Interim Report First Half 2014

Berlin, August 28th, 2014

CONTENT

Letter to the Shareholders

Dear Shareholders,

The Group has undergone a process of change, a transition from a Mobile AdNetwork to a Mobile Programmatic provider. Our aim is to gradually penetrate the market with product innovations in order to lead the market of data-based mobile targeting in both classic direct business and automated real-time bidding for advertising inventory. It will not be easy. In the end, however, it is the logical consequence in order to provide a sound basis upon which to give the company, once more, a leading and solid market position.

YOC AG has been among the pioneers of mobile advertising, going “mobile-first” since 2001. Even in a changing market environment, there has been an unmistakable trend towards higher mobile advertising budgets. Our industry has always been driven by the vision to target users on their “electronic companions” anytime and anywhere, using customised, profile-based solutions. We are taking on the challenges of the market, pooling our resources to provide the right focus.

In this international, digital advertising landscape, we move the company towards platform-based mobile advertising business models, providing premium and performance advertising inventory. Against this background, we have recently launched our real-time bidding for mobile ads via private marketplaces. This will soon be followed by the market launch of product innovations, providing extended targeting of mobile internet users and detailed, web-based reporting platforms for publishers and advertisers.

In line with this strategy, we sold our subsidiary belboon GmbH in early July 2014. The transaction is part of YOC Group’s consistent focus on its core business Mobile Advertising, discontinuing the side activity Affiliate Marketing. A positive effect on the net income in the IFRS consolidated financial statement of YOC Group 2014 amounting to around EUR 3.2 million is expected.

The first six months of FY 2014 showed an unsatisfying revenue development. Given the changing business focus of the company, revenue amounted to EUR 4.4 million (H1/2013: EUR 5.9 million). Despite one-off expenses, costs were reduced by EUR 1.6 million in comparison with the first six months of the previous year due to the rise of the gross margin and restructuring gains amounting to EUR 1.3 million. Consequently, the operating result before depreciation of the Mobile Advertising core business rose by EUR 2.9 million to EUR -1.1 million (H1/2013: EUR -4.1 million).

Taking into account the divested subsidiary belboon GmbH that was deconsolidated in early July 2014, EBITDA amounted to EUR -0.3 million in the first half of FY 2014 (H1/2013: EUR -3.6 million).

The restructuring strategy developed in October 2013 included restructuring action taken in the first quarter of FY 2014, which led to the aforementioned restructuring gains totalling EUR 1.3 million. We have also taken further measures in the past few weeks to repay all loans – all liabilities to banks and shareholders are settled.

We expect the restructuring of the balance sheet to be completed by the third quarter of FY 2014 and no later than at the end of the current financial year.

Our aim is to generate revenue growth for the second half of FY 2014. While revenues in the DACH region were up in the first six months of FY 2014, a trend that we expect to see continue, we have focused on the markets in Great Britain and Spain, where revenues dropped in the first six months of FY 2014. This development was unsatisfactory.

YOC AG, however, is on the right track. Only very recently have we launched further innovative products. We will continue to reduce costs and boost revenues.
Nevertheless, strategic reorientation is in full process and helps us work with great passion and discipline to strengthen our market position.

I would like to seize this opportunity to thank my team for its great commitment and the shareholders for their trust.

We are looking forward to continuing our cooperation in the future.

Kind regards,

Dirk Kraus
Management Board YOC AG

YOC at a Glance

Continuing operations (Mobile Advertising) (in kEUR)	6M/2014	6M/2013	Change	Change in %
Revenue and earnings				
Total revenue	4,448	5,856	-1,408	-24
Germany	2,313	2,157	156	7
Other countries	2,136	3,699	-1,563	-42
Total output	6,202	6,205	-3	0
EBITDA	-1,146	-4,060	2,914	72
EBITDA margin (in%)	-18	-65	k.A.	k.A.
Earnings after tax	-1,473	-4,393	2,920	66
Earnings per share (diluted in EUR)	-0.52	-1.67	1.15	69
Earnings per share (basic in EUR)	-0.52	-1.67	1.15	69
Employees				
Average number of employees *1	67	92	-25	-27
Number of employees at end of March	64	95	-31	-33
Total output per employee (in kEUR)	93	67	25	37
Financial position and liquidity				
Total assets	7,751	7.729 *2	-1,006	-13
Cash flow from operative activities	-1,578	-2,453	875	36

*1 Based on permanent employees

*2 at 31/12/2013

Where rounded figures are used, differences may occur due to commercial rounding

Interim Consolidated Management Report

(unaudited)

Business development of the YOC Group as of Q1 2014

Pursuing its strategic focus on its core business of Mobile Advertising, YOC Group sold its Affiliate Marketing network in July 2014. This led to the deconsolidation of the subsidiary in July 2014. Since IFRS requires the results of discontinued operations to be presented separately, the results of the Affiliate Marketing operations are not included in the business development analysis as of H1 2014 or in the previous year's figures. Please see Section 3 of the "Notes to the Financial Statement" for the results of discontinued operations.

