

In an ad hoc release on 4 November 2012, 118000 AG reported that the Management Board no longer supports the going concern assumption. There are two reasons for this: An investor has not yet been found and a major order has not been received, which means the negotiations on the sale of a subsidiary could not be brought to a close.

As a consequence of the fact that the Management Board no longer supports the going concern assumption, the items in the (interim) financial statements are now recognized and measured at break-up values rather than at going concern values. The interim financial statements published for the periods ended 31 March 2012, and 30 June 2012, were prepared on a going concern basis because the Management Board did not withdraw its support for the going concern assumption until 4 November 2012.

The change in the recognition and measurement from going concern values to break-up values reduced the earnings of the 118000 Group in the third quarter of 2012, which would also have been negative on a going concern basis.

In August 2012, the subsidiary 118000 Innovations GmbH, the successor company of Telix AG, was refunded data costs totaling € 584 thousand based on the ruling by the Federal Court of Justice on 16 July 2012. This lifted earnings and cash.

Owing to the difficult overall situation in which the Company finds itself, the development of operations falls short of the Management Board's expectations.

The individual business models:

118000 connection service

According to information provided by the management of the Frankfurt-based data intermediary contracted by the SMS Connect industry initiative, ED-Connect GmbH & Co KG, so far no agreement has been reached in the contract negotiations between Telekom Deutschland (mobile communications) and ED-Connect on the provision of mobile data. Owing to Telekom Deutschland's dominant position within the initiative, this delays the implementation of the planned SMS service which, within the limits of the law, allows mobile subscribers to be notified of call requests. The Management Board of 118000 AG assumes that Telekom Deutschland GmbH is still not really interested in a collaboration, something that would be necessary to launch the service. Because an alternative business model has so far not been found for 118000, the repercussions of this tactic undermine the underlying business model of 118000.

Telephony applications (OTT services)

Our online telephony portal PeterZahlt.de shows stable figures that are in line with projections. Since the business model was converted from free international telephony financed through advertising to pre-payment and the expansion of the offering to include international mobile network destinations, over 16,000 customers use PeterZahlt for making telephone calls around the world. Each month, over 50,000 telephone calls are made on the company's own telephony platform. The objective of PeterZahlt continues to be the internationalization of the product in less competitive call-by-call markets than Germany under the CallGreen brand name.



Interim Announcement - § 37x Abs. 1 WpHG

At the beginning of July 2012, our Cheap Calls smartphone application became available for downloading in 135 Apple iTunes stores and in 126 Android stores. International mobile marketing was begun in parallel. Since then, Cheap Calls has been available in five different languages; it supports the currencies EUR and USD and allows credit to be topped up via PayPal and by credit card. Cheap Calls has now been downloaded over 230,000 times and over 140,000 people have registered, the majority outside of Germany. Currently, around 80,000 telephone calls per month are made worldwide using Cheap Calls. However, the conversion of international registrations into customers with prepaid credit is proving to be unexpectedly difficult, which has led to confidence-building measures (Scout program) being initiated to increase and accelerate the readiness to top up credit, also among international users.

The development of twumber, our latest smartphone application, was finalized in Q3, and twumber has been available for downloading in the German GooglePlay Store for Android smartphones since the end of October. The iPhone version is currently still in the release process at Apple. After telogic, the supplier for SIM-free mobile numbers in Germany, folded, the twumber business model which uses fixed-network numbers was implemented earlier than originally scheduled. When users install twumber on their smartphones, they initially have a virtual landline at their disposal for use as a mobile phone. As planned, twumber users will also be assigned a mobile number as soon as these become available.

CDS (Carrier Data System) editing system

Despite participating in a tendering process, CDS has not been able to be used. No contracts have been awarded.