-6,677,453.03	-27,146,424.56
		10,999,253.66	**5,052,335.09**
B. Non-Current Liabilities			
I. Financial Liabilities	(12)	27,257,247.42	0.00
		27,257,247.42	**0.00**
C. Current Liabilities			
I. Provisions	(14)	105,261.61	180,365.80
II. Accounts Payable	(15)	18,735,751.44	30,202,796.34
III. Liabilities to Banks	(16)	2,000,000.00	11,246,338.47
IV. Other Financial Liabilities	(17)	16,581,450.44	38,702,913.84
V. Liabilities held for sale	(18)	142,763,904.37	139,046,938.06
		180,186,367.86	**219,379,352.51**
		218,442,868.94	**224,431,687.60**

* The notes are related to the explanations in Section 4. of the Notes to the concolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF DECEMBER 31, 2015

in EUR	Share capital	Capital reserves	Accumulated deficit	Currency translation reserves	Other reserve	Total
	Attributable to the owners of the Company					
		Reserves				
as of 01/01/2015	**12,448,207.00**	**100,716,112.42**	**-80,473,327.24**	**-189,518.50**	**-302,714.03**	**19,750,552.65**
Result						
Rebooking prior year loss	0.00	0.00	-27,146,424.56	0.00	0.00	-27,146,424.56
Group Profit or Loss	0.00	0.00	0.00	0.00	0.00	0.00
Other comprehensive income						
not yet recognised Assets held for sale	0.00	0.00	0.00	0.00	12,888,760.00	12,888,760.00
Actuarial gains and losses not yet recognized	0.00	0.00	0.00	0.00	148,710.20	148,710.20
Currency Profit/Loss	0.00	0.00	0.00	-413,098.60	0.00	-413,098.60
Total comprehensive income	**0.00**	**0.00**	**-27,146,424.56**	**-413,098.60**	**13,037,470.20**	**-14,522,052.96**
Transactions with owners of the company						
Contributions and distributions						
Issue of ordinary shares	0.00	0.00	0.00	0.00	0.00	0.00
Other contributions	0.00	0.00	0.00	0.00	0.00	0.00
Total contributions and distributions	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Changes in ownership interests						
Acquisition of non-controlling interest without a change in control	0.00	0.00	0.00	0.00	0.00	0.00
Total changes in ownership interests	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Total transactions with owners of the company	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Other neutral changes	0.00	0.00	0.00	0.00	0.00	0.00
as of 12/31/2015	**12,448,207.00**	**100,716,112.42**	**-107,619,751.80**	**-602,617.10**	**12,734,756.17**	**5,228,499.69**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY PER 31 DECEMBER 2014

in EUR	Share capital	Capital reserves	Accumulated deficit	Currency translation reserves	Other reserve	Total
	Attributable to the owners of the Company					
		Reserves				
as of 01/01/2014	**12,448,207.00**	**100,716,112.42**	**-30,645,532.35**	**-346,844.50**	**-205,976.03**	**69,517,759.54**
Result						
Rebooking prior year loss	0.00	0.00	-49,786,680.89	0.00	0.00	-49,786,680.89
Group Profit or Loss	0.00	0.00	0.00	0.00	0.00	0.00
Other comprehensive income						
not yet recognised Assets held for sale	0.00	0.00	0.00	0.00	0.00	0.00
Actuarial gains and losses not yet recognized	0.00	0.00	0.00	0.00	-96,738.00	-96,738.00
Currency Profit/Loss	0.00	0.00	0.00	157,326.00	0.00	157,326.00
Total comprehensive income	**0.00**	**0.00**	**-49,786,680.89**	**157,326.00**	**-96,738.00**	**-49,726,092.89**
Transactions with owners of the company						
Contributions and distributions						
Issue of ordinary shares	0.00	0.00	0.00	0.00	0.00	0.00
Other contributions	0.00	0.00	0.00	0.00	0.00	0.00
Total contributions and distributions	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Changes in ownership interests						
Acquisition of non-controlling interest without a change in control	0.00	0.00	0.00	0.00	0.00	0.00
Total changes in ownership interests	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Total transactions with owners of the company	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Other neutral changes	0.00	0.00	-41,114.00	0.00	0.00	-41,114.00
as of 12/31/2014	**12,448,207.00**	**100,716,112.42**	**-80,473,327.24**	**-189,518.50**	**-302,714.03**	**19,750,552.65**

Consolidated net loss	Equity total
– 27,146,424.56	**5,052,335.09**
27,146,424.56	0.00
– 6,677,453.03	– 6,677,453.03
0.00	12,888,760.00
0.00	148,710.20
0.00	– 413,098.60
20,468,971.53	**5,946,918.57**
0.00	0.00
0.00	0.00
0.00	**0.00**
0.00	0.00
0.00	**0.00**
0.00	0.00
0.00	0.00
– 6,677,453.03	**10,999,253.66**

Consolidated net loss	Equity total
– 49,786,680.89	**32,179,285.65**
49,786,680.89	0.00
– 27,146,424.56	– 27,146,424.56
0.00	0.00
0.00	– 96,738.00
0.00	157,326.00
22,640,256.33	**– 27,085,836.56**
0.00	0.00
0.00	0.00
0.00	**0.00**
0.00	0.00
0.00	**0.00**
0.00	0.00
0.00	– 41,114.00
– 27,146,424.56	**5,052,335.09**

DEVELOPMENT OF THE ASSETS IN THE BUSINESS YEAR 2015

in EUR	Acquisition and production costs					
	Balance as of 01/01/2015	In	Downs	Transfers	Exchange differences	Balance as of 12/31/2015
I. Tangible assets						
Property, Plant and Equipment	353,385.92	5,680.93	-44,918.12	0.00	-0.01	314,148.72
Technical Equipment and machinery	2,892,575.76	402,487.08	-1,071,100.96	47,500.00	662.95	2,272,124.83
Other Equipment, office furniture and equipment	1,254,539.66	89,073.32	-314,181.44	0.00	0.02	1,029,431.56
Prepayments	224,772.44	97,567.62	0.00	-221,472.44	0.00	100,867.62
	4,725,273.78	**594,808.95**	**-1,430,200.52**	**-173,972.44**	**662.96**	**3,716,572.73**
II. Intangible assets						
Industry Property rights and licenses	16,211,425.62	2,842,537.95	-12,471,033.39	0.00	117,576.76	6,700,506.94
Software	2,406,454.72	589,960.72	-2,121,989.17	173,972.44	6,877.95	1,055,276.66
Self developed Software	31,196,128.93	3,688,286.20	-15,317,644.24	0.00	0.00	19,566,770.89
	49,814,009.27	**7,120,784.87**	**-29,910,666.80**	**173,972.44**	**124,454.71**	**27,322,554.49**
III. Goodwill						
Goodwill	15,091,307.76	0.00	-1,916,255.70	0.00	0.00	13,175,052.06
	69,630,590.81	**7,715,593.82**	**-33,257,123.02**	**0.00**	**125,117.67**	**44,214,179.28**

Accumulated Depreciation and amortisation							Book value	
Balance as of 01 / 01 / 2015	In	IAS 36 In	Write-ups from over-depreciation	Downs	Exchange differences	Balance as of 12 / 31 / 2015	Balance as of 12 / 31 / 2015	Balance as of 12 / 31 / 2014
127,728.99	41,927.26	0.00	0.00	- 39,237.19	0.00	130,419.06	183,729.66	225,656.93
1,368,494.65	415,836.59	0.00	0.00	- 868,201.34	0.00	916,129.90	1,355,994.93	1,524,081.11
826,153.08	167,010.13	0.00	0.00	- 226,541.31	0.00	766,621.90	262,809.66	428,386.58
0.00	0.00	0.00	0.00	0.00	0.00	0.00	100,867.62	224,772.44
2,322,376.72	**624,773.98**	**0.00**	**0.00**	**- 1,133,979.84**	**0.00**	**1,813,170.86**	**1,903,401.87**	**2,402,897.06**
9,209,728.85	3,058,022.69	1,100,201.50	0.00	- 9,774,488.36	0.00	3,593,464.68	3,107,042.26	7,001,696.77
- 1,057,681.76	1,238,942.01	0.00	0.00	- 1,874,186.00	0.00	- 1,692,925.75	2,748,202.41	3,464,136.48
17,409,730.73	5,002,552.17	1,790,123.24		- 14,434,340.17		9,768,065.97	9,798,704.92	13,786,398.20
25,561,777.82	**9,299,516.87**	**2,890,324.74**	**0.00**	**- 26,083,014.53**	**0.00**	**11,668,604.90**	**15,653,949.59**	**24,252,231.45**
5,579,700.21	0.00	1,000,000.00	0.00	- 1,916,255.70	0.00	4,663,444.51	8,511,607.55	9,511,607.55
33,463,854.75	**9,924,290.85**	**3,890,324.74**	**0.00**	**- 29,133,250.07**	**0.00**	**18,145,220.27**	**26,068,959.01**	**36,166,736.06**

DEVELOPMENT OF THE ASSETS IN THE BUSINESS YEAR 2014

in EUR	Costs of acquisition and production						
	Account carried forward 1 Jan. 2014	Accrual	Outflow	Regrouping in as assets held for sale	Transfers	Exchange rate differences	Status 31 Dec. 2014
I. Tangible assets							
Property, Plant and Equipment	352,118.18	1,607.00	-920.33	0.00	0.00	581.07	353,385.92
Technical Equipment and machinery	2,487,631.76	819,531.10	-415,518.47	0.00	0.00	931.37	2,892,575.76
Other Equipment, office furniture and equipment	1,707,332.44	123,647.00	-181,706.62	-395,633.99	0.00	900.83	1,254,539.66
Prepayments	381,163.76	218,266.54	-1,612.50	0.00	-373,348.76	303.40	224,772.44
	4,928,246.14	**1,163,051.64**	**-599,757.92**	**-395,633.99**	**-373,348.76**	**2,716.67**	**4,725,273.78**
II. Intangible assets							
Industry Property rights and licenses	38,506,114.32	113,586.26	-22,205,834.62	-261,085.57	0.00	58,645.23	16,211,425.62
Software	6,449,156.92	815,503.56	-5,215,166.41	-25,978.13	373,348.76	9,590.02	2,406,454.72
Self developed Software	25,698,782.05	5,497,346.88	0.00	0.00	0.00	0.00	31,196,128.93
	70,654,053.29	**6,426,436.70**	**-27,421,001.03**	**-287,063.70**	**373,348.76**	**68,235.25**	**49,814,009.27**
III. Goodwill							
Goodwill	30,961,694.22	0.00	0.00	-15,870,386.46	0.00	0.00	15,091,307.76
IV. At-equity investments							
Financial investments accounted for under the equity method	1,353,314.51	0.00	-1,353,314.51	0.00	0.00	0.00	0.00
V. Financial assets							
Investments	764,993.33	0.00	-605,405.06	-159,588.27	0.00	0.00	0.00
Other long-term financial assets	30,223,246.29	0.00	-3,712,697.04	-26,510,549.25	0.00	0.00	0.00
	30,988,239.62	**0.00**	**-4,318,102.10**	**-26,670,137.52**	**0.00**	**0.00**	**0.00**
	138,885,547.78	**7,589,488.34**	**-33,692,175.56**	**-43,223,221.67**	**0.00**	**70,951.92**	**69,630,590.81**

Accumulated depreciation and depreciation expenses								Carrying value	
Account carried forward 1 Jan. 2014	Accrual	IAS 36 accrual	Attributions	Outflow	Regrouping in as assets held for sale	Exchange rate differences	Status 31 Dec. 2014	Status 31 Dec. 2014	Status 31 Dec. 2013
83,701.13	44,255.85	0.00	0.00	- 811.77	0.00	583.78	127,728.99	225,656.93	268,417.05
1,427,105.67	350,463.24	0.00	-1,453.86	- 408,346.35	0.00	725.95	1,368,494.65	1,524,081.11	1,060,526.09
855,873.09	220,955.53	0.00	0.00	-115,070.69	-136,203.99	599.14	826,153.08	428,386.58	851,459.35
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	224,772.44	381,163.76
2,366,679.89	**615,674.62**	**0.00**	**-1,453.86**	**- 524,228.81**	**-136,203.99**	**1,908.87**	**2,322,376.72**	**2,402,897.06**	**2,561,566.25**
26,824,252.18	4,397,436.29	0.00	0.00	- 21,945,368.47	-103,523.58	36,932.43	9,209,728.85	7,001,696.77	11,681,862.14
2,600,910.87	1,500,207.15	0.00	0.00	- 5,139,372.49	- 25,978.13	6,550.84	-1,057,681.76	3,464,136.48	3,848,246.05
12,921,923.45	4,487,807.28	0.00	0.00	0.00	0.00	0.00	17,409,730.73	13,786,398.20	12,776,858.60
42,347,086.50	**10,385,450.72**	**0.00**	**0.00**	**- 27,084,740.96**	**-129,501.71**	**43,483.27**	**25,561,777.82**	**24,252,231.45**	**28,306,966.79**
1,000,000.00	0.00	18,043,127.00	0.00	0.00	-13,463,426.79	0.00	5,579,700.21	9,511,607.55	29,961,694.22
345,440.51	1,007,874.00	0.00	0.00	-1,353,314.51	0.00	0.00	0.00	0.00	1,007,874.00
315,904.65	289,500.41	0.00	0.00	- 605,405.06	0.00	0.00	0.00	0.00	449,088.68
1,309,078.84	379,263.94	0.00	0.00	-1,686,692.98	-1,649.80	0.00	0.00	0.00	28,914,167.45
1,624,983.49	**668,764.35**	**0.00**	**0.00**	**- 2,292,098.04**	**-1,649.80**	**0.00**	**0.00**	**0.00**	**29,363,256.13**
47,684,190.39	**12,677,763.69**	**18,043,127.00**	**-1,453.86**	**- 31,254,382.32**	**-13,730,782.29**	**45,392.14**	**33,463,854.75**	**36,166,736.06**	**91,201,357.39**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR FROM JANUARY 1 UNTIL DECEMBER 31, 2015

in EUR		2015	2014
Group Loss		- 6,677,453.03	- 27,146,424.56
+	Depreciation of intangible assets and tagible assets	10,729,973.44	11,085,699.05
+	Impairment losses on goodwill, At-Equity Invetments and Long-Tem Financial Assets	3,406,959.67	19,719,765.35
+ / -	Other Non-Cash-Item Expense / Earnings and Exchange Rate-Related Asset Changes	696,524.66	564,897.58
-/+	Profit / Loss from Divestiture of Tangible fixed Assets	1,051,054.57	249,385.95
-/+	Increase / Decrease of receivables from delivery of goods and services	12,321,581.04	2,668,652.13
-/+	Increase / decrease of inventories	0.00	284,366.75
-/+	Increase / Decrease of deferred tax assets	977,976.26	144,970.75
-/+	Increase / Decrease of other assets not allocated to investments or financing activities	- 3,314,368.99	- 20,624,873.24
+ / -	Increase / Decrease of obligations from delivery of goods and services	- 12,344,388.86	5,366,412.42
+ / -	Increase / Decrease of other liabilities not allocated to investments or financing activities	13,763,150.08	- 66,802,424.72
=	**Cashflow from current business activities before interest charges**	**20,611,008.84**	**- 74,489,572.54**
+	Receipts from the divestiture of intangible assets and tangible fixed assets	0.00	362.13
-	Payments for the production, purchase of intangible assets and tangible assets	- 7,715,593.82	- 10,398,145.16
+	Receipts from sale of financial assets	7,274,214.01	14,832,542.37
-	Payments for the acquisition of financial assets	0.00	- 12,209,531.84
=	**Cashflow from investment activities**	**- 441,379.81**	**- 7,774,772.50**
+	Receipts from the borrowing of debt	0.00	13,911,316.13
-	Payments for the redemption of debt	- 9,246,338.47	- 2,606,044.33
=	**Cashflow from financing activities**	**- 9,246,338.47**	**11,305,271.80**
Change in liquid assets		**10,923,290.56**	**- 70,959,073.24**
+	Change in liquid assets from currency exchange-rate changes	19,640.39	8,035.78
+	Cash at the start of period	59,627,790.01	130,578,827.47
=	**Cash at the end of the period**	**70,570,720.96**	**59,627,790.01**
Composition of liquid assets			
	Cash	7,065.44	9,820.10
	Deposits at Central Banks	26,838,861.18	19,046,967.47
	Short-Term receivables from banks / bank deposits	43,724,794.34	40,571,002.44
		70,570,720.96	**59,627,790.01**
The cash provided by operating activities includes			
-	Interest paid	71,043.00	389,592.91
-	Interest received	56,055.93	36,780.20
-	Taxes paid	103,759.83	151,588.96

We also refer to section 3.5 of the Notes of the consolidated financial statements.