Total revenue of YOC Group dropped by 24 % year-on-year to EUR 4.4 million (H1/2013: EUR 5.9 million).

YOC Group's operating earnings before depreciation amounted to EUR -1.1 million in the first six months of FY 2014 (H1/2013: EUR -4.0 million).

The cash flow from operating activities stood at EUR-1.6 million (previous year: EUR -2.5 million).

Mobile Advertising

Within YOC Group, the Mobile Advertising product segment comprises the marketing of mobile Internet pages and applications of media companies, publishing groups and independent portal operators, along with applications for Internet-enabled devices, and with these it generates advertising revenue. In pursuing its mobile marketing goals, YOC works in particular with media agencies and creative agencies, but also works directly with advertising companies in all sectors.

The charges are billed on a CPM (cost per mille) or performance basis (cost per click, CPC). Thus YOC provides its clients with a comprehensive range of mobile marketing solutions. With several hundred international publishers in its portfolio, the YOC Media Network possesses the largest premium media network in the European region. Premium titles that are marketed include The Sun, Metro, krone.at, Eurosport and N24.

Premium-based campaigns focus primarily on advertisers' goals regarding branding, image and awareness. To fulfil these goals and achieve a maximum reach, media agencies today are using high-profile interactive advertising formats such as the YOC Interactive Video Ad and the YOC Interactive Cube Ad. Also in great demand because of its creative approach is the YOC Mystery Ad. The YOC Mystery Ad was awarded a Gold Lion at the Cannes Lions 2012. Along with its creativity and execution, the jury evaluated the promotional effectiveness and consumer retention power of the submitted rich media campaign, which had been conceived to promote the new Nokia Lumia 800 smartphone. The YOC Mobile Advertising Format Mystery Ad was further honoured with an Effective Mobile Marketing Award. These awards have enhanced the company's reputation.

Advertisers particularly focus on conversion objectives within the scope of performance-based campaigns. The main campaign characteristic is optimisation to achieve a high advertising click-through rate and a high conversion rate for best-possible effective costs. YOC is responsible for the continuous optimisation of essential Key Performance Indicators (KPI) of advertisers. Additional targeting options such as countries, operators, device types, operating systems and many more enable an optimum placement of performance-based bookings via YOC. Not only download objectives for apps but also website actions such as user registrations or sales processes and click-to-call or click-to-calendar actions can be measured in this way.

Development of net assets, financial position and results of operations

Revenue trend and overall performance

In the first half of FY 2014, YOC Group's revenue declined by 24 % to EUR 4.4 million (H1/2013: EUR 5.9 million).

Total output in the Group remains on the same level as in the previous year totalling EUR 6.2 million due to restructuring gains. In the context of the drive to facilitate financial restructuring, the achieved sale of receivables completed by the Group led to restructuring gains of EUR 0.75 million. Furthermore, the Group received cash inflows of EUR 0.15 million by the sale of non-essential operating and office equipment. Provisions and liabilities were derecognised in income, leading to profits amounting to EUR 0.33 million in the second quarter.

Revenue by region

In the D-A-CH market, revenue growth of 7 % year-on-year was achieved. In Austria, revenue increased significantly by 60 % year-on-year. By contrast, the subsidiaries in the UK, Spain and France reported a double-digit percentage decline. The changes in the publisher portfolios led to a drop in revenue for YOC Group in Spain and France in comparison with the previous year. The English market was not able to hold out against the general market trend and did not develop as planned. Thus, it was down on the previous year.

Gross income

The gross margin rose to 27 % (H1/2013: 23 %) in the first half of FY 2014. This increase is a result of the slightly disproportionate decline in material costs compared to revenue. Material costs dropped by 28 % to EUR 3.3 million (H1/2013: EUR 4.5 million).

Personnel expenses and personnel development

In the first six months of FY 2014, the average number of staff stands at 67 employees (H1/2013: 92 employees). This decline is mainly due to headcount reduction in overhead services. The decrease in the number of employees in the foreign subsidiaries of YOC Spain and YOC France corresponds to the decline in revenue.

Personnel expenses were considerably lower than the previous year's level at EUR 2.2 million (H1/2013: EUR 3.6 million). Savings here can be traced back to the decrease in the number of employees and to adjustments in the organisational structure as well as one-off expenditures in Q1/2013 for severance pay, higher bonuses and commissions.

Other operating expenses

Other operating expenses were down EUR 0.2 million on the previous year, totalling EUR 1.9 million (H1/2013: EUR 2.1 million). However, they were affected by one-off expenses resulting from strategic reorientation.

This increase in the first six months of FY 2014 resulted especially from the engagement of external consultants and legal experts in the areas strategy and finance, adding to our ongoing operating costs. Rental costs were down on the previous year after company headquarters were moved to new offices in Berlin. The cost cuts pursued during the current financial year have made an impact on various areas. So operating expenses relative to total revenues fell by 4 % to 31 % year-on-year (H1/2013: 35 %).

EBITDA

Operating earnings before interest, tax, depreciation and amortisation amounted to EUR -1.1 million in the reporting period (H1/2013: EUR -4.1 million). The aforementioned restructuring gains amounted to EUR 1.2 million despite the downwards trend in revenues. The positive business development, especially abroad, following the drop in revenues reported in the first quarter led to an increase in earnings while cost savings were reported at the same time.

Post-tax profit or loss (core business Mobile Advertising)

There is a substantial increase in earnings after tax during the period under report, totalling EUR -1.5 million (H1/2013: EUR -4.4 million.)

Depreciation and amortisation fell by EUR 0.1 million to EUR 0.2 million during the period under report (H1/2013: EUR 0.3 million).

Post-tax profit or loss discontinued operations

Before its deconsolidation, the Affiliate Marketing segment, which was sold in July 2014, had contributed to earnings amounting to EUR 0.8 million (the operating result accounting for EUR 0.2 million and EUR 0.6 million attributable to positive one-off effects from restructuring gains from the release of provisions past the statute of limitations and advance payments past the statute of limitations received by advertisers).

A positive effect on the income amounting to EUR 3.2 million is expected in the third quarter following the sale of the Affiliate Marketing segment by deconsolidating the belboon GmbH.

Financial position and net assets

On the reporting date, YOC Group’s cash and cash equivalents amounted to EUR 0.3 million, showing a decline in liquidity of EUR 0.2 million compared to 31 December 2013.

Cash flow from operating activities stood at EUR -1.6 million in the first six months of FY 2014 (2013: EUR -2.5 million), thus basically reflecting the business performance in the current financial year.

Cash flow from investing activities in the first six months of the financial year amounted to EUR 0.1 million, largely the result from inflows after company headquarters were moved to new offices in Berlin, and non-essential operating and office equipment was sold.

Furthermore, investments amounting to EUR 0.2 million were made into internal development costs in connection with the further development of technological platforms and new products.

The company is focusing its product development resources on the automated sale of mobile advertising spaces in the area of programmatic selling, boosting revenue in mobile marketing and on the product YOC Audience, involving the optimisation of ad delivery based on target group criteria to improve ad effectiveness. Technological competitiveness is crucial for YOC Group’s ability to continue growing and strenghening its market position, which is why we are pressing ahead with improving and developing our products and platforms internally.

Cash flow from financing transaction in FY 2014 amounts to around EUR 1.2 million. The Group received further shareholder loans amounting to EUR 1.0 million in the reporting period in addition to EUR 0.5 million from working capital at banks. At the same time, the Group has arranged for a structured sale of receivables following successful negotiations, leading to a restructuring gain of EUR 0.75 million. The remaining amount of EUR 0.25 million was repaid – all liabilities to banks are settled.

YOC Group’s total assets amount to EUR 7.8 million on 30 June 2014 and have thus remained virtually unchanged since 31 December 2013.

Risks and outlook

Risk report

The YOC Group is an internationally oriented service provider operating in a dynamic market, which naturally involves company and sector-specific risks as well as financial risks. These primarily include risks in connection with the market and the competitive environment, technological risks, liability risks, personnel risks, planning risks, organisational risks as well as financial and treasury risks. Such risks may arise from the Group's own business actions or from external factors. The YOC Group has taken measures to identify and reduce potential risks early on. For this purpose, a corresponding risk management system was set up. Within this system, risks are regularly recorded, evaluated and, if necessary, continually monitored through a Group-wide risk inventory.

The YOC Group's risk policy, which was established by the Management Board, remains unchanged and is a fixed component of the company policy seeking to achieve sustainable growth, increase the value of the company and guarantee the Group's continued existence in the long term. In this context, the company consciously takes necessary risks under consideration of the risk/return ratio in order to make use of market opportunities and to be able to exploit the generated potential for success.