1. GENERAL INFORMATION

The parent company of the Group is net mobile AG, Dusseldorf, Germany (ISIN DE0008137852, stock exchange code N1M). The company is entered at branch B of the commercial register of Düsseldorf Local Court under the number 48022. The company is based at Fritz-Vomfelde-Str. 26–30, 40547 Dusseldorf, Germany.

net mobile AG is listed in the Entry Standard, which belongs to the open market of the Frankfurt Stock Exchange.

In the financial year 2015 there was no change in the share capital.

As at 31 December 2015, 87.36 % of the shares of net mobile AG were held – unchanged from the previous year – by DOCOMO Digital GmbH (formerly DOCOMO Deutschland GmbH).

The ultimate parent company is NTT Corp., Tokyo / Japan, which prepares consolidated financial statements for the largest group of companies.

net mobile AG is a leading international full-service provider for payment solutions and mobile and value-added services. Founded in November 2000, the company was re-founded on 10 April 2003 as an independent corporation and is now considered one of the leading companies in the market. The product offering in detail:

- Provision of payment methods via mobile phone bills (Direct Carrier Billing and Premium SMS)
- Provision and operation of IP-TV solutions
- Speech-based telephony and interactive telecommunications services
- Products for mobile phones and other devices such as images, videos and games

net mobile AG offers its clients so-called Full-Managed Services. This includes consultancy, conception, implementation, content, clearing (billing), data transfer and technical utilisation.

Its more than 500 clients worldwide include national and international mobile telecommunication providers, media companies, portals and TV. net mobile AG provides these clients with, amongst others, solutions for the clearing of digital goods via mobile phone bills (Direct Carrier Billing), operates IP-TV solutions and offers speech-based telephony and telecommunication services.

Further information about net mobile AG can be found at www.net-mobile.com.

2. CONSOLIDATED GROUP AND SHAREHOLDINGS

The group of fully consolidated companies (GC) within the consolidated financial statements as of 31 December 2015 encompasses all associated companies in which net mobile AG can exercise dominant influence. As at reporting date, no minorities with shares in the Group's assets exist within the Group.

In the financial year 2015, the following changes occurred regarding the scope of consolidation:

- net mobile Verwaltungs AG merged with net mobile AG Switzerland with a notarised contract dated 30 June 2015.
- net mobile UK Ltd. (London / UK) entered into legal liquidation on 30 September 2015.
- Furthermore, the shares of First Telecom GmbH, Frankfurt a. M., were sold by notarised contract dated 30 December 2015 (UR.Nr. 2114 for 2015 K) on 31 December 2015 at 24:00.

Share ownership as at 31. December 2015 was as follows:

Company	Percentage of capital (in %)	Consolidated accounting method ***	31.12.2015 Equity in TEUR	2015 balance by accounting period in TEUR
SN Telecom GmbH, Frankfurt am Main	100	FC	50	-3,232*
net mobile Schweiz AG, Glattbrugg (Switzerland)	100	FC	-971	886**
net mobile minick GmbH, Hamburg	100	FC	564	1,026*
net mobile Minick Spain S.L., Madrid (Spain)	100	FC	-201	-229
GOLDkiwi Media S.A., Diegem (Belgium)	100	FC	-1,241	-582
net-m privatbank 1891 AG, Dusseldorf	100	FC	7,788	-1,172

* Before profit and loss transfer
** Net profit or loss including foreign currency translation
*** FC = Full consolidation

net mobile UK Ltd. contributed with 251 TEUR, First Telecom GmbH with −150 TEUR, First Communication GmbH with 1,343 TEUR and Payment United GmbH with 541 TEUR respectively before profit transfer to consolidated earnings.

net-m privatbank 1891 AG is, in accordance with the Banking Act and the regulations for large credit exposures by CRR Article 395, forbidden to grant more than 25 % of its own funds as a loan to a company. Furthermore, according to net-m privatbank 1891 AG's articles of association, loans exceeding 500 TEUR must be approved by the Supervisory Board of net-m privatbank 1891 AG. Additionally, from today's perspective, there are no restrictions on net-m privatbank 1891 AG's part to transfer funds in the form of cash dividends, loans or advances or repayments to the parent company. The 2014 declared warranty for the remaining 827 TEUR by net mobile AG to net-m privatbank 1891 AG was made use of of during the financial year. During the financial year net mobile AG carried out a capital increase of EUR 3.0 million in net-m privatbank 1891 AG. Cash and cash equivalents of net-m privatbank 1891 AG (current year: 68,999 TEUR; previous year: 59,227 TEUR) are subject to certain restrictions according to CRD and CRD IV and are therefore only restrictedly available to the Group.

The following domestic subsidiaries made use of the exemption under § 264 paragraph 3 German Commercial Code (HGB) in 2015, however, First Telecom GmbH – as well as its two 100 % subsidiaries First Communication GmbH and Payment United GmbH – were sold on 31 December 2015.

- First Telecom GmbH, Frankfurt am Main
- First Communication GmbH, Frankfurt am Main
- SN Telecom GmbH, Frankfurt am Main
- net mobile minick GmbH, Hamburg
- Payment United GmbH, Frankfurt am Main.

3. SUMMARY OF THE KEY ACCOUNTING POLICIES

3.1 BASIS OF ACCOUNTING

The consolidated financial statements of net mobile AG as at 31 December 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), taking into account the International Accounting Standards (IAS) and the interpretations of the IFRS Interpretations Committee (previously the International Financial Interpretations Committee [IFRIC]) and the Standing Interpretations Committee (SIC) and fully take into account all the mandatory provisions of the International Financial Reporting Standards (IFRS) endorsed until 31 December 2015, as applicable in the European Union. The consolidated financial statements are consistent with IFRS as applicable in the European Union.

The duty to prepare IFRS consolidated financial statements in accordance with section 315a I of the German Commercial Code (HGB) does not apply to the company as its securities are traded on the open market and not on an EU-regulated market. The option to voluntarily prepare IFRS consolidated financial statements in accordance with section 315a III German Commercial Code (HGB) is hereby exercised with these consolidated financial statements.

The financial year corresponds to the calendar year.

The consolidated financial statements are prepared in Euro. The functional currency of the Group is also the Euro. Unless stated otherwise, all amounts are stated in thousands of Euro (TEUR).

The consolidated statement of comprehensive income has been prepared using the cost of sales method.

Essentially uniform accounting policies are applied by the individual subsidiaries within the Group.

The preparation of the consolidated financial statements requires the use of estimates, judgements and assumptions by the Executive Board on matters that affect the amounts of assets and liabilities in the consolidated balance sheet, items in the consolidated statement of comprehensive income and information in the notes to the consolidated financial statements. In particular, estimates and judgements were made in the areas of goodwill, intangible assets and property, plant and equipment, receivables from goods and services, provisions, deferred taxes, segment reporting, the breakdown of sales, the calculation of recoverable amounts of cash-generating units and adjustments. These estimates, judgements and assumptions may deviate from actual circumstances. Any such actual deviations are taken into account in profit or loss as the company becomes aware of them, with the exception of estimates that are required by the relevant accounting provision to be recognised directly in equity (other comprehensive income). If our estimates, judgements and assumptions change, the calculations made on the basis of them would also change. The carrying amounts and fair values of the above items are directly sensitive to their measurement bases.

Information on judgements made in the applied accounting principles, that have significantly influenced the amounts in the financial statement are included in the following notes in Section 4:

- Intangible assets (Item 2)
- Goodwill (Item 3)
- Classification as a disposal group (Item 10)
- Deferred taxes (Item 5)

Information about presumptions and estimates, as a result of which there is a considerable risk that a major adjustment in the coming financial year is necessary, are contained in the following sections of the explanatory notes in section 4:

- Goodwill (Item 3)
- Classification as a disposal group (Item 10)
- Deferred taxes (Item 5)

The consolidated financial statements have been prepared in line with the following consolidation method and accounting policies.

3.2 NEW FINANCIAL REPORTING REQUIREMENTS

Standards and interpretations to be applied in the 2015 financial year

The following new or amended standards became effective for the first time in the financial year from 1 January to 31 December 2015:

- IFRIC 21 – Levies

IFRIC 21 is an interpretation of IAS 37. The question clarified in particular is when, due to levies raised by the public authorities, a present obligation applies and provisions and liabilities are to be booked. Outside of the scope of the interpretation are fines and charges resulting from public contracts or which fall within the scope of another IFRS, IAS 12 for example. According to IFRIC 21 a debit for duties should be booked when the event triggering the tax liability occurs. This triggering event, giving rise to the obligation, results in turn from the wording of the underlying standard. The phrasing is crucial to the reporting procedure.

The changes will not have a significant impact on the consolidated financial statements of net mobile AG.

- Improvements to IFRS 2011 – 2013

As part of the annual improvement project, changes to four standards have been made. By adapting the wording of individual IFRSs the aim is to achieve clarification of existing regulations. Standards IFRS 1, IFRS 3, IFRS 13 and IAS 40 are affected.

The changes will not have a significant impact on the consolidated financial statements of net mobile AG.

Standards and interpretations applicable in subsequent financial years

The following newly issued, and adopted by the EU, accounting rules are only applicable for future financial statements and will not be applied early by the company.

- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

IFRS 11 contains rules on accounting and performance based recognition of joint enterprises (joint ventures) and collaborative activities (joint operations). While joint ventures are accounted for using the equity method, collaborative activities as provided for in IFRS 11, is comparable with the proposed proportionate consolidation method.

With the amendment of IFRS 11, the IASB governs accounting for the acquisition of shares in a joint operation, which describes a business within the meaning of IFRS 3's business combinations. In such cases, the buyer applies the principles of accounting for business combinations under IFRS 3. In addition, in these cases, the disclosure requirements of IFRS 3 apply.

The amendments are effective for financial years beginning on or after 1 January 2016.

The changes will not have a significant impact on the consolidated financial statements of net mobile AG.

- Amendments to IAS 1 – Disclosure Initiative

The changes affect different reporting issues. It clarifies that disclosures are only required if their content is not insignificant. This also applies explicitly if an IFRS requires a list of minimum information. In addition, notes for aggregation and disaggregation of items in the balance sheet and the income statement are included. Furthermore, it clarifies how shares of other comprehensive income, are presented in the statement of comprehensive income using the equity method. Finally, the deletion of a model structure in the Annex contributes to a stronger consideration of individual company relevance.

The amendments are effective for financial years beginning on or after 1 January 2016.

The changes will not have a significant impact on the consolidated financial statements of net mobile AG.

- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

With these amendments the IASB provides further guidance for determining an acceptable depreciation method. Revenue based depreciation methods are not admissible for tangible assets and admissible only in certain exceptional cases for intangible assets (rebuttable presumption of inadequacy).

The amendments are effective for financial years beginning on or after 1 January 2016.

The changes will not have a significant impact on the consolidated financial statements of net mobile AG.

- Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants

According to IAS 41, all organic assets are measured at fair value less estimated selling costs. This also applies to so-called fruit-bearing plants, such as vines, rubber trees and oil palms, which serve to provide harvestable organic assets over several periods, without themselves being sold as an agricultural product. After these changes, fruit-bearing plants will be entered in the balance sheet as tangible assets in the future in accordance with IAS 16 because their use is comparable. In contrast, their fruits are to be entered in the balance sheet in the future in accordance with IAS 41. As part of the initial application of the amendments, the reporting entity can benefit from special alleviations. In this way, fruit-bearing plants may be simply valued at fair value per date of transition.

The amendments are effective for financial years beginning on or after 1 January 2016.

The changes will not have a significant impact on the consolidated financial statements of net mobile AG.

- Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions

With these changes the rules have been clarified which deal with the allocation of employee contributions or contributions from third parties to the service periods when the contributions are linked to the service. In addition, alleviations will be provided if the contributions are independent of the number of years of service.

The amendments are effective for financial years beginning on or after 1 January 2016.

The changes will not have a significant impact on the consolidated financial statements of net mobile AG.

- Amendments to IAS 27 – Equity Method in Separate Financial Statements

With the amendment the equity method as an accounting option for investments in subsidiaries, joint ventures and associated businesses in separate financial statements of an investor is allowed again. The existing option of valuation at purchase cost or according to IAS 39 / IFRS 9 will remain in place. Since 2005, the application of the equity method for shares in separate financial statements (of the parent company) in accordance with IAS 27 was no longer permitted.

Due to complaints of users among other things, the high cost of a fair value assessment at each reporting date, particularly in unlisted companies, the IASB made the change to IAS 27.

The amendments are effective for financial years beginning on or after 1 January 2016.

The changes will not have a significant impact on the consolidated financial statements of net mobile AG.

- Improvements to IFRS 2010 – 2012

As part of the annual improvement project, changes to seven Standards were made. Through adapting the wording of individual IFRSs a clarification of existing regulations is to be achieved. There are also changes that affect disclosures. IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38 Standards are affected.

The amendments are applicable for financial years beginning on or after 1 February 2015. The amendments to IFRS 2 and IFRS 3 are applied to transactions that take place on or after 1 July 2014.

The changes will not have a significant impact on the consolidated financial statements of net mobile AG.

- Improvements to IFRS 2012 – 2014

As part of the annual improvement project, changes were made to four Standards. By adapting the wording of individual IFRSs / IASs a clarification of existing regulations is to be achieved. IFRS 5, IFRS 7, IAS 19 und IAS 34 Standards are affected.

The amendments are effective for financial years beginning on or after 1 January 2016.

The changes will not have a significant impact on the consolidated financial statements of net mobile AG.

3.3 PRINCIPLES OF CONSOLIDATION

The financial statements of the individual companies have been prepared for inclusion in the consolidated financial statements in accordance with the local accounting provisions and subsequently converted to IFRS-compliant accounting and measurement policies.

Please see point 2, "Consolidated group and shareholdings", of these notes for reference to the consolidated group.

In the consolidation process, capital is consolidated using the purchase method by offsetting the cost of the equity investment against the revalued equity of the consolidated subsidiaries at the acquisition date (the date that control is transferred). The recognisable assets, liabilities and contingent liabilities of the subsidiaries are carried at their full fair value. Asset differences arising upon first-time consolidation (goodwill) are capitalised and, in pursuant to the provisions of IFRS 3 in conjunction with IAS 36, tested for impairment annually. The obligation to perform an impairment test if there is indication of impairment remains valid.

Liability-side debit difference are, after further assessment if all assets and liabilities have been properly identified and assessed, will be recognised as income or expense.

Changes in ownership interests in a subsidiary, which do not result in a loss of control, are shown as equity transactions.

Intra-group profits, sales, expenses and income as well as all receivables and payables between consolidated companies are eliminated.

Companies that net mobile AG does not control and over which it cannot exercise a significant influence and that are not joint ventures are included in the consolidated financial statements as described in section 3.4.1. If the fair value cannot be reliably determined in subsequent measurement or if it appears reasonable on grounds of materiality and economy, such interests can also be carried at their initial carrying amount in subsequent measurement (acquisition cost or fair value, including incidental costs of acquisition where relevant).

The annual financial statements of subsidiaries prepared in foreign currency are translated based on the concept of functional currency in line with IAS 21 using the modified closing rate method, as for all companies included in the consolidated financial statement; the functional currency is always identical with each company's local currency. The following main exchange rates were used:

	31 December 2015 Closing rate	31 December 2015 Average rate	31 December 2014 Closing rate	31 December 2014 Average rate
GBP / EUR	n / a	n / a	0.7825	0.8062
CHF / EUR	1.0826	1.0681	1.2027	1.2144

As net mobile UK Ltd. (London / Great Britain) was liquidated on 30 September 2015, the GBP / EUR conversion rate does not apply at the reporting date.

In the financial statements of the individual group companies, receivables and liabilities in foreign currency are translated using the current closing rates as at the end of the reporting period. Any unrealised exchange rate gains or losses arising are booked to profit and loss account.

3.4 ACCOUNTING AND MEASUREMENT POLICIES

The table below shows a summary of valuation methods.

Balance Sheet Item	Measurement Method
ASSETS	
Fixed Assets	(Continuing) Acquisition costs less any impairment
Intangible Assets	
with indefinite useful life	Lower amount of acquisition cost and recoverable amount („Impairment only“ approach)
with finite useful life	(Continuing) Acquisition cost or manufacturing cost less any impairment
Goodwill	Lower amount of acquisition cost and recoverable amount ("Impairment only“ approach)
Financial Assets (categories according to IAS 39)	
„Loans and Receivables“	(Continuing) Acquisition cost using effective interest method
„Available for sale“	Fair value with no effect on the income statement (apart from permanent impairment and effects of exchange rate changes)
Other Assets	(Continuing) Acquisition cost
Assets held for sale	Lower carrying amount and fair value less costs to sell.
LIABILITIES	
Provisions for pensions and similar obligations	Cash value of future obligations
Other provisions	Settlement value
Financial obligations (categories according to IAS 39)	
"valued at amortized cost“	(Continuing) Acquisition cost using effective interest method
Other liabilities	Settlement value

Regarding the composition of the individual balance sheet items, please refer to the notes to these items below.

3.4.1 Assets

Tangible assets are valued at acquisition cost less straight-line depreciation or, if appropriate, impairment write-downs.

The following uniform group useful lives are applied:

	Years
Buildings and leased fixtures	5
Technical equipment and machinery	5 - 10
Furniture and office equipment	1 - 13

These useful lives will be reviewed on an annual basis with respect to their suitability. Should there be evidence of impairment, the tangible assets will be subject to an impairment test. The impairment loss is recorded as valuation adjustment.

net mobile AG does not use the revaluation method for tangible assets.

Purchased **intangible assets** are recognised at cost. If their useful lives are limited, the intangible assets are amortised on a straight-line basis over their estimated economic useful lives. In 2013, the licensing rights of a content rights holder that were acquired in 2010 were extended by another three years. These are amortised over the license period of three years. At year-end, the carrying amount of that asset was 1,292 TEUR (previous year: 2,261 TEUR). The remaining term is one year. Using straight-line depreciation, the useful life generally ranges from three to ten years. Purchased application software is amortised over a three-year period. If a diverging limitation of use has been contractually agreed (between one and ten years), this term is the basis for the calculation of amortisation. The expected useful lives are tested annually for their adequacy.

Intangible assets include amongst others internally developed software. Development costs for these internally generated intangible assets are capitalised at cost if it is possible to clearly allocate them to an expense group and both the technical feasibility and future utility of the newly developed products are ensured (IAS 38). It must also be likely that the development activity will lead to future economic benefits. Production costs included have to be directly allocable to development costs. Depreciation is based on the planned technical life of the products. The useful life is a maximum of five years.

In accordance with IAS 38, research expenses cannot be recognised as assets and are therefore directly recognised as expenses for the respective period.

Intangible assets are tested for impairment if there is evidence that they have become impaired to the extent that these cash flows can be directly attributable.

The impairment loss is reported as depreciation.

The assets with indefinite useful lives (customer relationships with Universal and licences for rights of use of SMS, MMS and voice codes as well as abbreviated dialling) have been assigned mainly to the cash-generating units "Payment Solutions" (919 TEUR, previous year: 466 TEUR), "Voice Solutions" (0 TEUR, previous year: 609 TEUR) and "B2O & Media" (12 TEUR, previous year: 13 TEUR) and "B2C (3 TEUR, previous year 2 TEUR) (see following remarks in connection with goodwill). The useful life is indefinite as the agreements concluded have no set term and a long-term cooperation, the end of which is not foreseeable, is assumed. These assets are tested for impairment annually. If the recoverable amount cannot be calculated at an individual asset level, the impairment test is continued at the level of the previously named cash-generating unit. In the event of a subsequent increase in value, the impairment loss will be reversed up to the maximum amount of the amortised cost where permitted.

net mobile AG does not use the revaluation method for intangible assets.

Goodwill is not amortised, but is subject to an impairment test at the cash-generating unit level (CGU) on at least an annual basis. Goodwill of individual cash-generating units is also subject to annual impairment test in the case of events leading to a decrease in the recoverable amount of the cash-generating unit.

An impairment test is used to show whether the recoverable amount of each cash-generating unit or group of cash generating units covers the book value, including goodwill, of these units. The recoverable amount is determined based on use value, if this is the higher value based on use and fair value minus selling costs. In the absence of sales transactions or market prices for each cash generating unit, this is determined based on the discounted cash flow (DCF) model. The valuations are based on the medium-term planning approved by the Board. The recoverable amount is determined through a two-phase model. The detailed planning phase runs through the 2016 financial year until 2020 and is based on the five year medium-term plan. For the following years, a terminal value is added. As in the previous year, a growth rate of 1% has been applied.

Please refer to item 5 of this document for segment reporting.

A **financial instrument** is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments recognised as financial assets or financial liabilities are reported separately.

Financial instruments are initially recognised at fair value. With regard to subsequent measurement, the financial instruments are classified in one of the valuation categories specified in IAS 39. Transaction costs that can be directly allocated to the acquisition or issue are taken into account in determining the carrying amount if the financial instruments are not valued at fair value (at fair value through profit or loss). Spot transactions involving financial assets are recognised at their value on the relevant trade date.

Shares in companies that are not included in the consolidated financial statements through the application of either consolidation or proportionate consolidation, or using the equity method, are recognised in line with the provisions of IAS 39. These are assigned to the "available-for-sale" category. The same applies to any other non-derivative long-term financial assets that are neither classified as "loans and receivables" nor as "fair value through profit or loss" nor as investments to be held to maturity. The classification was made according to IAS 39.9. The financial instruments assigned to this category are valued on initial recognition at fair value, with non-realised profits or losses recognised in equity in the reserves for financial assets designated as available for sale. If objective indications of impairment exist, these are taken into account through profit and loss. Upon disposal of financial assets, valuation gains and losses included in equity are recognised at fair value through profit and loss. If it is not possible to ascertain the fair value of non-listed financial instruments sufficiently reliably on the basis on market prices, the financial instruments are recognised at amortised cost.

Furthermore, assets held for sale from financial services include trade receivables from finance services that are classified as "Loans and Receivables" rather than as current trade receivables. These receivables are valued at fair value and subsequently at amortised cost using the effective interest method, whereby transaction costs that can be directly allocated to the acquisition are taken into account for the carrying amount. Any evidence of impairment is taken into account.

Shares and financial investments are measured at fair value or, where this cannot be reasonably determined, at amortised cost.

Management estimates are required to calculate fair value. The areas for which management decisions are required to a significant extent are identified, documented and reported to senior management as part of measurement controls and the monthly reporting cycle. The staff responsible for model validation and measurement mainly deals with issues of subjectivity and estimates.

Management estimates are only required to a limited extent in the calculation of the fair value of financial instruments for which prices are listed on an active market. Similarly, limited subjective appraisal or estimates are required for financial instruments measured using standard industry models for which all input parameters are listed on active markets.

The degree of subjective appraisal or estimates by management increases for financial instruments for which an active market is not, or only partially, available and for which some or all of the input parameters cannot be observed. The selection and application of appropriate parameters, assumptions and modelling techniques require management assessment. Furthermore, if no market data is available, the parameters are determined by examining other relevant sources of information such as historical data, fundamental analysis of key transaction data and information from similar transactions. Appropriate adjustments are then made to reflect the actual financial instrument being measured and current market conditions. If different measurement models result in a range of different potential fair values for a financial instrument, management must decide which of these estimated values within the range best reflects the fair value. Furthermore, certain value adjustments may require management estimates to ensure the calculation of the fair value.

At the end of each reporting period, it is determined whether there is objective evidence of impairment of a financial asset or a group of financial assets. A financial asset or a group of financial assets is considered impaired and an impairment loss is considered to have arisen if:

- there is objective evidence of an impairment as the result of a loss event that occurred after the initial recognition of the financial instrument and before the end of the reporting period (loss event),
- the loss event influenced the estimated future cash flows of the financial asset,
- a reliable estimate of the amount can be made.

For available-for-sale financial assets, management assesses at each balance sheet date whether there is objective evidence available on the impairment of an individual asset in accordance with IAS 39.59.

If the value of an available-for-sale financial asset is impaired, the amount previously recognised in equity not effecting net income amounting to the difference between acquisition costs and current fair value less any impairment losses previously recognised with regard to financial assets is recognised in the consolidated income statement. Appreciation in value for equity instruments designated as available for sale are recognised in equity. Appreciation in value of debt instruments are recognised through profit and loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment was recognised in profit and loss. These changes are recognised in sales orcost of sales in the consolidated statement of comprehensive income.

The amount of impairment in loans and receivables is the difference between the carrying amount of the asset and the present value of the anticipated future cash flows, discounted by the original effective interest rate of the financial asset. The impairment is recorded through profit and loss. If the amount of the impairment loss decreases in one of the subsequent reporting periods, and if this reduction can be objectively ascribed to an event occurring after the impairment, the previously recognised impairment is reversed through profit and loss. These changes are recognised in sales orcost of sales in the consolidated statement of comprehensive income. If a debtor default has become final, a direct correction of the claim is made without using a separate adjustment account.

Net gains or losses on financial instruments (financial assets) are classified as follows:

Held-to-maturity financial assets	Changes of these assets, including interest and dividends are recognised in the profit and loss account.
Loans and receivable	Changes of these assets, including interest, are recognised in the profit and loss account.
Available for sale financial assets	Changes of these assets, unless it is impairment or exchange differences, are recorded in other comprehensive income (OCI). Following the sale of these assets, the concerned recorded accumulated other comprehensive income, is charged to the profit and loss account.

Deferred tax assets are recognised in line with the provisions of IAS 12. Temporary or quasi-permanent valuation differences between the tax carrying amounts of the Group companies and the IFRS consolidated financial statements are measured using the current valid tax rates or those published on the balance sheet.

Deferred taxes that result from temporary differences in the IFRS and tax carrying amounts, are calculated using the balance sheet deferral method (temporary concept) and reported separately. Deferred tax assets may include tax reduction claims arising from the expected future use of existing tax loss carry-forwards for which realisation is likely. Deferred taxes are calculated on the basis of tax rates that apply or have been announced at the end of the reporting period in which the realisation of the deferred tax assets and liabilities is expected.

In line with IAS 39, **trade receivables** are designated as "Loans and Receivables" and are measured at fair value upon acquisition and then subsequently by using the effective interest method. Write-downs are recognised by item if there are indications of impairment. Due to the short maturity, the book values are considered the realistic estimate of fair values.

Current other financial assets essentially include other financial receivables from non-consolidated affiliated companies and third parties, bank receivables with a maturity between three months and one year. They are designated as "Loans and Receivables". Due to the short maturity, the book values are considered the realistic estimate of fair values.

Cash and cash equivalents include, in particular, deposits at banks and cash in hand. Bank balances have an original term of up to three months and are measured at cost. Accounts in foreign currency are measured at the closing rate.

Available for sale financial assets includes the disposal group "Bank / PSB" and its corresponding assets. Valuation is at lower of carrying amount and fair value less selling expenses insofar as IFRS 5 applies.

3.4.2 Equity and liabilities

Non-current financial liabilities consist of those portions of liabilities not repayable within twelve months.

As part of the retirement benefits for the defined benefit plans ("defined benefit plans"), **pension provisions** are valued using the actuarial projected unit credit method. Actuarial gains and losses are recognised in other comprehensive income. Pension provisions and plan assets are reported net to the extent that such off-settable plan assets exist. During the previous financial year, the pension obligations of net mobile minick GmbH were redeemed. Due to the classification of "Bank / PSB" as a disposal group, the obligations of net-m privatbank 1891 AG are now recorded under liabilities held for sale.

Short-term **provisions** include current external obligations caused by past events if a future outflow of resources is likely and the amount of the obligation can be reliably estimated. They are recognised in the amount of the best estimate. This is the amount that an entity would rationally pay to settle the obligation at the end of the reporting period or transfer it to a third party at that time.

The measurement of **current liabilities to banks and other financial liabilities** is in line with IAS 39. These liabilities are initially recognised at fair value. The subsequent valuation is carried out using the effective interest method, at amortised cost, provided that no other evaluation method is demanded.

Other current liabilities relate mainly to liabilities owed to affiliated companies (12,282 TEUR, previous year 36,608 TEUR) and from "Accruals". Please see 4.2 (Item 15) for explanations in regard to accruals.

Tax liabilities are included in the accruals under other financial liabilities and relate mainly to other taxes.

Liabilities held for sale contains debts associated with the disposal group "Bank / PSB".

3.4.3 Consolidated statement of comprehensive income

End customers are billed on the basis of individual services. **Sales** are recognised if the service was rendered or the rights transferred, the amount of sales or income can be reliably determined and the economic benefit is likely to accrue to the Group. Sales are recognised at the fair value of the consideration received.

Specifically, sales are recognised as described below:

The segment **"Payment Solutions"** includes revenue based on the provisions of payment methods via mobile phone bills, so-called Direct Carrier Billing. This includes revenues that are generated by providing a payment method for international partners via the end user's mobile phone bill. Revenue is the revenue share negotiated with the partner. Further, this segment includes sales of value-added services generated by the dispatch of chargeable content, information, services or applications in the form of text or picture messages. net mobile AG regards as revenue the amounts billed to network operators. Additionally, revenues from "messaging", the dispatching of short messages, are included. Revenues arise from the resale of services that network operators purchase at wholesale prices.

The revenue from the segment **"B2O & Media"** (Business to Operator and Media) results from the sale of mobile content and rights. net mobile AG purchases its exploitation rights either for a flat fee or as part of a revenue share model and resells these to its customers. The sales here consist of the proceeds plus any separately invoiced rights or licences.

The revenue of the segment **"B2C"** (Business to Consumer) results mainly from net mobile AG offering its clients – especially webmasters and marketing networks – a wide range of portals with diverse content categories aimed at maximising the return on their marketing activities.

The revenues in the area of landline telephony, service numbers and voice-based applications, called **"Voice Solutions"** include revenues from the connection and renting of landline numbers within its own network as well as connected and related services. net mobile AG regards the revenue as the services provided to end customers, charges being collected by the network carriers, as well as service income from related activities. Since the segment "Voice Solutions" was sold at the end of the financial year 2015, the corresponding revenues from "Voice Solutions" will be reported in the consolidated statement of comprehensive income as part of losses after tax in discontinued operations.

Revenue from the segment **"Bank / PSB"** are linked to the banking activities of net-m privatbank 1891 AG, which are also fully reported within this segment. They include revenues from loans (principally realised using the effective interest method), factoring and commissions. Furthermore, net mobile AG generates revenues within this segment through payment services such as comprehensive national debit services, multi-domestic direct debit (national and SEPA), as well as secure multi-currency credit card acquiring services. Since net-m privatbank AG 1891 is classified as being held for sale, the corresponding revenues from the segment "Bank / PSP" are recognised in the consolidated statement of comprehensive income as part of losses after tax in discontinued operations.

In the context of cooperation deals and outsourcing solutions, net mobile AG also operates as a **full provider** and sells its own services and its partners' services as a complete service under its own name. The revenue from this business is the full amount invoiced to the client including the service rendered by the cooperation partner. In some of these contractual structures, net mobile AG assumes all opportunities and risks relating to the marketing of value-added services (e.g. the credit risk of customers). For this reason, sales are reported gross, i.e. without deducting the service fees to be paid to partners. Where third-party services are included in these deals, they increase the cost of sales of net mobile AG. These services are reported mainly in the **"B2O & Media"** segment.

Cost of sales are recognised in profit or loss when the sales are generated. In addition to the "cost of materials" (e.g. content costs and service charges), the cost of sales primarily include bonuses for marketing partners and resellers, plus the carriers' collection costs and interest and commission expenses relating to the provision of financial services.

Selling costs and **general administration cost** are recognised in profit or loss at the time they are incurred.

Research and development costs: Research costs are recorded in profit or loss. Expenses for the development of new products and procedures, which include significant improvements to, and the enhancement of, existing products and software developments, are recognised as expenses if the requirements for capitalisation under IAS 38 are not met.

Restructuring charges include costs during the financial year relating to the reorganisation or closing of sites and associated personnel costs.

Interest income and expenses includes the interest expense from liabilities, interest income from investments in securities and cash.

In **financing expenses and income** all income and expenses are shown from financial operations which are not included in net interest income, e.g. expenses from compounded interest on provisions for other risks.