Due to the anticipatory risk controlling measures within the internal control system, risks and opportunities can be identified and evaluated early on, meaning that the company can promptly react to such risks and opportunities in an appropriate manner, thereby guaranteeing efficient control in the interest of the company's success. Measures to be taken in the scope of risk control are implemented by the operating units.

Focusing on the company's core operations is beginning to bear fruit. The result from operating activities, however, continues to fail to meet the liquidity needs in the short and in the medium term due to the loss-making situation. The Management Board expects a significantly reduced operating loss year-on-year for the second half of 2014. The restructuring plan that was developed includes more possibilities to increase leveraged and equity financing, thus easing the liquidity situation of the company.

The following measures set out in the restructuring plan were implemented by the Management Board in July 2014:

- The successful sale of the Affiliate Marketing network resulted in a significant liquidity increase that helped to repay all loans taken out by YOC Group.

- The Group arranged for another successful sale of receivables, coming to an agreement with a major creditor. This led to a positive effect on equity, adding EUR 0.4 million.

Events have been examined and further action has been taken in order to strengthen liquidity, e.g.:

- Rapid and successful recovery of outstanding debts up to EUR 1.7 million resulting from the variable purchase price component relating to the sale of the Mobile Technology segment in July 2013,

- Successfully realising a capital increase in the following six to twelve months,

- Rapid improvement of the operating results.

Outlook

With the sale of the Affiliate Marketing segment in July 2014, YOC Group has shifted its focus back to YOC Group's original core business: Mobile Advertising. It is crucial for Mobile Advertising to further develop and optimise our performance and services for publishers, since their coverage provides the backbone of the company. This is the basis upon which YOC Group keeps developing customised products.

Revenues are bound to drop by a double-digit percentage following the sale of the Affiliate Marketing segment. A stable development in Mobile Advertising is anticipated for the second half of FY 2014. The D-A-CH region is expected to boost revenue. A stabilisation of revenues for the UK subsidiary is predicted for the second half of FY 2014. Revenue in Spain will drop drastically in 2014 following the problems occurred in Q4 2013. We have made restructuring efforts, which will begin to bear fruit in Q4 2015 and/ or Q1 2015. The subsidiary in France is on the road to recovery, overcoming the loss of major publishers in 2012. Its revenues are expected to stabilise in the short and medium term.

However, it is essential for the Group's future development to take the right steps to successfully manage the transition from a Mobile AdNetwork to a Mobile Programmatic provider. With this strategic change process underway, the company will launch further products in the months to come. These innovations shall help the company lead the market on both the demand and the supply side and grow business volume.

In addition, personnel expenses and material costs were substantially reduced. Consequently, an improvement in earnings is expected in comparison with the previous year. In total, YOC Group expects to see a significantly lower operating loss in 2014 year-on-year.

Interim Consolidated Financial Statements

(unaudited)

Consolidated Statement of Comprehensive Income

Consolidated Income Statement (in EUR)	Q2/2014	Q2/2013
Revenue	**2.622.746**	**3.104.128**
Own work capitalised	63.762	24.773
Other operating income	231.830	77.222
Total output	**2.918.338**	**3.206.123**
Expenses for goods and services	1.770.102	2.430.990
Personnel expenses	997.886	1.748.146
Other operating expenses	820.896	1.235.928
EBITDA	**-670.546**	**-2.208.941**
Depreciation and amortisation expenses	76.134	150.325
EBIT	**-746.680**	**-2.359.266**
Financial income	0	15.678
Financial expenses	36.851	28.981
Financial result	**-36.851**	**-13.303**
EBT	**-783.531**	**-2.372.569**
Income taxes	92.134	16.124
Net income continuing operations	**-875.665**	**-2.388.693**
Net income disontinued operations	605.396	-2.767.396
Net income	**-270.269**	**-5.156.090**
Earnings per share		
Earnings per share basic	-0,09	-1,97
Earnings per share diluted	-0,09	-1,97
Earnings per share continuing operations		
Earnings per share basic	-0,31	-0,91
Earnings per share diluted	-0,31	-0,91

Consolidated statement of comprehensive income (in EUR)	Q2/2014	Q2/2013
Net income	**-270.269**	**-5.156.090**
Net other comprehensive income to be reclassified through profit or loss in subsequent periods		
Unrealised gains/losses from foreign currency translation	-86.414	24.886
Total other comprehensive income	**-86.414**	**24.886**
Total comprehensive income	**-356.683**	**-5.131.204**

› The figures are not subject to an auditor´s review.
Minor calculation differences may occur due to commercial rounding of individual items and percentage values.