Profit after tax from discontinued operations are all revenues, expenses and profit or loss before income taxes and the related income tax expense reported, which are attributable to discontinued operations.

3.4.4 Earnings per share

Earnings per share is calculated on the basis of the weighted average number of shares outstanding including potential shares outstanding for diluted earnings per share.

3.5. CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement reports investments as a cash flow from investing activities only if they lead to a direct outflow of cash. In some cases, however, investments have been acquired with the result that a corresponding rise in liabilities has initially been recognised and not an outflow of cash. Accordingly, these transactions are not shown in the consolidated cash flow statement.

As the Group has not activated any interest in the current fiscal year, total interest expenses are included in the consolidated statement of comprehensive income (377 TEUR, previous year: 649 TEUR).

3.6. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Regarding the individual equity components, please see the consolidated balance sheet. These components must be shown separately either in the consolidated balance sheet or in the notes to the consolidated financial statements.

3.7. CHANGES IN THE CONSOLIDATED GROUP

Acquisitions

There were no acquisitions to the consolidated companies during the current financial year. However, net mobile AG acquired the remaining share of GOLDkiwi Media S.A. from Mr. Edgar Schnorpfeil by contract dated 12 September 2015, and now holds 100 % of the shares of the Company as at 31 December 2015.

Disposals

net mobile Verwaltungs AG was merged with notarised contract dated 30 June 2015 with net mobile AG Switzerland. net mobile UK Ltd. (London / Great Britain) was liquidated as of 30 September 2015. Both companies are therefore no longer part of the consolidation group at year-end.

First Telecom GmbH was sold together with its subsidiaries First Communication GmbH and Payment United GmbH with a notarised purchase agreement dated 30 December 2015 with effect from the end of the financial year 2015.

4. DISCLOSURES ON THE INDIVIDUAL ITEMS OF THE CONSOLIDATED BALANCE SHEET AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

4.1 ASSETS

The breakdown of non-current assets and changes during the financial year 2015 are presented in the consolidated summary of fixed assets. Restrictions or reservations of third parties regarding ownership of the assets do not exist.

(1) The additions to **tangible assets** mainly relate to the acquisition of technical equipment and additional office and operating equipment such as hardware.

(2) The additions to **intangible assets** of 7,121 TEUR (previous year: 6,800 TEUR) result from:

- purchased marketing rights and licenses (2,843 TEUR, previous year: 114 TEUR),
- internally developed software (3,688 TEUR, previous year: 5,497 TEUR) and
- purchased software (590 TEUR, previous year: 816 TEUR). In addition, there has been an addition from re-booking from prepayments of 174 TEUR (previous year: 373 TEUR).

The licences for the rights to the SMS, MMS, voice and abbreviated dialling codes are not time-limited. The total amount of intangible assets with an indefinite useful life is 934 TEUR (previous year: 1,099 TEUR). These assets are tested for impairment annually.

Development expenses of 3,688 TEUR (previous year: 5,497 TEUR) were capitalised for internally developed software. Depreciation for internally developed software in the current financial year amounted to 5,003 TEUR (previous year: 4,488 TEUR). The carrying amount is 9,799 TEUR (previous year: 13,786 TEUR). The overview below shows the breakdown of development costs for the financial year:

in TEUR	2015	2014
Transport	2,052	2,743
Planet	814	1,396
Tom (GOLDkiwi)	413	669
Voice	294	409
Billing	115	280
	3,688	**5,497**

The carrying amounts of the individual platforms are as follows:

in TEUR	31 December 2015	31 December 2014
Transport	5,215	4,727
Planet	2,846	5,663
Tom (GOLDkiwi)	1,222	1,124
Voice	0	951
Billing	516	580
net mobile minick / net mobile Schweiz	0	741
	9,799	**13,786**

The disposals are mainly due to terminated licenses and assets related to the Voice business, as these were disposed of with the sale of the "First Group".

(3) The carrying value of the **goodwill** allocated to cash-generating units is as follows:

in TEUR	2015	2014
Payment Solutions	2,982	2,982
Bank / PSP (Recorded in the balance sheet item "assets held for sale")	0	2,407
B2O & Media	2,211	3,211
B2C	3,318	3,318
	8,512	**11,918**
Thereof reported as "goodwill"	8,512	9,512
Thereof reported in "assets held for sale"	0	2,407

The cash-generating units correspond to the segments, which are shown in detail in the segment reporting. In fiscal year 2015, the main changes that have been made to the carrying amount of goodwill are as follows:

The carrying amount of goodwill totalling 8,512 TEUR (previous year: 11,918 TEUR) includes 8,512 TEUR (previous year: 8,945 TEUR) of goodwill of net mobile AG from the spin-off following its re-founding in April 2003. In line with IDW RS HFA 2, the option was used to account for this as under the IFRS 3 separate reporting entity approach, identifying hidden reserves and charges and recognising goodwill. Shares in net mobile AG were given away as the purchase price for the transaction. The purchase price was calculated assuming a payment by an investor for shares in net mobile AG in the context of its being spun off.

Information on the annual impairment tests: As at 31 December 2015, net mobile AG performed its annual impairment test for the cash-generating units with associated goodwill. Based on the information available at the balance sheet date and the expectations of future developments in the market and competitive environment, as at 31 December 2015 impairment losses – due to the difficult market situation – totalled 1,000 TEUR for the "B2O & Media" cash-generating unit. In addition, impairment losses for the "Bank / PSP" cash-generating unit totalled 2,407 TEUR, which is reported under "Loss after tax of discontinued operations". In the previous year, there were impairment losses totalling 18,043 TEUR relating to the following cash-generating units: "Bank / PSP" amounting to 13,464 TEUR, "B2O & Media" amounting to 4,000 TEUR and the segment "Voice Solutions" amounting to 580 TEUR. The impairment of goodwill in the cash-generating units resulted from the general restructuring and the subsequent decrease in cash flows on which the evaluation was based, as well as by increased competition and a difficult overall market situation.

The recoverable amount in the impairment test for cash-generating units in the fiscal year 2015 is basically that of the higher based on fair value less selling costs and value in use. The assessments of all cash-generating units are in general projections based on financial budgets approved by management and which are also used for internal purposes. The chosen planning horizon reflects the assumptions for short- to medium-term market development and is chosen in order to calculate a stable business outlook of the net mobile Group in perpetual annuity.

The calculation of the recoverable amount is based on the following key assumptions – based on past experience, expanded upon current internal expectations and underpinned by external market data and assessments – essentially internally determined premises: sales growth, margin development and investment. Discount rates are determined on the basis of external variables derived from the market while taking the market risks related to the cash-generating unit into account.

The following table provides an overview of the period for the cash flow forecasts, growth rates used to extrapolate cash flow forecasts, discount rates applied to the cash flow projections and the allocation to determine the recoverable amount. A market-value-oriented process was used when assessing the value of the CGU "Bank / PSP". In the setting of the planned sale, the change in the previous year to the valuation of the CGU "Bank / PSP" leads to a better representation of the value.

Financial year 2015	Forecast-period in years	Growth rates (sustained) in %	WACC in %	Allocation recoverable amount
Payment Solutions	5	1	5.6	Value in use
Bank / PSP (Recorded in the balance sheet item: "Assets held for sale")	–	–	–	Fair Value less selling costs
B2O & Media	5	1	5.6	Value in use
B2C	5	1	5.6	Value in use

Financial year 2014	Forecast-period in years	Growth rates (sustained) in %	WACC in %	Allocation recoverable amount
Payment Solutions	5	1	5.89	Value in use
Bank / PSP (Recorded in the balance sheet item: "Assets held for sale")	–	–	–	Fair Value less selling costs
B2O & Media	5	1	5.89	Value in use
Voice Solutions	5	1	5.89	Value in use
B2C	5	1	5.89	Value in use

The recoverable amounts determined for the impairment test in the individual cash-generating units are as follows:

Impairment Test as at 31 December 2015	Carrying value of the CGU including allocated goodwill or recoverable amount	Recoverable amount
Payment Solutions	13,157	30,606
B2O & Media	8,631	7,631
B2C	5,226	16,175
	27,014	**54,412**

The CGU "Voice Solutions" will no longer be operated after the sale of the "First Group" and, therefore, is of no value in the Group. The corresponding goodwill, which had already been fully amortised as of 31 December 2014, was disposed of in the 2015 financial year.

Impairment Test as at 31 December 2014	Carrying value of the CGU including allocated goodwill or recoverable amount	Recoverable amount
Payment Solutions	12,302	190,678
B2O & Media	17,817	13,817
Voice Solutions	3,311	2,731
B2C	7,299	11,895
	40,729	**219,121**

If the essential assumptions for the forecast period used in the impairment tests were each 1.0 percentage point higher or lower, the sensitivity analysis resulted in the following recoverable amounts.

Sensitivity analysis of the cash-generating units:

CGU Payment Solutions		WACC		
Recoverable Amount in EUR		**+1%**	**IST**	**-1%**
	+1%	35,648,421	43,443,801	55,597,730
Gross Margin	IST	25,493,402	**30,606,194**	38,557,778
	-1%	15,338,382	17,768,586	21,517,827

CGU B2O & Media		WACC		
Recoverable Amount in EUR		**+1%**	**IST**	**-1%**
	+1%	6,959,760	8,648,530	11,287,988
Gross Margin	IST	6,155,504	**7,631,819**	9,938,461
	-1%	5,351,249	6,615,109	8,588,934

CGU B2C		WACC		
Recoverable Amount in EUR		**+1%**	**IST**	**-1%**
	+1%	14,145,376	17,364,445	22,379,775
Gross Margin	IST	13,204,564	**16,175,104**	20,801,108
	-1%	12,263,751	14,985,763	19,222,441

The sensitivity analysis of the previous year is as follows:

CGU Payment Solutions Recoverable Amount in EUR		WACC +1%	WACC IST	WACC -1%
	+1%	166,610,755	203,673,442	259,949,470
Gross Margin	IST	156,219,507	**190,677,653**	242,980,895
	-1%	145,828,259	177,681,863	226,012,320

CGU B2O & Media Recoverable Amount in EUR		WACC +1%	WACC IST	WACC -1%
	+1%	12,078,048	14,725,306	18,744,541
Gross Margin	IST	11,351,611	**13,816,790**	17,558,294
	-1%	10,625,175	12,908,274	16,372,046

CGU Voice Solutions Recoverable Amount in EUR		WACC +1%	WACC IST	WACC -1%
	+1%	4,493,540	6,089,924	8,541,095
Gross Margin	IST	1,807,772	**2,730,974**	4,155,322
	-1%	877,996	627,975	230,452

CGU B2C Recoverable Amount in EUR		WACC +1%	WACC IST	WACC -1%
	+1%	10,901,538	13,296,044	16,930,141
Gross Margin	IST	9,781,460	**11,895,220**	15,101,089
	-1%	8,661,382	10,494,397	13,272,038

(4) The book value of non-current financial assets in 2015 amounts to 0 TEUR (2013: 0 TEUR).

The carrying values of recognised financial assets in accordance with IAS 39 and its valuation are as follows:

in TEUR	Acquisition Costs	Carrying amount
Trade Receivables	19,990	19,612
Other Financial Assets	7,513	7,513
Cash and cash equivalents	1,572	1,572
Assets held for sale according to IFRS 5	154,241	159,185
- thereof participations in associated companies	95	13,000
- thereof other non-current financial assets	20,701	18,409
- thereof trade receivables	1,679	1,679
- thereof other current financial assets	62,767	57,098
- thereof cash and cash equivalents	68,999	68,999
	183,316	187,882

In the previous year the carrying values of recognised financial assets in accordance with IAS 39 and its evaluation were as follows:

in TEUR	Acquisition Costs	Carrying amount
Trade Receivables	34,494	32,022
Other Financial Assets	3,654	3,654
Cash and cash equivalents	401	401
Assets held for sale according to IFRS 5	151,098	145,042
- thereof participations in associated companies	160	160
- thereof other non-current financial assets	31,126	25,571
- thereof trade receivables	866	866
- thereof other current financial assets	59,719	59,218
- thereof cash and cash equivalents	59,227	59,227
	189,647	181,119

The following table shows the carrying amounts and corresponding fair values of financial assets and liabilities, including their levels in the fair value hierarchy, for the financial year 2015 and the previous year.

31 December 2015	Carrying Value				Fair Value			
in TEUR	Loans and receivable	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Trade Receivables	19,612			19,612				19,612
Other current financial assets	7,513			7,513				7,513
Cash and cash equivalents	1,572			1,572				1,572
Assets held for sale								
thereof participations in associated companies		13,000		13,000			13,000	13,000
thereof other non-current financial assets	18,409			18,409				18,409
thereof trade receivables	1,679			1,679				1,679

31 December 2015	Carrying Value				Fair Value			
in TEUR	Loans and Receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
thereof other current financial assets	57,098			57,098				57,098
thereof cash and cash equivalents	68,999			68,999				68,999
Trade liabilities			18,736	18,736				18,736
Liabilities owed to banks			2,000	2,000				2,000
Other current financial liabilities			16,581	16,581				16,581
Other non-current financial liabilities			27,257	27,257				27,257
Liabilities held for sale								
thereof trade payables			4,640	4,640				4,640
thereof liabilities owed to banks			37	37				37
thereof other current financial liabilities			131,179	131,179				131,179

31 December 2014	Carrying Value				Fair Value			
in TEUR	Loans and receivable	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Trade Receivables	32,022			32,022				32,022
Other current financial assets	3,654			3,654				3,654
Cash and cash equivalents	401			401				401
Assets held for sale								
thereof participations in associated companies		160		160			160	160
thereof other non-current financial assets	25,571			25,571				25,571
thereof trade receivables	866			866				866

31 December 2014	Carrying Value				Fair Value			
in TEUR	Loans and Receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
thereof other current financial assets	59,218			59,218				59,218
thereof cash and cash equivalents	59,227			59,227				59,227
Trade liabilities			30,203	30,203				30,203
Liabilities owed to banks			11,246	11,246				11,246
Other current financial liabilities			38,702	38,702				38,702

Liabilities held for sale:

31 December 2014	Carrying Value				Fair Value			
in TEUR	Loans and Receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Trade liabilities			4,816	4,816				4,816
Liabilities owed to banks			7,204	7,204				7,204
Other current financial liabilities			125,722	125,722				125,722
Other non-current financial liabilities			1	1				1

The fair value of the receivables from financial services and other non-current financial assets with fixed interest rates are calculated on the basis of discounted future cash flows. The discount rate is based on comparable current interest rates. To the extent that the receivables from financial services carry variable interest rates, for the sake of simplification, it is assumed that fair value corresponds to the carrying amount, as the internal interest rates correspond closely to the interest rates achievable in the marketplace.

Please see the Group management report for risk reporting.

(5) The consolidated net profit (excluding the loss from discontinued operations) before current and deferred **income taxes** is 3,222 TEUR for the financial year 2015. In the financial year 2014, a consolidated net loss (excluding loss from discontinued operations) before income tax totalling –6,304 TEUR was achieved (figures for the previous year were adjusted accordingly through the classification of Voice-business as a discontinued operation).

Taxes on revenue consist of:

in TEUR	2015	2014*
Deferred tax expenses, Germany	-965	-30
Deferred tax expenses, outside Germany	0	-1
Current tax expenses, Germany	-56	13
Current tax expenses, outside Germany	-2	-83
	-1,023	**-101**

* adjusted

Amounts have been capitalised based on the expectation of sufficient taxable profits in future. Since only a partial utilisation of loss carry-forwards is anticipated for net mobile AG, the loss carry-forwards were only partially included in the basis of assessment for the calculation of deferred tax assets. No utilisation of tax loss carry-forwards is anticipated for the subsidiaries that were not included in the tax assessment due to profit and loss transfer agreements because of the negative planning situation. Hence, no loss carry-forwards were included for these companies in the calculation of deferred tax assets. If included, the excluded loss carry-forwards would have resulted in the recognition of deferred tax assets totalling 13,262 TEUR (previous year: 14,983 TEUR).