Consolidated Statement of Comprehensive Income

Consolidated Income Statement (in EUR)	6M/2014	6M/2013
Revenue	**4,448,287**	**5,855,799**
Own work capitalised	147,379	55,899
Other operating income	1,606,622	293,280
Total output	**6,202,288**	**6,204,978**
Expenses for goods and services	3,258,609	4,523,978
Personnel expenses	2,196,675	3,593,443
Other operating expenses	1,893,307	2,147,849
EBITDA	**-1,146,303**	**-4,060,292**
Depreciation and amortisation expenses	159,002	269,890
EBIT	**-1,305,305**	**-4,330,182**
Financial income	811	15,925
Financial expenses	69,754	55,267
Financial result	**-68,943**	**-39,342**
EBT	**-1,374,248**	**-4,369,524**
Income taxes	98,520	24,108
Net income continuing operations	**-1,472,768**	**-4,393,632**
Net income disontinued operations	807,919	-2,286,437
Net income	**-664,849**	**-6,680,069**
Earnings per share		
Earnings per share basic	-0.23	-2.55
Earnings per share diluted	-0.23	-2.55
Earnings per share continuing operations		
Earnings per share basic	-0.52	-1.67
Earnings per share diluted	-0.52	-1.67

Consolidated statement of comprehensive income 9M/2013 (in EUR)	6M/2014	6M/2013
Net income	**-664,849**	**-6,680,069**
Net other comprehensive income to be reclassified to profit or loss in subsequent period		
Unrealised gains from foreign currency translation	-170,970	23,677
Total other comprehensive income	**-170,970**	**23,677**
Total comprehensive income	**-835,819**	**-6,656,392**

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Consolidated Statement of Financial Position

in EUR	30/06/2014	30/06/2013
ASSETS		
Non-current assets	**549.315**	**2.228.934**
Property, plant and equipment	229.948	498.211
Goodwill	0	1.187.866
Intangible assets	316.797	541.280
Deferred tax assets	2.570	1.576
Current assets	**7.202.141**	**5.500.335**
Trade receivables	2.615.030	3.960.233
Other receivables	2.060.033	971.544
Tax assets	25.836	37.470
Cash and cash equivalents	304.266	531.087
Assets classified as held-for-sale	2.196.976	0
Total assets	**7.751.456**	**7.729.269**
EQUITY AND LIABILITIES		
Equity	**-5.488.549**	**-4.678.394**
Subscribed capital	2.858.500	2.858.500
Additional paid in capital	20.251.832	20.226.168
Retained earnings	-28.446.677	-27.781.828
Other comprehensive income from currency translation differences	-101.885	69.085
Own shares	-50.319	-50.319
Non-current liabilities	**46.028**	**684.414**
Provisions	46.028	64.312
Other liabilities	0	17.545
Other financial liabilities	0	602.557
Current liabilities	**13.193.977**	**11.723.249**
Prepayments received	61.735	1.685.746
Trade payables	4.181.827	3.008.062
Loans and borrowings	0	525.296
Other liabilities	727.422	1.318.705
Other financial liabilities	4.508.869	5.145.530
Tax liabilities	6.849	388
Provisions	255.217	39.522
Liabilities associated with assets classified as held-for-sale	3.452.058	0
Total equity and liabilities	**7.751.456**	**7.729.269**

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Minor calculation differences may occur due to commercial rounding of individual items and percentage values.

Consolidated Statement of Cash Flows

in EUR	6M/2014	6M/2013
Net income continuing operations	**-1.472.768**	**-4.014.532**
Net income discontinued operations	**807.919**	**-2.665.537**
Depreciation and Amortisation	203.358	3.379.912
Taxes recognised in the income statement	90.953	224.479
Interest recognised in the income statement	68.434	-39.770
Other non-cash income and expenses	1.105.332	67.850
Cash-Earnings	**803.228**	**-3.047.597**
Result from disposal of assets	-6.497	-852
Changes in receivables and other receivables	268.350	2.183.632
Changes in liabilities, prepayments and other liabilities	-2.837.025	-1.518.732
Changes in provisions	197.411	122.665
Interest received	1.320	437
Interest paid	-5.305	-35.027
Income taxes paid	0	-157.417
Cashflow from operating activities	**-1.578.518**	**-2.452.891**
Purchase of property, plant and equipment	-24.684	-138.879
Purchase of intangible assets	0	-64.095
Outflow from development costs	-159.916	-246.382
Disposal of assets	318.337	0
Cashflow from investing activities	**133.737**	**-2.902.247**
Inflows from capital increases	0	3.162.500
Transaction costs related to issuance of new shares	0	-100.000
Repayment of liabilities under finance lease	-6.744	0
Repayment of bank loans	-250.000	-590.000
Issuance of loans	1.474.704	610.000
Cashflow from financing activities	**1.217.960**	**3.082.500**
Net increase / decrease	**-226.821**	**180.253**
Cash and cash equivalents at the beginning of the period	**531.087**	**259.809**
Cash and cash equivalents at the end of the period	**304.266**	**440.061**

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Minor calculation differences may occur due to commercial rounding of individual items and percentage values.