The deferred taxes on temporary differences have developed as follows:

in TEUR	2015
Deferred taxes on temporary differences as of 31 December 2014	-647
Deferred taxes on temporary differences as of 31 December 2015	-1,637
Change	-990
Composed of:	
Tax income according to statement of comprehensive income in 2015	-1,023
Less expenditure on current taxes in 2015	58
Minus deferred tax decrease for loss carry-forwards in 2015	-12
Other in 2015	-13
	-990

The previous year developed as follows:

in TEUR	2014
Deferred taxes on temporary differences as of 31 December 2013	-544
Deferred taxes on temporary differences as of 31 December 2014	-647
Change	-103
Composed of:	
Tax income according to statement of comprehensive income in 2014	-101
Less expenditure on current taxes in 2014	70
Minus deferred tax decrease for loss carry-forwards in 2014	-41
Other write-downs and adjustments in 2014	115
Other income in 2014	
Pension provision net mobile minick GmbH	-73
Revaluation surplus in 2014	-30
Other in 2014	-43
	-103

The loss carry-forwards breakdown is as follows:

	Loss carry-forward	Of which not included in the calculation of the deferred tax assets
net mobile AG	52,785,769.17 EUR	37,785,769.17 EUR
GOLDkiwi Media SA	1,302,582.31 EUR	1,302,582.31 EUR
net mobile Schweiz AG	2,899,676.32 CHF	2,899,676.32 CHF
net mobile Minick Spain S. L.	850,543.64 EUR	850,543.64 EUR
net mobile minick GmbH	8,413,074.00 EUR	8,413,074.00 EUR
SN Telecom GmbH	191,735.00 EUR	191,735.00 EUR

For the German companies, only corporate income tax loss carry-forwards are represented in the table above. The trade tax loss carry-forwards as at 31 December 2015 amount to 58,284,214 EUR.

In principle, deferred tax assets are formed on loss carry-forwards in which it is probable that future taxable profit will be available. In the course of the takeover of net mobile AG by NTT DOCOMO, the existing German loss carry-forwards that were incurred up until the acquisition could, however, have been eliminated. Accordingly, no deferred tax assets were recognised for these losses. The deferred tax assets on German loss carry-forwards therefore relate only to the valuable portion of the resulting losses since acquisition. Thus, only the deferred taxes for the period after initial consolidation have had an impact on the consolidated statement of comprehensive income.

The GOLDkiwi media SA loss carry-forwards will be eliminated, as they will no longer be usable with the planned move to Germany in 2016. In the case of net mobile Schweiz AG, the losses stem entirely from 2011 (260 TCHF), 2013 (1,002 TCHF) and 2014 (1,638 TCHF) and therefore lapse at the end of 2018, 2020 and 2021 if not utilised. The corresponding deferred taxes amount to 725 TCHF or 700 TEUR, of which 100 % has been written off as well.

For the previous year, the tax loss carry-forwards were as follows:

	Loss carry-forward	Of which not included in the calculation of the deferred tax assets
net mobile AG	53,427,287.00 EUR	38,464,493.77 EUR
GOLDkiwi Media SA	720,522.15 EUR	720,522.15 EUR
First Telecom GmbH	144,247.03 EUR	144,247.03 EUR
First Communication GmbH	865,888.54 EUR	865,888.54 EUR
net mobile Verwaltungs AG	3,665,255.45 CHF	3,665,255.45 CHF
net mobile Schweiz AG	3,824,764.09 CHF	3,824,764.09 CHF
net mobile UK Ltd.	1,880,984.99 GBP	1,880,984.99 GBP
net mobile Minick Spain S. L.	621,543.46 EUR	621,543.46 EUR
net mobile minick GmbH	8,413,074.00 EUR	8,413,074.00 EUR
SN Telecom GmbH	191,735.00 EUR	191,735.00 EUR

net mobile AG is subject to a corporate income tax rate of 15.0 % plus the solidarity surcharge of 5.5 %. This results in a combined tax rate of 15.825 %.

In addition, net mobile AG is subject to trade tax. The effective trade tax rate is 15.575 %. The combined income tax rate is therefore unchanged at 31.4 %.

The table below shows the main differences between the expected tax expense from corporate income tax plus the solidarity surcharge and trade tax for 2015 and 2014 and the current tax expense.

in TEUR	2015	2014*
Consolidated net profit before taxes	3,222	-6,304
Group tax rate	31.4 %	31.4 %
Expected tax expenses	-1,012	1,979
Effect from tax-free income / non-deductible expenses	1,045	-1,965
Effect from prior-period deferred taxes	0	9,195
Deviations from different tax rates	246	39
Back-payment of taxes from previous years	58	57
Change in write-downs on deferred tax assets on loss carry-forwards	-80	-10,595
Other write-downs and adjustments	-1,280	1,189
Current tax income	**-1,023**	**-101**

* adjusted

The following amounts were reported in the consolidated balance sheet prior to offsetting deferred tax assets and deferred tax liabilities to the amount of 2,475 TEUR (previous year: 2,285 TEUR):

in TEUR	31.12.2015	31.12.2014
Deferred tax assets:		
from deductible temporary differences	838	1,638
from tax loss carry-forwards	4,710	4,698
	5,548	**6,336**
Deferred tax liabilities:		
from taxable temporary differences	2,475	2,285

Deferred tax assets and liabilities arise from the following items:

in TEUR	31.12.2015	31.12.2014
Deferred tax assets:		
Intangible Assets	838	1,638
Loss carry-forwards	17,972	19,681
Sub-total	18,810	21,319
Write-downs / Non-recognition	-13,262	-14,983
Sub-total	5,548	6,336
Offset against deferred tax liabilities	-2,475	-2,285
	3,073	**4,051**
Deferred tax liabilities:		
Intangible Assets	2,475	2,285
Offset against deferred tax assets	-2,475	-2,285
	0	0
Deferred taxes (net)	**3,073**	**4,051**

The change in deferred taxes is fully recognised through profit and loss.

The tax group net mobile AG reports a surplus of deferred tax assets over deferred tax liabilities, even though it essentially made a loss in the past. Based on planning for subsequent years, it can be assumed that sufficient profits will be generated for these deferred tax assets to be realised in this company.

(6) **Trade receivables** can be broken down as follows:

in TEUR	31.12.2015 Carrying amount	31.12.2014 Carrying amount
Gross receivables from third parties	19,990	34,493
Specific write-downs	-288	-2,398
Flat-rate write-downs	-90	-73
	19,612	**32,022**

Due to the short terms, it is assumed that the carrying amount less adjustments made and fair value of trade receivables are the same.

The receivables all have a term of less than one year and are therefore considered current. Under the unlikely assumption that all parties owing receivables become insolvent, there is a risk of default of 19,612 TEUR (previous year: 32,022 TEUR) as no security has been provided.

On the basis of commonly anticipated rates of default, there are risks to the amount of the write-downs reported above.

If these receivables were not secured by billable corresponding liabilities or there are other reasons that make the default of the receivables appear improbable, specific write-downs have been recognised on these receivables at the probable risk of default. The write-downs for net-m privatbank 1891 AG (10.8 MEUR, previous year: 8.2 MEUR) were deducted directly from the corresponding receivables (25.9 MEUR, previous year: 11.7 MEUR). The amounts are recorded separately in the disposal group according to IFRS 5. In the case of all the other companies the amounts are shown separately.

(7) The items **other current financial and non-financial assets** have a combined value of 7,724 TEUR (previous year: 3,875 TEUR). An amount of 7,513 TEUR (previous year: 3,654 TEUR) relates to financial assets and 211 TEUR (previous year: 221 TEUR) to non-financial assets.

Current financial assets mainly include receivables from affiliated companies and sales tax receivables.

The non-financial assets include mainly prepaid expenses.

No security was received for either financial or non-financial assets.

An amount of 5,113 TEUR (previous year: 5,400 TEUR) of bank receivables are pledged for granted guarantee credits to credit card issuers. Of this amount 2,680 TEUR, (previous year: 2,200 TEUR) are in currencies as at 31 December 2015. The amounts are reported separately in the disposal group according to IFRS 5.

(8) **Income tax receivables** from corporate income tax credit under section 37 of the German Corporate Income Tax Act (KStG) totalled 33 TEUR as at 31 December 2015 (previous year: 49 TEUR). As this balance relates to net-m privatbank 1891 AG, it is reported separately within the disposal group in the current financial year, together with the remaining assets of the net-m privatbank 1891 AG.

(9) **Cash and cash equivalents** of 1,572 TEUR (previous year: 401 TEUR) are primarily composed of current bank account balances and cash in hand with a term of up to three months.

(10) The **assets held for sale in accordance with IFRS 5** relate to the assets of the net-m privatbank 1891 AG and are as follows:

TEUR	31.12.2015	31.12.2014
Non-current assets		
Fixed Assets	250	259
Intangible Assets	124	158
Company Value	0	2,407
Other non-current financial assets	31,409	25,731
Trade Receivables	1,679	866
Current Assets		
Other current financial assets	57,098	59,218
Tax receivables	834	49
Liquid assets	68,999	59,227
	160,393	**147,915**

In the previous financial year an amount of 2,407 TEUR (previous year: 13,464 TEUR) of amortisation of goodwill within the disposal group was recorded.

4.2 EQUITY AND LIABILITIES

(11) **Equity**

Authorised capital from 2012

By way of resolution by the Annual General Meeting of 9 July 2012 (document number Z 1756/2012) certified by notary Dr. Norbert Zimmermann, Dusseldorf, the Executive Board was authorised, with the approval of the Supervisory Board, to increase the share capital against cash or non-cash contributions once or in partial amounts by a total of up to 6,114,989.00 EUR by issuing up to 6,114,989 new no-par-value shares by 8 July 2017 (authorised capital 2012).

On 30 November 2012, the Executive Board, with the approval of the Supervisory Board, resolved to make use of the above authorisation. Through the issue of 218,229 bearer shares, the company's equity was increased by 218,229.00 EUR to 12,448,207.00 EUR. This capital increase was conducted within the framework of a rights issue. Since 31 December 2014, the increased share capital of 12,448,207.00 EUR is reported.

Following the implementation of this capital increase, authorisation remains under the resolution of the Annual General Meeting of 9 July 2012, to increase the capital by 5,896,760.00 EUR or 5,896,760 shares.

For the remaining capital authorised in 2012, following implementation of the capital increase amounting to 5,896,760.00 EUR or 5,896,760 shares, the Executive Board is entitled, with the approval of the Supervisory Board, to disapply shareholders' pre-emption rights:

- insofar as it is required to equalise peak amounts,
- if the capital increase is against cash and the total pro rata amount of share capital relating to new shares for which pre-emption rights are disapplied does not exceed 1,244,820.70 EUR or 10 % (if lower) of the company's share capital at the time the new shares are issued and the issue amount of the new shares is not significantly less than the market price for shares of the same class and features at the time the issue amount is conclusively determined by the Executive Board in accordance with sections 203 (1) and (2), 186 (3) sentence 4 of the Aktiengesetz (AktG – German Stock Corporation Act); the authorisation volume is reduced by the pro rata amount of share capital relating to shares issued or sold since 9 July 2012 with pre-emption rights disapplied under direct or mutatis mutandis application of section 186 (3) sentence 4 AktG;
- if the shares are issued against non-cash contributions for the purpose of acquiring companies, interests in companies or parts of companies;
- for the purpose of floating the company's shares on German or foreign stock exchanges on which the company's shares have not previously been listed;
- for the purpose of issue to strategic partners;
- to exercise the conversion options or pre-emption rights of bearers of warrants, convertible bonds or convertible participation rights issued or to be issued by the company or one of its subsidiaries;
- for payment of consultancy services;
- for issue to lenders in lieu of interest payments in cash or in addition to such, particularly within the framework of mezzanine financing packages;
- for the purpose of repaying loans or other liabilities.

The Executive Board is authorised, with the approval of the Supervisory Board, to determine the further details of the capital increase and its implementation. The Supervisory Board is authorised to adjust the wording of the Articles of Association to correspond with the respective use of the authorised capital.

Authorisation to issue a convertible bond

By way of resolution of the Annual General Meeting of 9 July 2012 (document number Z 1756 / 2012 registered by the notary Dr. Norbert Zimmermann, Dusseldorf), the Executive Board was authorised, with the approval of the Supervisory Board, to issue, until 8 July 2017, convertible bonds, bonds with warrants, income bonds and / or profit-sharing rights, or a combination thereof (bonds), with a total nominal amount of up to 100,000,000.00 EUR and to grant the bearers or creditors of convertible and warrant bonds conversion rights or warrants of up to 6,114,989 new bearer shares of the company with a pro rata amount of share capital of up to 6,114,989.00 EUR in line with the terms and conditions of the convertible and warrant bond. The bonds and the conversion or option rights or obligations may be issued with or without a limited term.

Contingent Capital 2012

The share capital has been contingently increased by up to 6,114,989.00 EUR by issuing up to 6,114,989 new no-par-value bearer shares in the company (contingent capital 2012). The contingent capital increase serves the granting of shares, upon the exercising of conversion or option rights, or the fulfilment of conversion or option obligations, to the bearers or creditors on the basis of the authorisation resolved at the Annual General Meeting of 9 July 2012 to issue convertible bonds, bonds with warrants, income bonds and / or profit-sharing rights or a combination thereof (bonds).

The issue of new shares is determined pursuant to the conversion or option price laid out in the aforementioned authorisation. The contingent capital increase will only be carried out to the extent that bearers or creditors of bonds, issued until 8 July 2017 by net mobile AG or its direct or indirect, majority-owned companies on the basis of the authorisation resolved at the Annual General Meeting of 9 July 2012, exercise their conversion or option rights, fulfil their conversion or option obligations under such bonds and make no use of other forms of settlement. The new shares issued upon exercising of conversion or option rights or fulfilment of conversion or option obligation carry dividend rights from the beginning of the financial year in which they are issued.

The Executive Board was authorised, with the approval of the Supervisory Board, to carry out the contingent capital increase. The Supervisory Board was authorised to amend the Articles of Association in accordance with the use of contingent capital and following all conversion or option periods.

Treasury shares

By way of resolution of the Annual General Meeting of 27 May 2010 (document number Z 1299 / 2010 of notary Dr. Norbert Zimmermann, Dusseldorf), the Executive Board was authorised to acquire treasury shares in the company up to a limit of 10 % of the existing share capital at the time of the resolution. The shares acquired on the basis of this resolution and other shares in the company previously acquired by the company and still held by it must not exceed 10 % of the share capital at any time. The authorisation was valid until 26 May 2015.

Type and number of shares

On 31 December 2015, the share capital of net mobile AG was distributed across 12,448,207 fully paid-in no-par-value shares.

Reserves

a) On the one hand, the currency translation reserve includes differences from the translation of the annual financial statements of subsidiaries whose reporting currency is not the functional currency of the Group. It also reports currency gains and losses arising in connection with the elimination of intra-group balances if such gains / losses are treated within equity under IAS 21.

b) The other reserves are comprised of the sum of items in other comprehensive income that is never reclassified to profit or loss.

c) The revaluation surplus contains a revaluation amount of 12,889 TEUR of net-m privatbank 1891 AG's membership in Visa Europe Limited. For more details, please refer to Chapter 6.7 (events after the reporting period).

Consolidated statement of changes in equity

net mobile AG did not distribute dividends in the past financial year. Further details on the development of equity, including, in particular, the offsetting of currency differences against equity in the financial year, are given in the separate consolidated statement of changes in equity.

(12) **The non-current financial liabilities** include 257 TEUR (previous year: 0 TEUR) liabilities arising from an exclusive contract with a content partner of the Group. The contract was extended so that it will expire at the end of 2016. In addition, 27,000 TEUR from the use of the NTT DOCOMO Global CASH Management System was converted to a long-term loan with NTT DOCOMO INC in line with the contract dated 30 March 2015, which is now reported in this balance sheet item.

(13) In the previous fiscal year, all pension commitments of net mobile minick GmbH were transferred to a support fund and the pension obligations of net-m privatbank 1891 AG were, in accordance with IFRS 5, restructured, so that in the reporting year and previous year no provisions for **pensions** are recorded. The pension provisions accrued until 2013, resulting from individual commitments, were offset against the associated plan assets. The deficit was reported as a pension provision. Pension obligations were calculated and measured in line with IAS 19. Actuarial gains and losses were recognised under other comprehensive income. Plan assets were carried at fair value and included securities. The pension obligation was determined by way of actuarial reports by Allianz Lebensversicherungs-AG. In the previous year, the following parameters were used as a basis:

Discount rate	3.7 %
Pension trend	1.0 %
Fluctuation	1.0 - 7.0 %
BBG trend	1.5 %

The pension obligations and plan assets of net mobile minick GmbH have developed as follows in the previous year (net-m privatbank 1891 AG please see below):

in TEUR	Pension obligations	Plan Assets (Plan assets)	Asset (+) / Liability (–) surplus
Balance per 1 January 2013	**303**	**245**	**– 58**
Pension expense	6	0	– 6
Current interest expense	11	8	– 3
New evaluation	– 1	1	2
Balance per 31 December 2013	**319**	**254**	**– 65**
Reduction	– 319	– 254	65
Stand per 31 December 2014	**0**	**0**	**0**

The plan assets consisted exclusively of pledged insurance cover for pension commitments.

The changes in the pension obligations and the plan assets were recognised in the income statement under the total staff costs, which are included proportionately in cost of sales, selling expenses, research and development expenses and general and administrative expenses.

The pension obligations of the net-m privatbank 1891 AG were established by individual pension commitments for three retired board members. Pension commitments relate respectively to the case of retirement, disability and widow's pension. Retirement age was set at 65 years. The retirement pension and disability pension were set individually. The widow's pension amounts to 60 % of the disability pension. It was determined by way of actuarial reports by Allianz Lebensversicherungs-AG. The parameters salary increases, career trend, fluctuation and social insurance trends are weighted with 0.00 %. This comes against the background of the composition of the class of beneficiaries, which consists of three retirees.

Per 31 December 2015, the following parameters were used as a basis:

Discount rate	2.05 %
Pension trend	2.00 %
Inflation	0.00 %

In the previous year, the following parameters were used as a basis:

Discount rate	2.00 %
Pension trend	2.00 %
Inflation	0.00 %

Pension obligations have developed in the fiscal year as follows:

in TEUR	Pension obligations
Balance per 1 January 2013	**1,084**
Current interest expense	38
Contributions paid	- 50
New evaluation	58
Balance per 31 December 2013	**1,130**
Current interest expense	36
Contributions paid	- 52
New evaluation	190
Balance as at 31 December 2014 (recorded within the disposal group)	**1,304**
Current interest expense	25
Contributions paid	- 82
New evaluation	- 80
Balance as at 31 December 2015 (recorded within the disposal group)	**1,167**

According to the sensitivity analysis, the value of the obligation at a reduced interest rate of 0.5 % was 1,235 TEUR and it was 1,106 TEUR with an increased interest rate by 0.5 %.

The pension plans were fully funded by net-m privatbank 1891 AG. The funding requirements were based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The plans' funding was based on separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions above. Employees were not required to contribute to the plans.

The defined pension plans involve actuarial risks for the group, such as risks associated with the longevity of the beneficiaries, interest rate risk and market risk.

The Group expects to pay no contributions to the defined benefit plans in 2016, as the obligations ceased with the sale of net-m privatbank 1891 AG.

(14) **Provisions** amounting to 105 TEUR include 50 TEUR (previous year: 56 TEUR) of provisions for taxation and 55 TEUR (previous year: 124 TEUR) of additional other provisions.

in TEUR	Balance per 1.1.2015	Utilisation	Liquidation	Addition / currency adjustment	Balance per 31.12.2015
Tax provisions	56	53	3	50	50
Other provisions	124	69	0	0	55
Sum of provisions	**180**	**122**	**3**	**50**	**105**

The tax provision relates to the expected additional payment from an audit by the fiscal authorities for the years 2010 to 2013 carried out during the reporting year. Since a draft audit report exists, there is little uncertainty about the amount of the provision required.

(15) **Trade payables and advance payments received** are due within one year. Deferrals of 2,209 TEUR (previous year: 3,031 TEUR) are included.

The table below shows the development of all short-term deferrals:

in TEUR	Balance per 1.1.2015	Utilisation	Liquidation	Addition / currency adjustment	Balance per 31.12.2015
Staff-related deferrals					
Commission / bonuses	361	- 311	- 50	685	685
Holiday obligations	60	- 60	0	42	42
Employers' liability insurance association	47	- 39	- 8	36	36
Other staff costs	307	- 265	- 4	582	620
Total deferrals in other current liabilities (financial)	**775**	**- 675**	**- 62**	**1,345**	**1,383**
Other deferrals					
Legal and professional fees	391	- 374	- 17	339	339
Supervisory Board remuneration	10	- 10	0	10	10
Miscellaneous other deferrals	2,630	- 2,433	- 11	1,674	1,860
Total deferrals in trade payables and advance payments received	**3,031**	**- 2,817**	**- 28**	**2,023**	**2,209**
	3,806	**- 3,492**	**- 90**	**3,368**	**3,592**

Miscellaneous other deferrals of 1,860 TEUR (previous year: 2,630 TEUR) consist of subsequent invoices for the cost of goods sold in the amount of 635 TEUR (previous year: 1,816 TEUR). Subsequent costs are non-received invoices for sales that were already billed in the period under review.

It is expected that all deferrals will be incurred after financial year end in the course of 12 months. Resources against third parties do not exist.

(16) **Current liabilities to banks** of 2,000 TEUR (previous year: 11,246 TEUR) apply, as of 31 December 2015, entirely (previous year: 5,000 TEUR) to current liabilities repayable within twelve months. Current account liabilities were included here in the previous year.

(17) **Other current liabilities** amounting to 16,581 TEUR (previous year: 38,703 TEUR) mainly include liabilities owed to affiliated companies totalling 12,282 TEUR (previous year: 36,939 TEUR).

(18) The **liabilities held for sale according to IFRS 5** pertain to the liabilities of net-m privatbank 1891 AG and are as follows:

TEUR	31.12.2015	31.12.2014
Non-current liabilities		
Other non-current liabilities	0	1
Pension obligations	1,167	1,304
Trade liabilities	4,640	4,816
Current liabilities		
Liabilities owed to banks	37	7,204
Other current liabilities	136,920	125,722
	142,764	**139,047**

4.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In order to achieve greater transparency in the general development of costs, the Executive Board resolved the following:

- to show bad debt allowances for current assets as well as other expenses isolated from the rest of the consolidated statement of comprehensive income. This presentation represents additional information on the IFRS minimum reporting requirements, which is also shown for the current financial year as in previous years. The result is also shown in connection with write-downs. On the one hand, this result includes losses on receivables and additions to specific and global write-downs while, on the other, it also includes cash receipts from receivables previously written off and income from the reduction of specific and global write-downs. Write-downs on current assets are also recognised here. Other expenses include IT rental and leasing expenses.

- net mobile Group generates its income primarily through using self-made software. The resulting high level of activation leads to a correspondingly high depreciation of the intangible assets. To increase transparency, the amortisation included in cost of sales, selling expenses, research and development expenses and general and administrative expenses are reported separately under EBITDA in the consolidated statement of comprehensive income. Without these adjustments, the consolidated statement of comprehensive income (without development of other comprehensive income) would look as follows:

EUR	2015	2014*
Sales	**117,499,589.25**	**127,355,033.19**
Cost of sales	**-104,007,728.42**	**-119,887,009.42**
Gross margin	**13,491,860.83**	**7,468,023.77**
Selling expenses	-3,288,533.32	-3,871,888.34
Research and development costs	-4,274,243.98	-3,793,082.68
General administration costs	-2,637,904.12	-3,304,243.86
Restructuring costs	-51,000.00	-196,042.87
EBIT	**3,240,179.41**	**-3,697,233.99**
Interest Income	9,984.57	36,780.20
Interest expenses	-377,050.22	-648,819.04
Financial Expenses	-788,054.55	-2,411,701.49
Financial income	1,137,228.33	376,905.08
Result from associated companies	0.00	39,742.07
Financial result	**-17,891.87**	**-2,607,093.18**
Consolidated net earnings before income tax	**3,222,287.54**	**-6,304,327.17**
Income tax	-1,023,283.16	-100,978.66
Consolidated net earnings from continuing operations	**2,199,004.38**	**-6,405,305.83**
Loss after tax of discontinued operations	-8,876,457.41	-20,741,118.73
Consolidated net loss	**-6,677,453.03**	**-27,146,424.56**

* adjusted

The following notes relate to the extended consolidated statement of comprehensive income.

(19) **Sales** can be divided economically and by segment into the following units or segments:

- B2O & Media
- Payment Solutions
- B2C

Sales breakdown by region:

Period	Domestic	Rest of EU	Japan	Rest of the world Not including EU
FY 2015	71 %	11 %	13 %	5 %
FY 2014	74 %	15 %	9 %	2 %

The breakdown of revenue according to income categories is as follows:

in TEUR	FY 2015	FY 2014
Provision of services	117,500	137,761
	117,500	**137,761**

For a detailed breakdown of sales by products, refer to the segment reporting.

In the previous year, sales included 10,406 TEUR and cost of sales 8,495 TEUR relating to the Voice Solutions segment. This year's income and expenses from Voice operations are presented separately at the end of the consolidated statement of comprehensive income in accordance with IFRS 5. The previous year's figures for the full notes on the consolidated statement of comprehensive income were also adjusted accordingly.

(20) The **selling expenses** breakdown is as follows:

in TEUR	2015	2014*
Staff Costs	1,451	2,185
Marketing and trade fair costs	387	440
Cost of premises	209	295
Representation and entertainment	114	190
Other sales costs / income (-)	807	385
	2,968	**3,495**

* adjusted

(21) In the past financial year, **research and (non-capitalisable) development costs** of 3,793 TEUR (previous year: 3,287 TEUR) were incurred. They mainly relate to the ongoing development of existing systems. They breakdown is as follows:

in TEUR	2015	2014*
Staff Costs	5,458	5,244
Representation and entertainment	429	454
Repair costs	137	188
Travel costs	136	211
Other research and development costs / income (-) incl. capitalised development costs	-2,367	-2,810
	3,793	**3,287**

* adjusted

(22) **General administrative costs** breakdown is as follows:

in TEUR	2015	2014*
Staff Costs	2,556	2,060
Representation and entertainment	201	178
Insurance	125	281
Repair costs	64	74
Other administrative costs / income (-)	-673	340
	2,273	**2,933**

* adjusted

(23) **Restructuring costs** of 51 TEUR (previous year: 196 TEUR) primarily consist of office reorganisations and closures as well as, in the previous year, severance and indemnification costs of employees.

(24) The recognised **write-downs** are detailed in point 6.3.

(25) **Depreciation** includes 2,902 TEUR (previous year: 344 TEUR) of extraordinary depreciation on fixed assets. It also includes 1,000 TEUR (previous year: 4,000 TEUR) of goodwill impairment charges.

(26) **Other expenses** essentially include IT rental and leasing expenses shown separately for reasons of clarity.

(27) **Net interest income,** not applicable to financial instruments not measured at fair value, breaksdown is as follows:

in TEUR	2015	2014*
Interest Income	10	37
Interest expenses	-377	-649
	-367	**-612**

* adjusted

(28) Foreign exchange gains / losses included in **financial expenses** amounting to 349 TEUR (previous year: -289 TEUR) include consolidation-driven differences from the expense and income consolidation. In addition, loss in connection with the sale of investments and financial assets accounted for at equity amounting to 1,677 TEUR were included in the previous year.

(29) **Results from associated companies** in the current fiscal year amount to 0 TEUR (previous year: 39 TEUR).

(30) Please see item (5) for information on **income taxes.**

(31) The results of net-m privatbank 1891 AG is recorded separately according to IFRS 5 and is as follows:

TEUR	31.12.2015	31.12.2014
Sales	7,756	8,061
Cost of sales	-3,104	-3,612
Gross margin	**4,652**	**4,449**
Staff costs	-2,736	-2,299
Other operating expenses	-6,780	-8,705
Write-offs	-2,527	-13,548
EBIT	**-7,391**	**-20,103**
Financial result	**-44**	**4**
Result before tax	-7,435	-20,099
Income tax	3	2
Loss after tax of discontinued operations	**-7,432**	**-20,097**
Undiluted profit per share in EUR	**-0.60**	**-1.61**
Diluted profit per share in EUR	**-0.60**	**-1.61**

Earnings from the discontinued Voice Solutions operation are as follows:

TEUR	31.12.2015	31.12.2014
Sales	10,877	10,406
Cost of sales	-9,366	-8,495
Gross margin	**1,511**	**1,911**
Staff costs	-1,127	-1,098
Other operating expenses	-242	-153
Write-offs	-685	-1,370
EBIT	**-543**	**-710**
Financial result	**6**	**53**
Result before tax	-537	-657
Income tax	-48	13
Effect of deconsolidation	-859	0
Loss after tax of discontinued operations	**-1,444**	**-644**
Undiluted profit per share in EUR	**-0.12**	**-0.05**
Diluted profit per share in EUR	**-0.12**	**-0.05**

The cash flow of the discontinued "Bank / PSP" operations, is as follows:

EUR	2015	2014
Cash flow from continuing operations	4,103,858.25	-82,737,012.15
Cash flow from investing activities	7,084,405.11	2,559,353.71
Cash flow from financing operations	-1,416,511.88	9,600,562.17

The cash flow of the discontinued Voice Solutions operation, is as follows:

EUR	2015	2014
Cash flow from continuing operations	22,443.94	-497,440.10
Cash flow from investing activities	-72,330.31	369,286.01
Cash flow from financing operations	0.00	-543.79

(32) **Earnings per share** amounting to -0.54 EUR (previous year: -2.18 EUR) are calculated by dividing the consolidated net result by the weighted average number of shares outstanding. The company holds no treasury shares. As of 31 December 2015, 12,448,207 no-par-value bearer shares have been issued.

Currently and in the financial year as a whole, no convertible bonds or other instruments were issued that could result in shares in net mobile AG in future. As there are therefore no potential ordinary shares, diluted earnings per share are equal to basic earnings per share.

Please refer to point 4.2, note 11 "authorised capital 2012", which could have a significant impact on earnings per share in the future.

5. SEGMENT REPORTING

In order to focus on the core competencies of the company in the fast-paced telecommunications market, net mobile AG's new corporate structure became effective as of 1 January 2014. With the help of a reputable consulting agency, net mobile AG analysed in the fiscal year 2013 its business activities and organisation, discontinued diverse operations and streamlined other business units. The aim was a more streamlined and, therefore, a more efficient as well as customer-friendly organisational structure.

Segment Payment Solutions

The segment **"Payment Solutions"** includes revenue based on the provisions of payment methods via mobile phone bills (Direct Carrier Billing). This includes revenues that are generated by providing a payment method for international partners via the end user's mobile phone bill. Revenue is the revenue share negotiated with the partner. Further, this segment includes sales of value-added services generated by the dispatch of chargeable content, information, services or applications in the form of text or picture messages. The technical connection to the customer is via telecommunications companies.

In the "Payment Solutions" segment, three clients are responsible for generating more than a 29.3 % (previous year: more than 37.0 %) share of total sales.

- Client 1 accounts for a 15.2 % share of total segment revenue.
- Client 2 accounts for a 9.0 % share of total segment revenue.
- Client 3 accounts for a 5.1 % share of total segment revenue.

Segment B2O & Media

In the **"B2O & Media"** (Business to Operator and Media) segment, net mobile AG offers complex solutions based on its internally developed Planet Platform, with optional content aggregation and rights management as a complete provider for carriers, content owners and distributors of digital content at home and abroad.

In the "B2O & Media" segment, three clients are responsible for a share of more than 72.0 % (previous year: more than 81.1 %) of total segment sales.

- Client 1 accounts for a 40.5 % share of total segment revenue.
- Client 2 accounts for a 26.6 % share of total segment revenue.
- Client 3 accounts for a 4.9 % share of total segment revenue.

Segment Voice Solutions

As part of the restructuring of the net mobile group, the management sold the "Voice Solutions" segment at the end of the current fiscal year. The "Voice Solutions" segment therefore represents a "Discontinued Operation" and is, thus, reported separately in the full annual financial report.

Segment B2C

In the **"B2C"** (Business to Customer) segment, clients – especially webmasters and marketing networks – are offered a wide range of portals with diverse content categories aimed at maximising the return on their marketing activities. net mobile Group offers its clients a full managed service, based on a platform offering the options of content and portal management, traffic optimisation, performance analysis and optimised payment processes. In the "B2C" segment, three clients are responsible for a share of more than 69.9 % (previous year: more than 43.1 %) of total segment sales.

- Client 1 accounts for a 30.7 % share of total segment revenue.
- Client 2 accounts for a 22.5 % share of total segment revenue.
- Client 3 accounts for a 16.7 % share of total segment revenue.

Segment Bank / PSP

In the previous year already, Management had taken the decision to sell the "Bank / PSP" segment as part of the reorganisation of net mobile Group. The segment "Bank / PSP" was therefore declared a "Discontinued Operation", in accordance with IFRS 5, and is thus reported separately in the full annual financial report.