Consolidated Statement of Changes in Equity

in EUR	Subscribed capital	Additional paid in capital	Retained earnings	Other comprehensive income from currency translation differences	Own shares	Total
as of 01/01/2014	2.858.500	20.226.168	-27.781.828	69.085	-50.319	-4.678.394
Net income			-664.849			-664.849
Currency translation differences				-170.970		-170.970
Comprehensive income	**0**	**0**	**-664.849**	**-170.970**	**0**	**-835.819**
Stock option programme		25.664				25.664
as of 30/06/2014	2.858.500	20.251.832	-28.446.677	-101.885	-50.319	-5.488.549
as of 01/01/2013	2.380.000	17.585.298	-17.298.913	86.501	-50.319	2.702.568
Net income			-6.680.069			-6.680.069
Currency translation differences				23.677		23.677
Comprehensive income	**0**	**0**	**-6.680.069**	**23.677**	**0**	**-6.656.393**
Issuance of subscribed capital	478.500	2.684.000				3.162.500
Stock option programme		29.756				29.756
Transaction costs including tax benefits		-85.582				-85.582
as of 30/06/2013	2.858.500	20.213.472	-23.978.982	110.178	-50.319	-847.151

No shares are held by non-controlling shareholders

› The figures are not subject to an auditor´s review.
Minor calculation differences may occur due to commercial rounding of individual items and percentage values.

Notes to the financial statements

1. General information

YOC AG, headquartered at Rosenstr. 17, Berlin, Germany, is an international service provider in the fields of Mobile Media.

YOC AG is listed in the Prime Standard of the Frankfurt Stock Exchange under the identification number WKN 593273 / ISIN DE 0005932735.

2. Principles for the preparation of the financial statements, accounting and valuation methods

Principles for the preparation of the financial statements

YOC AG's interim financial statements as of 31 March 2014 were prepared in compliance with the German Securities Trading Act (WpHG). The interim consolidated financial statements were prepared as condensed financial statements pursuant to IAS 34 and comply with Section 315a of the German Commercial Code (HGB) and are in accordance with the rules of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the European Union and valid on the reporting date as well as the interpretations of the IFRS Interpretations Committee (IFRS IC).

The condensed and unaudited interim consolidated financial statements of YOC AG do not contain all the information and disclosures required for the preparation of complete financial statements at the end of the financial year. Therefore, we recommend reading the interim financial statements together with the consolidated financial statements for the 2013 financial year.

Accounting and valuation methods

In the first three months of 2014, all the Standards that have been mandatory since 01 January 2014 were applied.

IFRS 10 (Consolidated Financial Statements), which has been in effect since 1 January 2014, replaces IAS 27 (Consolidated and Separate Financial Statements) and SIC 12 (Consolidation—Special Purpose Entities). In the process, IAS 27 was renamed "Separate Financial Statements". IFRS 10 changes the definition of "control" such that the same criteria are applied to all companies to determine a relationship of control. It provides an extensive list of guidelines as to how they are to be applied to determine whether control exists. The introduction of IFRS 10 has no effect on YOC AG.

IFRS 11 (Joint Arrangements) and IFRS 12 (Disclosures of Interests in Other Entities) also do not apply to YOC AG.

The company also has nothing to report with regards to changes to IAS 32 (Financial Instruments: Presentation), the change to IAS 39 (Financial Instruments: Recognition and Measurement), and the introduction of IFRIC 21 (Levies). These guidelines also came into effect on 1 January 2014.

In summary, no accounting standards that are to be applied for the first time in the 2014 financial year have any effect on the presentation of net assets, the financial position or results of operations in the consolidated interim financial statements.

3. Sale of the segment Affiliate Marketing

YOC AG sold its subsidiary belboon GmbH with registered office in Berlin in July 2014 due to its focus on the core area Mobile Advertising and as part of its restructuring concept. This transaction is reported separately as discontinued business operation in accordance with IFRS 5.