The segment performance was as follows:

As at 31 December 2015 in TEUR	Payment Solutions	B2O & Media	B2C	Other	Group
Gross sales (external)	101,558	7,235	8,707		117,500
Sales (internal)					
Segment operating results from continuing operations					
D & A and leasing	- 2,228	- 7,313	- 2,653	- 935	- 13,129
of which unscheduled	- 4	- 1,790	- 1,051	- 57	- 2,902
Restructuring				- 51	- 51
EBITDA	20,831	1,681	2,284	- 7,930	16,866
EBITDA margin	20.5 %	23.2 %	26.2 %		14.4 %
Interest income / income from investments				10	10
Interest expenses / write-downs and expenses from currency translation				- 377	- 377
Tax results	- 774	- 148	- 101		- 1,023
Net profit from continuing operations	2,942	237	323	- 1,302	2,199
Intangible and tangible assets	13,306	2,529	1,722		17,557
Goodwill	2,982	2,212	3,318		8,512
Non-current financial assets and deferred tax assets	2,329	443	301		3,073
Total assets by segment	44,507	8,526	5,817		58,850
Current liabilities	28,866	5,529	3,773		38,168
Non-current liabilities	20,656	3,957	2,700		27,312
Group liabilities	49,521	9,486	6,473		65,480
Investments	5,385	1,032	704		7,121

As at 31 December 2014* in TEUR	Payment Solutions	B2O & Media	B2C	Other	Group
Gross sales (external)	107,041	8,831	11,483		127,355
Sales (internal)					
Segment operating results from continuing operations					
D & A and leasing	- 2,164	- 9,586	- 1,605	- 856	- 14,211
of which unscheduled	-	-	- 190		- 190
Restructuring				- 196	- 196
EBITDA	18,662	4,224	2,742	- 14,569	11,059
EBITDA margin	19.3 %	47.8 %	23.9 %		8.7 %
Interest income / income from investments				37	37
Interest expenses / write-downs and expenses from currency translation				- 649	- 649
Tax results	- 88	- 6	- 7		- 101
Net profit from continuing operations	16,436	- 4,924	1,130	- 19,047	- 6,405
Intangible and tangible assets	9,334	10,614	3,984	2,733	26,655
Goodwill	2,982	3,212	3,318		9,512
Non-current financial assets and deferred tax assets	2,844	260	338	609	4,051
Total assets by segment	50,028	7,507	10,078	8,903	76,516
Current liabilities	56,404	5,150	12,082	6,696	80,332
Non-current liabilities	0	0	0		0
Group liabilities	56,404	5,150	12,082	6,696	80,332
Investments	9,027	10,284	1,124	951	21,386

* adjusted

6. OTHER DISCLOSURES

6.1 EXECUTIVE BODIES

Executive Board

Mr. Edgar Schnorpfeil, Telecommunications Engineer, Chairman of the Executive Board

Mr. Imran Khan, Chartered Accountant, member of the Executive Board for Finance (from 24 July 2014 until 31 March 2015), responsible for operative business (since 1 April 2015).

Mrs. Simone Wittstruck, Business Economist, member of the Executive Board for Finance (since 1 April 2015)

The remuneration of the Executive Board amounted to 707 TEUR in the financial year (previous year: 1,227 TEUR) and includes expenses for severance payments of 79 TEUR and one-off payments totalling 10 TEUR.

Supervisory Board

Mr. Hiroyuki Sato, Executive Director of the Global Business division of NTT DOCOMO Inc., London / United Kingdom, Chairman.

Other mandates:
Managing Director of DOCOMO Digital GmbH, Dusseldorf.

Mr. Hideki Ebisawa, Senior Manager of Business Development, Global Business Division of NTT DOCOMO Inc., Dusseldorf, deputy Chairman.

Other mandates:
None.

Mr. Alexander Straub, businessman, London / Great Britain

Other mandates:
Managing Director of Empora Group GmbH, Wismar.

According to the Articles of Association, the members of the Supervisory Board are entitled to total remuneration 35 TEUR (previous year: 35 TEUR) for the financial year 2015. If this remuneration and, where applicable, the remuneration from the previous year are not balanced by the balance sheet date, suitable provisions have been set up. Supervisory Board members Mr. Hiroyuki Sato and Mr. Hideki Ebisawa waived their Supervisory Board remuneration.

Expenses incurred by the Supervisory Board were reimbursed amounting to 2 TEUR (previous year: 1 TEUR).

6.2 EMPLOYEES

In the past financial year, the average number of employees was 217 (previous year: 239). As at 31 December 2015, the number of employees was as follows:

	31.12.2015	31.12.2014
Employees (not including members of the Executive Board, trainees, students)	212	233

They were assigned to the following areas:

	31.12.2015	31.12.2014
Research and development	74	84
Products and services	51	55
Sales	42	45
General administration	45	49
	212	**233**

6.3 FURTHER DISCLOSURES

Cost of materials:

in TEUR	2015	2014
Cost of purchased services	99,032	109,944
thereof from discontinued operations	12,470	12,107

Staff costs:

in TEUR	2015	2014
Wages and salaries	13,994	14,576
thereof from discontinued operations	3,375	2,875
Social security contributions and expenses for pensions	2,236	2,682
thereof from discontinued operations	488	501
	16,230	**17,258**

The **valuation adjustments and depreciation** recognised in the financial statements are broken down as follows:

in TEUR	2015	2014
Reduction / increase in earnings in connection with adjustments of receivables	4,653	8,821
- thereof write-downs on banking receivables (separate IFRS 5 reporting)	4,085	6,786
Ordinary amortisation of intangible assets	9,369	10,119
- thereof separate IFRS 5 reporting	571	728
Extraordinary amortisation of intangible assets (including goodwill)	6,297	18,387
- thereof separate IFRS 5 reporting	2,407	13,464
Ordinary depreciation of property, plant and equipment	676	623
- thereof separate IFRS 5 reporting	160	147
	20,995	**37,950**

The **fee for the auditor** of the consolidated and separate financial statements (KPMG AG Wirtschaftsprüfungsgesellschaft, Dusseldorf) is 697 TEUR (previous year: 638 TEUR). This fee relates solely to audit services.

Contingent liabilities exist only insofar as for a loan of 3,000 TEUR from Docomo Digital GmbH, the holding of net mobile AG in net-m privatbank 1891 AG as been pledged as collateral. Other contingent liabilities do not exist.

Other financial obligations predominantly relate to rental agreements and operating leases.

The beneficial ownership of leases remains with the lessor if the lessor bears the opportunities and risks related to the leased asset. The Group's obligation arising from non-redeemable operating leases relates to leases for the fleet of cars. No purchase options or prolongation clauses have been agreed. Expenses from operating leases recognised in profit or loss amounted to 2,035 TEUR (thereof 568 TEUR from discontinued operations) for the current financial year (previous year: 1,909 TEUR, thereof 519 TEUR from discontinued operations). Specifically, the figures for future obligations from operating leases and rental agreements for office space, based on the minimum amount of the non-discounted future lease and rental payments, which were determined based on the minimum amounts of non discounted future rental and lease payments, are as follows:

in TEUR	2016	2017	2018	2019	2020
Leases	386	297	273	249	248
Rental agreements	943	897	813	498	58
	1,329	**1,194**	**1,086**	**747**	**306**

Obligations beyond 2020 amount to 79 TEUR (previous year: 2019 0 TEUR)

For the previous year these obligations were as follows:

in TEUR	2015	2016	2017	2018	2019
Leases	594	110	33	10	0
Rental agreements	921	787	755	755	440
	1,515	**897**	**788**	**765**	**440**

Leasing obligations beyond 2019 did not exist in the previous year. A single rental contract has a minimal rental period ending in 2019. The resulting obligation in 2019 amounts to 440 TEUR.

Dismantling obligations from rental contracts do not exist.

6.4 BUSINESS RELATIONSHIPS WITH AFFILIATED COMPANIES AND INDIVIDUALS

net mobile AG conducted the following transactions with affiliated individuals:

Transactions with parent company DOCOMO Digital GmbH as well as NTT DOCOMO Inc.

For the parent company, DOCOMO Digital GmbH, staff, premises and office equipment were provided. Per balance sheet date there were related outstanding receivables of 27 TEUR (previous year: 10 TEUR). The total volume in the financial year was 186 TEUR (previous year: 118 TEUR). For management services for net mobile Group, DOCOMO Digital GmbH invoiced 853 TEUR in this financial year (previous year: 873 TEUR). For management fees not yet invoiced with respect to the fourth quarter of 2015, provision of 250 TEUR was made (thereof 90 TEUR from discontinued operations) (previous year: 90 TEUR). In context of cash pooling, Docomo Digital GmbH replaced NTT DOCOMO Inc. as of 10 June 2014 and henceforth will make an overdraft available to net mobile group facilitating 23,000 TEUR. The interest expense incurred in the current fiscal year amounts to 116 TEUR (previous year: 104 TEUR). Per balance sheet date, the total outstanding liabilities amount to 12,277 TEUR (previous year: 36,608 TEUR). In addition, an amount of 27,000 TEUR from the use of the NTT DOCOMO Global CASH Management System was converted to a long-term loan with NTT DOCOMO INC in line with the contract dated 30 March 2015.

For a loan of 3,000 TEUR from DOCOMO Digital GmbH, the participation in net-m privatbank 1891 AG has been pledged as security.

Sales of 15,483 TEUR (previous year: 12,338 TEUR) were generated with NTT DOCOMO Inc., Tokyo / Japan, in the financial year. These sales arose mainly from the "Global Business Solutions" area. net mobile AG also achieved further operating income of 157 TEUR (previous year: 274 TEUR) from passing on of personnel costs. The outstanding balance of receivables from NTT DOCOMO Inc. is 3,022 TEUR (previous year: 2,374 TEUR). As part of NTT DOCOMO Inc.'s Cash Pooling, an overdraft facility of 60,000 TEUR was grenated to net mobile Groupuntil the previous fiscal year. In the previous year, this liability was restructured and partially converted to the current year (27,000 EUR) (see above). As at the current and previous year's balance sheet date, there is therefore no liability. The interest expense incurred in the current fiscal year amounts to 145 TEUR (previous year: 132 TEUR).

Transactions with joint ventures

in TEUR	2015	2014
Purchase of services	0	275

Transactions with members of key management

From the severance pay provisions, 126 TEUR (previous year: 323 TEUR) is allotted to members of the management of subsidiaries. The remuneration of the Executive Board comprises of bonus payments for two ex-board members. For a retired former Board chairman of net-m privatbank 1891 AG, pension payments of 70 TEUR (previous year: 52 TEUR) were made. For pension obligations pertaining to former Board chairmen, provisions of 1,167 TEUR (previous year: 1,195 TEUR) were made.

Information regarding the remuneration of the management and supervisory Board is given in section 6.1.

Other transactions

As in the previous year, Board members across the net mobile Group havereceived no advances or credits in the current fiscal year, also not from net-m privatbank 1891 AG. The same applies to former members.

6.5 CAPITAL MANAGEMENT

The net mobile Group performs capital management both Group-wide and at a regional level. The objective of the allocation of financial resources in general and capital in particular is to support profitable business areas that have the biggest positive effect on the Group's profitability and shareholder value. For this reason, regular budget and liquidity planning is performed for the individual locations and segments.

This is the basis on which the Group's capital strategy, approved by the Executive Board, is developed. It is the Group's aim to have solid capitalisation at all times. Capital supply and demand are monitored at all times and adjusted if necessary to meet capital requirements in line with various considerations.

The allocation of capital, the stipulation of the Group's financing plan and similar resources issues are discussed by the Executive Board.

Regional capital plans that cover the capital requirements of the Group's subsidiaries are prepared annually and approved by the Executive Board. Where applicable, legal requirements, such as limiting the credit volume of subsidiaries and its parent company according to CRD and CRD IV or distribution limitations on dividends, are also taken into consideration for development, implementation and review of the Group's capital and liquidity.

The capital management of the net mobile Group serves the following objectives:

- compliance with the statutory minimum capital requirements at Group level and in all Group companies of the regulatory group

- providing a sufficient buffer to ensure that all Group companies can operate at all times;
- strategic allocation of core capital to segments and Group divisions in order to exploit growth opportunities

The share capital of the net mobile Group amounts to 12,448,207 TEUR. Given the high equity ratio and sufficient cash resources, further capital increases are neither planned nor considered necessary by the Executive Board at the current time.

In line with section 92 (1) AktG, net mobile AG is required to convene an extraordinary general meeting immediately in the event of a loss of half of the share capital. In particular, capital management therefore includes the monitoring of the equity of net mobile AG as calculated in line with HGB provisions. Taking into account the reserves and cumulative profits, the relevant equity in the annual financial statement of net mobile AG amounts to around 4.6 million EUR (previous year: 3.9 million EUR). In the financial year 2015, the Executive Board of net mobile AG was forced to show a loss amounting to more than half of the share capital of the company (section 92 (1) AktG). The loss of more than half of the share capital is due in particular to non-cash impairment in the context of the financial statements for 2014. The extraordinary general meeting was held on 7 July 2015. Due to positive business development in the meantime, the Executive Board assumes that share capital will rise back to 100 % on its own. Corporate actions are therefore not planned.

Taking into account the reserves and the result for the period, consolidated equity calculated in line with IFRS and as used within the EU, as at 31 December 2015, amounts to 11.0 million EUR (previous year: 5.1 million EUR). Given the anticipated improvement in earnings from operating activities, the equity position of the net mobile Group can be expected to improve significantly.

The subsidiary net-m privatbank 1891 AG is subject to the regulatory provisions of the KWG (German Banking Act) and Solvabilitätsverordnung (German Solvency Regulation) as well as CRR and its liable equity capital / own funds need to be calculated in accordance with these requirements. The liable equity capital and own funds of net-m privatbank 1891 AG under section 10 KWG are made up as follows:

TEUR	31.12.2015 Before approval of annual financial statements	31.12.2014 after approval of annual financial statements
Core capital		
Paid-in share capital	13,141	10,141
Reserves	5,221	5,221
less:		
Net accumulated losses	9,403	9,403
Forecast	1,172	
Intangible assets	124	158
	7,663	5,801
Supplementary capital		
Subordinated loans	2,500	2,500
Free additional reserves under 340f HGB		
Liable capital	10,163	8,301
Own funds	10,163	8,301

In accordance with CRR, net-m privatbank 1891 AG's total equity ratio was 13.45 % on 31 December 2015 and 9.18 % on 31 December 2014, and lay well above the required minimum of 8.00 %.

net-m privatbank 1891 AG sees the risk tolerance analysis as a dynamic control tool with which to regulate and strategically align its operations. As part of the risk management process, credit, market, operational and liquidity risks are analysed as major risk types. The risk tolerance analysis takes into account counterparty risks, market price risks and operational risks. The risk management approach of the bank is characterised by the strategic focus on more operational risk prone service-oriented business.

Nevertheless, the counterparty risk is still a significant risk to the bank. In the reporting year, as every year, the risk management systems were consistently refined and adapted to the latest developments in the business sectors. At net-m privatbank 1891 AG liquidity risks are monitored through the established risk management processes and a regulatory liquidity ratio. Operational risks are comprised of income risks, the risk event database and the self-assessment. For the self-assessment, all of the bank's operations and fields of work are examined in terms of potential future risks and taken into account for the operational risk utilisation calculation.

The risks are calculated for two different scenarios according to the risk manual of net-m privatbank 1891 AG:

- The "normal case" scenario, which can occur each year and is of key relevance to the profit and loss statement

- The "problem case" scenario, which presents the actual ICAAP-analysis on the basis of the stress scenarios.

Sublimits are awarded for counterparty, market price and operational risks. Countermeasures are introduced when these limits are exceeded. These measures include the collection of securities in the factoring / invoice and instalment business or in the posting of specific write-downs in the standard banking segment. In December 2015, the sublimit for market price risk was exceeded. The reason for this was an increase in overnight loans in the fourth quarter of 2015. It was possible to counteract the refinancing risk through this increase in inventory. The sublimit for operational risk was not consistently maintained in the 2015 financial year. For the fourth quarter, the utilisation of the total risk limit was 75 % (previous year: 105 %) for the normal case scenario and 81 % (previous year: 157 %) for the problem case scenario.

6.6 FINANCIAL RISKS

Management of financial risks

Within the context of its ordinary operations, net mobile AG is exposed to credit risks, liquidity risks and various market price risks that could significantly influence its results or financial position. The company's policy is to eliminate or limit the risks of operations and the market price risks arising from the resulting financing requirements as far as possible. This entails the performance of regular risk analyses, which are used as a basis for decision-making by the Executive Board. Overall risk management is the responsibility of the Executive Board.

The carrying amount of financial instruments, not including collateral or other agreements reducing the risk of default, is the equivalent for the maximum risk of default exposure at the end of the reporting period. Please see point (4) in section 4 of these notes for an exact breakdown of financial instruments.

The specific risks in connection with financial instruments and their management are detailed below.

Credit risks

The value of receivables and other financial assets can be impaired if transaction partners do not pay or otherwise meet their obligations. The maximum risk of default is equal to the total amount of the financial assets.

in TEUR	Maximum risk of default 31.12.2015	Maximum risk of default 31.12.2014
Liquid assets	1,572	401
Trade Receivables	19,612	32,022
Other receivables and assets	7,513	3,654
Assets held for sale		
- thereof other non-current financial assets	31,409	25,571
- thereof trade receivables	1,679	866
- thereof other current financial assets	57,098	59,218
- thereof cash and cash equivalents	68,999	59,227

The assets held for sale include with 26,839 TEUR (previous year: 19,047 TEUR) Federal Bank deposits where the risk is limited.

Country risks from Group loans are observed at all times, analysed methodically and managed centrally.

Liquid funds: Liquid funds include cash and cash equivalents. When investing cash and cash equivalents, the financial institutions and issuers are carefully selected and diversified across set limits. The limits and their degree of utilisation are reviewed on an ongoing basis.

Short-term loans and receivables: These financial assets relate to the banking operations of the net mobile AG subsidiary net-m privatbank 1891 AG. For the financial year 2015, they are reported under assets held for sale. The resulting credit risks are monitored and managed on the basis of defined standards, guidelines and processes. The credit risk is considered in the case of both the standard credit business, the factoring business and the invoice- and instalment business. The factoring / invoice- and instalment business are summarised by the net-m privatbank 1891 AG as one risk area. The risks resulting from this business line are managed separately and are in accordance with the development areas of growing importance.

The credit risk is monitored based on the credit risk-related portfolio. Included in this is the complete credit business, which also comprises the factoring / invoice and instalment business. Unchanged to the previous year, irrevocable loan commitments do not exist. Other contingent liabilities are of minor importance.

net-m privatbank 1891 AG has a credit risk strategy which in conjunction with the regulations regarding credit business processes, rating procedures, reporting and monitoring of credit business, constitutes the Bank's credit risk handbook and therefore establishes a framework for the management of credit risks. The limitation of concentration risk is achieved primarily through the setting of limits for individual customers and, in the business area, for cooperation partners or settling online merchants through factoring / invoice and payments in instalments. As at 31 December 2015, the credit position of the ten largest customers represented 12.21 % (previous year: 14.18 %) of the portfolio. Receivables from customers mainly resulted with 73,568 TEUR (previous year: 71,748 TEUR) from the business area factoring / invoice and instalment payments.

This business and the associated risks are managed on the basis of risk-return-considerations.

By the assignment of direct credit transactions (standard banking), net-m privatbank 1891 AG often receives collateral. The acceptance and evaluation of the collateral is subject to clear criteria and limits. Evaluation is generally based on a sustainably realisable value at which the realisation of the security can be assumed with sufficient certainty. Usually, warranties are in the form of sureties, guarantees, cash deposits at other banks, transferred or mortgaged life insurance or cash deposits at net-m privatbank 1891 AG as loan security.

With regard to the assessment of default risk, borrowers are evaluated on the basis of a rating system. In connection with investments, in addition to internal assessment, external information available from rating agencies is used. The rating results and collateral play a key role in the lending decision.

The early identification of default risk is measured primarily by the control of the payment behaviour of customers. net-m privatbank 1891 AG regularly prepares a variety of analyses of the existing loan portfolio in the area of factoring / invoice and hire purchase agreements together with the credit management of the cooperation partners. In addition, the credit portfolio is analysed based on quarterly credit risk reports and further measures are introduced as needed. Peculiar commitments are monitored separately or also supervised by the bank's legal department.

The risk of default is determined through an analysis of the credit portfolio. The management of credit risk at the overall portfolio level is supported by a variety of analyses. Receivables from factoring or instalment / invoice purchase are essentially valued through externally supplied PD-sets.

Commitments are written down if there are objective indications that the amounts owing cannot be collected in accordance with the terms of the contract. In particular, objective indications are provided by the payment behaviour of the customer. Should the need for a write-down be identified, measures will be taken to either restructure or wind up the commitment.

Trade receivables: Assets that are neither impaired nor overdue are classified as having retained their full value.

Receivables older than one year have been written down in full except where there are clear indications that they have retained their value. These write-downs amount to 236 TEUR (previous year: 1,594 TEUR) and relate in full to trade receivables.

The past due analysis of trade receivables is as follows:

31 December 2015 in TEUR	Not due	Overdue by up to 90 days	Overdue by up to 180 days	Overdue by up to 270 days	Overdue by more than 270 days	Total
Trade Receivables	16,352	2,213	815	263	347	19,990
Write-downs			- 58	- 85	- 236	- 378
						19,612

31 December 2014 in TEUR	Not due	Overdue by up to 90 days	Overdue by up to 180 days	Overdue by up to 270 days	Overdue by more than 270 days	Total
Trade Receivables	22,616	4,855	2,856	2,573	1,594	34,494
Write-downs				- 877	-1,594	- 2,471
						32,022

Further overdue other financial assets do not exist.

Liquidity risks

Liquidity risk, i.e. the risk of not being able to meet current or future payment obligations on account of the insufficient availability of cash and cash equivalents, is managed centrally at net mobile AG. To ensure solvency at all times, cash and cash equivalents and credit lines are kept available to meet all planned payment obligations throughout the Group as they mature. These lie both in operating cash flows and changes in short-term financial liabilities. Furthermore, a reserve is held for unplanned reductions in income or additional expenses. This is based on historical summaries, adjusted to take into account changes in the business structure. Variance analyses are also performed. The liquidity reserve, which covers a negative deviation from planned cash flows with a set probability, is calculated from this. The amount of this reserve is regularly reviewed and adjusted in line with current circumstances as required. Liquidity is mainly held in the form of call money and term money investments. In addition, the Group also has available bank credit lines to the amount of 21.5 million EUR (previous year: 21.5 million EUR).

The subsidiary net-m privatbank 1891 AG monitors its liquidity situation on an ongoing basis. The primary cause of liquidity risks are changes in customer behaviour, which can lead to unexpected outflows. Inflows and outflows of funds are therefore monitored regularly. The liquidity risk is due primarily from the dependence on funding opportunities in the market and the need for monitoring maturities congruent refinancing. Based on the comparison of cash inflows and outflows, the sustainable solvency of the bank is (according to the lower limit liquidity regulation: 1.0) shown with a liquidity ratio. The liquidity was ensured at all times. To analyse and quantify the liquidity risks further, a daily liquidity report is created in which the preliminary figures from the planning are anchored, adjustable according to need. Free funds are invested primarily in liquid tradeable financial instruments and bank deposits. Investments are diversified in order to limit risk. As at the reporting date, net-m privatbank 1891 AG records an amount of 68,999 TEUR (previous year: 59,227 TEUR) of cash and cash equivalents, made up of 26,839 TEUR (previous year: 19,047 TEUR) in deposits with central banks and 42,160 TEUR (previous year: 40,180 TEUR) of bank receivables on call.

The following shows the contractual maturities of financial liabilities at the reporting date. These are non discounted gross amounts, including estimated interest payments, but without depicting the impact of netting.

31 December 2015 in TEUR	Carrying amount	Total amount	up to 1 year	1 - 2 years	2 - 5 years	Over 5 years
Other non-current financial liabilities	27,257	27,257	257		27,000	
Liabilities owed to banks	2,000	2,000	2,000			
Trade liabilities	18,736	18,736	18,736			
Other current financial liabilities	16,581	16,581	16,581			
Liabilities held for sale						
- thereof trade payables	4,640	4,640	4,640			
- thereof liabilities owed to banks	37	37	37			
- thereof other current financial liabilities	136,920	136,920	136,920			
	206,171	**206,171**	**179,171**	**0**	**27,000**	**0**

31 December 2014 in TEUR	Carrying amount	Total amount	up to 1 year	1 - 2 years	2 - 5 years	Over 5 years
Liabilities owed to banks	11,246	11,246	11,246			
Trade liabilities	30,202	30,202	30,202			
Other current financial liabilities	38,703	38,703	38,703			
Liabilities held for sale						
- thereof other non-current liabilities	1	1		1		
- thereof trade payables	4,816	4,816	4,816			
- thereof liabilities owed to banks	7,204	7,204	7,204			
- thereof other current liabilities	125,722	125,722	125,722			
	217,894	**217,894**	**217,893**	**1**	**0**	**0**

Market risks

Market risk resides in the fact that the fair value or future cash flows of a financial instrument fluctuates due to changes in market prices. Market risk includes currency risk, interest rate risk and other price risk.

We use market information and additional analysis data to manage our risks.

We refine our risk assessment and reporting methods on an ongoing basis; this includes regularly reviewing the underlying assumptions and parameters used.

Concentration risks in this area are to be considered as low.

Currency risks

As the net mobile Group performs some of its business outside the Euro nations, currency fluctuations can have a material influence on earnings. Currency risks from financial instruments exist with regard to receivables, liabilities and cash and cash equivalents that do not correspond to the functional currency. The currency risk exists in particular for the Japanese Yen (JPY). Additional smaller currency risks exist for the Swiss Franc, the US Dollar and the Turkish Lira. Currency risks are systematically tracked and analysed centrally. Currency risks are not currently hedged through the use of currency forwards.

Interest rate risks

Interest rate risks mainly apply to financial assets and liabilities. The interest rate risk is analysed centrally and managed by the Finance division. In connection with the banking operations of net-m privatbank 1891 AG, interest rate risk derives in particular from maturity transformation. The interest rate risk is calculated on the basis of dynamic interest rate elasticity taking into consideration a range of interest scenarios. Scenarios based on different interest rate developments are calculated in order to assess and quantify the interest rate change risk. In addition, the interest rate risk is also measured in terms or present value, using the banking regulatory authority's interest rate shock parameters. The interest rate shock scenario and interest rate risk are measured quarterly. The measured risks are compared with the defined risk limit and managed and monitored accordingly.

As at 31 December 2015, an interest rate shock of 200 basis points would increase present value by 1,937 TEUR with an interest rate risk coefficient of 17.17 %. In the event of an interest rate shock of – 200 basis points, the negative change in present value would be 103 TEUR with an interest rate risk coefficient of – 0.91 %. Per 31 December 2014, an interest rate shock of 200 basis points would have increased present value by 918 TEUR, with an interest rate risk coefficient of 10.59 %. In the event of an interest rate shock of – 200 basis points, the negative change in present value amounted to 102 TEUR with an interest rate risk coefficient of – 1.18 %.

Overall picture of the risk situation

net mobile AG operates in a market subject to constant change. Only companies that continually develop innovative products can survive in the long run. Reliable innovation is essential for the continuance of net mobile AG, which is inextricably linked to a secured financing of the necessary investment.

As to the risk structure at net mobile AG, the dependence on the major shareholder DOCOMO Digital GmbH – and its integration within the NTT DOCOMO Group – is the key element. The financing of the company depends heavily upon the integration of net mobile AG in the NTT DOCOMO Group, essential for the maintenance and future granting of loans. As net mobile AG and its subsidiaries are closely integrated within the NTT DOCOMO Group, management currently sees no acute risks that might endanger net mobile AG. However, the future of the Group depends on its ability to achieve long-term positive results and cash flows in the future. Should the financial support of NTT DOCOMO Group not be granted and should there be no sufficient financial means from banks, loans from affiliated companies or similar sources in the future, the continued existence of the company would be endangered through illiquidity.

Beyond that, no discernible risks posing a threat to the company's continued existence exist.

6.7 EVENTS AFTER THE REPORTING PERIOD

On 25 February 2016, DOCOMO Digital GmbH initiated a squeeze-out procedure at net mobile AG. It informed the Executive Board of net mobile AG that, due to the public purchase offer from 14 January 2016, it had increased its shareholdings to over 95 % and required a squeeze out. The transfer of shares from other shareholders (minority shareholders) to the main shareholder in return for payment of an appropriate cash compensation, in accordance with section 327a AktG (German Stock Corporation Act), will be concluded at the next annual general meeting of net mobile AG.

The net mobile AG assumes that its subsidiary, net-m privatbank 1891 AG, as a member institution of Visa Europe Limited and as part of the planned acquisition of Visa Europe Limited by Visa Inc., will benefit from the allocation of a sum of approximately 17 million Euros. The planned acquisition is subject to approval by regulatory authorities and is expected to be completed at the end of the second quarter of 2016. After evaluating the available information on the planned acquisition, net mobile AG assumes that its subsidiary will receive 11 million Euros in cash and approximately 4 million Euros in preferred shares of Visa Inc. in the financial year 2016. These amounts may, however, still be adjusted. Additionally, a further payment amounting to approximately 1 million Euros plus 4 % interest p. a. is expected to be made to net-m privatbank 1891 AG three years after completion, provided that net-m privatbank 1891 AG accepts this agreement and remains a member of Visa for at least a further three years.

7. RELEASE

The Executive Board of net mobile AG approved the consolidated financial statements for forwarding to the Supervisory Board on 13 May 2016.

Dusseldorf, 13 May 2016

Edgar Schnorpfeil　　Simone Wittstruck　　Imran Khan

GLOSSARY

Applications
Application software; software that performs a useful function for the user.

Billing
Business process of billing in telecommunications from the receipt of usage data to the issuing of an invoice.

Call-by-call
Case-by-case selection of an operator in telephony; possibility of using a different telephony provider by dialling a prefix.

Carrier
Operator of telephone networks.

CGU
Cash-generating unit

Content
Information material in the form of text, images, audio, video etc.

Content distribution
Diffusion / delivery of content.

Content management
The bringing together of processes and the corresponding tools in digital form, enabling the simple organisation, sorting and structuring of all information / content.

Content partner
A provider who supplies content for further use.

CRD
Capital Requirement Directive

CRD IV
Capital Adequacy Guideline

Fair Value
Fair value

Full service provider
Provider of a comprehensive range of services

Hardware
Mechanical and electronic equipment of a system.

IAV
Industrial Added Value

Interactive
Allowing for two-way interaction.

IP rights
Intellectual property rights in the commercial field typically including patents, utility models, protected designs and trademarks. The term also covers copyright.

Messaging
The sending of messages.

MMS
Multimedia Messaging Service; telecommunications service for the sending of multimedia messages.

OECD
Organisation for Economic Co-operation and Development. An international organisation with 34 member states recognising an obligation to promote democracy and the market economy.

Outsourcing
The contracting out of company functions and tasks to a third party.

OTT
"Over The Top", big market players

Payment provider
Provider of a payment processing service whereby the system provider manages and processes payments as a service.

Planet
Successor of Maxmedia Platform, Group-owned platform for the marketing and distribution of multimedia content.

PSP
Payment Service Provider

Reselling
Onward distribution / sale.

Revenue share model
Distribution of commission, whereby profit is divided among the participants.

2nd CM
2nd contribution margin (IAV – staff costs + bonus accruals – other operating expenses + management fees + restructuring costs + write-downs + other operating income – other taxes)

SMS
Short Message Service; telecommunications service for the sending of text messages.

Voice
Voice-based communication.

WACC
Weighted Average Cost of Capital

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by net mobile AG, Düsseldorf, comprising the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated financial statements, together with the group management report for the financial year from January 1 to December 31, 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB) are the responsibility of the parent Company's executive board. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. 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 applicable financial reporting framework 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 consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the executive board, as well as evaluating the overall presentation of the consolidated financial statements and 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 IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. 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.

Without qualifying our opinion, we refer to the explanations included in the management report. In paragraph 4.2.4 of this report it is stated that if the financial support of the NTT DOCOMO group will not be provided in the future and no sufficient funds will be available from banks or intercompany loans or similar actions, net mobile AG's ability to continue as a going concern is impaired due to illiquidity.

Düsseldorf, May 13, 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft
(Original German version signed by:)

Kuntz	Nölgen
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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