As a result of the sale of belboon GmbH the entire business unit Affiliate Marketing was split off from the group of companies. Thus, YOC Group has implemented its strategic orientation and exclusively focused on the product area Mobile Advertising.

The net income components of the sold product area were composed as follows in the period until 30 June 2014:

Net Income discontinued operations (in kEUR)	**6M/2014**
Total Output	4,390
Costs	3,539
EBITDA	**850**
Depreciation	44
Financial result	1
EBT	**806**
Income Taxes	8
Net Income discontinued operations	**814**

The major classes of assets and liabilities of the sold product area were composed as follows in the period until 30 June 2014:

Assets and liabilities of discontinued operations (in kEUR)	**31.07.2013**
Property, plant and equipment	1
Goodwill	1,188
Intangible assets	277
Deferred tax assets	1
Trade receivables	575
Other assets	2
Cash and cash equivalents	153
Assets classified as held-for-sale	**2,197**

Provisions	30
Deferred tax liabilities	84
Prepayments received	1,366
Trade payables	188
Other liabilities	76
Other financial liabilities	1,708
Liabilities associated with assets classified as held-for-sale	**3,452**

The cash flow of the sold product area is as follows as of 30 June 2014:

Cashflows from discontinued operations (in kEUR)	**6M/2014**
Operating cashflow	341
Investing cashflow	-12
Financing cashflow	-50
Cashflows from discontinued operations	**279**

4. Notes to key developments in the Statement of Financial Position and the Statement of Comprehensive Income

Other disclosures regarding financial instruments

The following table shows the carrying amounts and fair values of the financial assets and liabilities as recognised in the interim consolidated financial statements as well as their classification in accordance with IAS 39 and the level of the fair value hierarchy:

30/06/2014 (in kEUR)	Carrying amount	Fair Value	Measurement category IAS 39[1)]	Fair value hierarchy
Financial assets				
Cash and cash equivalents	304	304	LaR	n/a
Trade receivables	2,615	2,615	LaR	n/a
Other assets	2,060	2,060	LaR	n/a
Financial liabilities				
Fixed rate borrowing (from shareholders)	1,600	1,600	FLAC	Level 2
Trade payables	4,182	4,182	FLAC	n/a
Other financial liabilities	2,909	2,909	FLAC	n/a
thereof finance lease obligations	14	14	FLAC	Level 2

31/12/2013 (in kEUR)	Carrying amount	Fair Value	Measurement category IAS 39[1)]	Fair value hierarchy
Financial assets				
Cash and cash equivalents	531	531	LaR	n/a
Trade receivables	3,960	3,960	LaR	n/a
Other assets	972	972	LaR	n/a
Financial liabilities				
Fixed rate borrowing (from shareholders)	600	510	FLAC	Level 2
Bank overdrafts	525	525	FLAC	n/a
Trade payables	3,008	3,008	FLAC	n/a
Other financial liabilities	5,148	5,148	FLAC	n/a
thereof finance lease obligations	35	35	FLAC	Level 2

1) AfS: available for sale financial assets
LaR: loans and receivables
FLAC: other financial liabilities measured at amortized cost.

Management has determined that the carrying amounts of cash and cash equivalents, trade receivables, other current assets, bank overdrafts, and other short-term financial liabilities nearly match their fair value due to their short maturities. In accordance with the principle of materiality, the fair value of these current items is equated with their book value in the statement of financial position. The fair value of the loans measured at amortised cost is determined by means of discounting using the agreed upon interest rate.

Sales revenue

In the first quarter of FY 2014, business in Spain was restructured due to the loss of a major publisher. This resulted in a considerable drop in revenue in this region in comparison with the previous year.

Other operating income

In the first half of FY 2014, other operating income has been affected by restructuring gains. The Group has arranged for a structured sale of receivables, leading to a restructuring gain of EUR 0.75 million, which was released to profits. The Group received cash inflows of EUR 0.15 million by the sale of non-essential operating and office equipment in early 2014. Provisions and liabilities were derecognised in income leading to profits amounting to EUR 0.33 million in the first half of FY 2014.

5. Segment reporting

Segment reporting is based on the internal management structure. The internal reporting was reorganised at the beginning of 2014. The previous year´s figures were adjusted for better comparability. Accordingly, the Group is made up of the following reportable business segments:

1. Region D-A-CH (Germany, Austria and Switzerland)
2. Region rest of Europe

The following table shows the earnings of the individual segments. In accordance with the internal reporting structure, EBITDA is used as the measure of earnings:

Segment reporting (in kEUR)	D-A-CH	Rest of Europe	Overhead	Consolidation	YOC Group
6M 2014					
External revenue	2,385	2,063			4,448
Internal revenue	257	0		-257	0
Total revenue	**2,642**	**2,063**		**-257**	**4,448**
Own work capitalised	147	0			147
Other operating income	565	215	826		1,606
Total output	**3,097**	**2,278**	**826**		**6,201**
Costs of goods sold	1,742	1,516			3,258
Personnel expenses	1,054	725	418		2,197
Other operating expenses	407	608	877		1,892
EBITDA	**-106**	**-571**	**-469**		**-1,146**
6M 2013					
External revenue	2,086	3,770			5,856
Internal revenue	220	0		-220	0
Total revenue	**2,306**	**3,770**		**-220**	**5,856**
Own work capitalised	56	0			56
Other operating income	196	97			293
Total output	**2,338**	**3,867**	**0**		**6,205**
Costs of goods sold	1,637	2,887			4,524
Personnel expenses	1,706	1,002	886		3,593
Other operating expenses	588	353	1,207		2,148
EBITDA	**-1,593**	**-375**	**-2,093**		**-4,060**

In deviation from the presentation of sales revenues in the Management Report the values are not determined on the basis of the customer's registered office but on the basis of the revenues achieved by the national subsidiaries in the respective countries.

EBITDA is reconciled to net income as follows:

Reconciliation (in kEUR)	**6M/2014**
EBITDA	**-1,146**
Depreciation and amortisation	**-159**
Financial result	**-69**
Net income before taxes	**-1,374**
Taxes	**-99**
Net income from discontinued operations	**808**
Net income	**-665**

6. Cash flow statement

On the reporting date, YOC Group's cash and cash equivalents amounted to EUR 0.3 million, showing a decline in liquidity of EUR 0.2 million compared to 31 December 2013.

Cash flow from operating activities stood at EUR -1.6 million in the first six months of FY 2014 (2013: EUR -2.5 million), thus basically reflecting the business performance in the current financial year.

Cash flow from investing activities in the first six months of the financial year amounted to EUR 0.1 million, largely the result from inflows after company headquarters were moved to new offices in Berlin, and non-essential operating and office equipment was sold.

Furthermore, investments amounting to EUR 0.2 million were made into internal development costs in connection with the further development of technological platforms and new products.

The company is focusing its product development resources on the automated sale of mobile advertising spaces in the area of programmatic selling, boosting revenue in mobile marketing and on the product YOC Audience, involving the optimisation of ad delivery based on target group criteria to improve ad effectiveness. Technological competitiveness is crucial for YOC Group's ability to continue growing and strenghening its market position, which is why we are pressing ahead with improving and developing our products and platforms internally.

Cash flow from financing transaction in FY 2014 amounts to around EUR 1.2 million. The Group received further shareholder loans amounting to EUR 1.0 million in the reporting period in addition to EUR 0.5 million from working capital at banks. At the same time, the Group has arranged for a structured sale of receivables following successful negotiations, leading to a restructuring gain of EUR 0.75 million. The remaining amount of EUR 0.25 million was repaid – all liabilities to banks are settled.

YOC Group's total assets amount to EUR 7.8 million on 30 June 2014 and have thus remained virtually unchanged since 31 December 2013.

7. Guarantees, contingent liabilities and similar obligations

Following the sale of the belboon GmbH, the Group was able to fully repay all shareholder loans and release the pledge of share in belboon GmbH granted as collateral.

8. Related party disclosures

In the first quarter of FY 2014, a loan amounting to EUR 0.6 million was granted by a related person of the Management Board. The loan was granted at arm's length conditions with an interest rate of 8.25 %. The loan plus accrued interest was repaid in July 2014.

No other transactions took place between the entity and a related party during the period under report.

9. Events after the interim reporting period

The following significant events took place after 30 June 2014 until publication of the interim financial statements:

The subsidiary belboon GmbH, Berlin was sold in early July 2014 resulting in a significant liquidity increase. The belboon GmbH represents the entire Affiliate Marketing product segment. A positive effect on the income amounting to EUR 3.2 million is expected for the third quarter.

All shareholder loans amounting to EUR 1.6 million were fully repaid in July 2014.

The Group has arranged for another successful sale of receivables. This led to extraordinary income amounting to EUR 0.4 million, which was released to profits. As a result, YOC Group fully repaid all loans and receivables as of July 2014.

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Financial Calendar

29/08/2014

Annual general meeting of Shareholders

27/11/2014

Interim Report Third Quarter 2014

» Provisional dates. An updated version can be found at http://ir.yoc.com

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